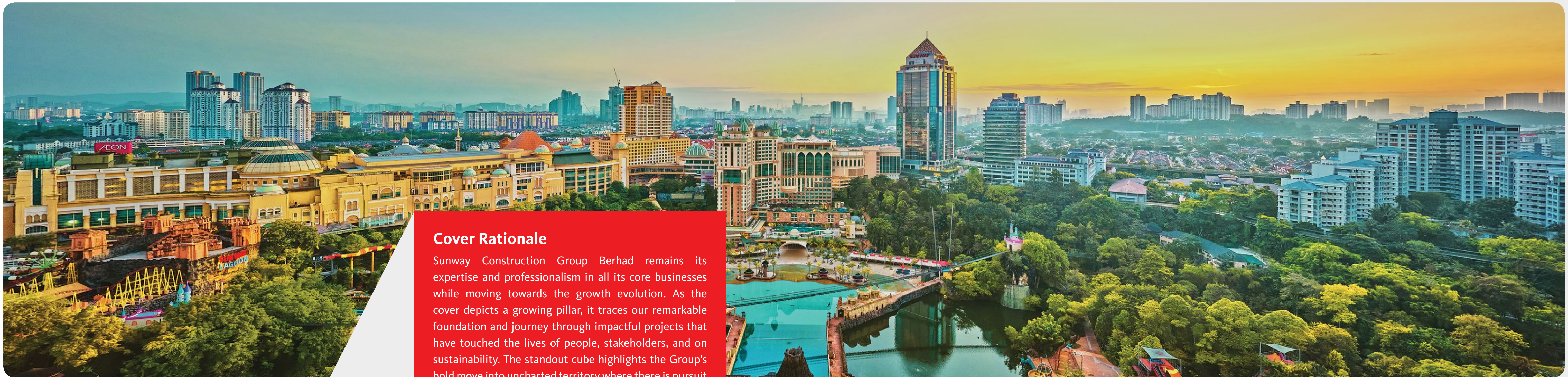
SUNWAY®
CONSTRUCTION

INTEGRATED ANNUAL REPORT 2023

NEW FRONTIERS OF EXCELLENCE

ENTER REPORT



Cover Rationale

Sunway Construction Group Berhad remains its expertise and professionalism in all its core businesses while moving towards the growth evolution. As the cover depicts a growing pillar, it traces our remarkable foundation and journey through impactful projects that have touched the lives of people, stakeholders, and on sustainability. The standout cube highlights the Group's bold move into uncharted territory where there is pursuit for innovation that represent untapped potential for growth and advancement in the construction industry. As we navigate forward, we aim to seize the tremendous growth opportunities that lie in digital and innovation, to not only building structures but also shaping communities and transforming lives.

Did you know that the estimated paper consumption in Malaysia is equivalent to approximately 166,070 standard FIFA-regulated football fields of forest area per year?

While we have made conscious efforts to minimise the environmental impact of our Integrated Annual Report and related processes, above all else, YOU can make the most significant difference. Join us on our sustainability journey towards achieving SDG 12: Responsible Consumption and Production.

Download a digital copy of Sunway Construction's Integrated Annual Report, as an alternative to requesting for a hard copy.

Please scan this QR code to view the report in digital format.

*Assumptions: Malaysia's paper consumption kg / capita / year = 95 kg No. of trees / acre = 200

NAVIGATION ICONS

The following icons are used in this report to indicate where additional information can be found.

This icon tells you where you can go for more information online.

This icon tells you where you can find related information in this report.

VISION

To be a leading regional construction and engineering group.

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

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

MISSION

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

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

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

CORE VALUES

INTEGRITY

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

HUMILITY

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

EXCELLENCE

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

ABOUT THIS REPORT

ABOUT THIS REPORT

INTRODUCTION

The Integrated Annual Report for financial year ended December 31, 2023 (IAR2023) marks a further year of progress in integrated reporting for Sunway Construction Group Berhad (SunCon or the Group).

SunCon continues to strengthen its disclosures in line with the principles based Integrated Reporting Framework to ultimately achieve a more seamless transition to the IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Disclosure (S1) and IFRS S2 Climate-related Disclosures (S2).

Hence, increasingly, SunCon's value creation narrative aims to establish clearer linkages between financial and non-financial disclosures. In essence, establishing further integrating thinking, which is reflected in demonstrating how financial performance is intrinsically linked to material environmental, social and governance (ESG) topics. This is in line with the principle of double materiality, where in addition to reporting on conventional impact materiality topics, SunCon aims to progressively provide disclosure on financially material topics.

Financial Materiality	Information on the creation of economic value on a company-wide level, reported for the benefit of investors (shareholders).
Impact Materiality	Information on the Group's impact on the economy, environment and people, reported for the benefit of a number of stakeholders.

BASIS OF PREPARATION

In determining content for inclusion in IAR2023, SunCon considered the following requirements and perspectives:

- GAP analysis and post mortem of IAR2022 towards determining improvement areas in disclosures.
- Recommended / required content that would support a more effectve transition to the IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Disclosure and IFRS S2 Climate-related Disclosures.
- Ensuring compliance with the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad and the Bursa Malaysia Enhanced Sustainability Reporting Framework.
- Striving for best practice disclosure based on the Integrated Reporting Principles Based Framework as well as with the GRI reporting principles consisting of materiality, stakeholder inclusiveness, sustainability context, and completeness of information, balance, comparability, accuracy, timeliness, reliability and clarity.
- Considerations on the requirements of key stakeholders such as regulators and investors pertaining to disclosures.

IAR2023 is also developed in accordance with the following reporting frameworks:

- Companies Act 2016 (CA 2016)
- FTSE4Good Index Disclosures (FTSE Russell's ESG Data Model)
- Malaysian Code on Corporate Governance 2021
- Sustainability Accounting Standards Board (SASB)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Bursa Malaysia Enhanced Sustainability Reporting Framework

SCOPE AND BOUNDARY

The reporting boundary for IAR2023 is set to the holding company as well as all subsidiaries, locally and overseas that SunCon has a majority equity stake of at least 51% and retains management control of.

Kindly refer to the Group's Corporate Structure for further information.

FORWARD-LOOKING STATEMENTS

Consistent with the Strategic Focus and Future Orientation principle of Integrated Reporting, IAR2023 provides more disclosure on future related perspectives. These include outlook, prospects, aspirations and strategic priorities based on reasonably made assumptions and projections deduced from forecast models and market conditions as at December 31, 2023.

While every care has been exercised in ensuring that the information presented is accurate as possible, such information may be invalidated due to a wide range of factors that are beyond the Group's control. These include changes in the external operating environment.

As such, readers are advised to exercise their own discretion and due diligence prior to arriving at any conclusions, assumptions or in making any investment or strategic decisions based on IAR2023's disclosures.

The Group is not responsible for any financial or non-financial losses incurred due to variances in business or operational performance or strategies. The Group assumes no obligation to update or revise any forward-looking statements as and when new information becomes available.

STATEMENT OF ASSURANCE

All financial statements and data as at December 31, 2023 have been audited and verified by external auditor, BDO PLT. The scope of the audit was limited to the information in the consolidated financial statements presented in IAR2023.

The Sustainability Statement and key performance data have been externally and independently assured by SIRIM QAS International Sdn Bhd.

All Common Sustainability Matters and accompanying indicators identified by Bursa for FY2023 have been subjected to an internal review by the Group's internal auditors.

The full assurance report is provided on pages 314 to 317 in IAR2023.

ONLINE VERSION AND CONTACT POINT

This report can be downloaded from: https://www.sunwayconstruction.com.my/investor-relations/annual-reports/.

Any feedback, suggestions or inputs to this report can be sent to: irsuncongroup@sunway.com.my.

BOARD RESPONSIBILITY STATEMENT

SunCon's Board of Directors have applied its collective mind in reviewing IAR2023. The Board concurs that in their view, the report provides a comprehensive and balanced account of SunCon's performance in creating stakeholder values and is aligned to the Integrated Reporting Framework.

This Report was approved by the board on 29 March 2024.

BOARD APPROVAL

Goh Chye Koon

DATO' IR GOH CHYE KOON
Chairman of the Board

INSIDE THIS REPORT

10TH ANNUAL GENERAL MEETING

Virtual Meeting Through Live Streaming at Broadcast Venue
Penthouse, Level 20, Menara Sunway,
Jalan Lagoon Timur, Bandar Sunway,
47500 Subang Jaya, Selangor Darul Ehsan.

20 June 2024
Thursday
3.00 p.m.

CORPORATE PROFILE

Sunway Construction Group Berhad (SunCon or the Group) is a vertically integrated construction services company, with the capabilities to provide integrated services and products across different phases of construction, from project design to completion.

Our design and construction services include building, civil engineering and infrastructure, foundation and geotechnical engineering, mechanical, electrical and plumbing (MEP) services, sustainable energy services, and manufacturing and sale of precast concrete products; offering quality end-to-end solutions for our clients as well as timely delivery. In addition to design and construction, we also offer services from financing to managing and operating of facilities as part of the Private Finance Initiative (PFI).

Our construction services business is enabled by the use of Virtual Design and Construction (VDC), which is an advanced digital project management tool that promotes the exchange of information and upfront collaboration involving multiple facets of the construction phase. It is an integrated approach in design, construction and facility management using software information models throughout the project lifecycle, enabling sharing of knowledge and resources in a digital representation where design, schedule and cost can be integrated in all phases and simulated digitally prior to the physical construction of a project.

SunCon continues to reshape the future of construction by consistently delivering projects that push the boundaries of innovation and excellence. Leveraging on our strengths of vertically integrated construction and enabled through cutting-edge solutions such as VDC, SunCon is able to deliver advanced technology and state-of-the-art facilities that cater to the evolving needs of modern industries.

Since 1981, SunCon has undertaken more than RM36 billion in total projects across seven countries. The Group continues to set the benchmark as a leading, vertically integrated solutions provider both in Malaysia and the region.

CORPORATE PROFILE

OUR BUSINESS STRENGTHS

Business Strengths / Competitive Advantages	Significance / Importance To The Business Model
1 Vertically Integrated Construction Company	As a vertically integrated construction company, SunCon can leverage on its complete and continually expanding, multi-capabilities to deliver end-to-end solutions and to undertake diverse infrastructure development projects. These include large-scale conventional turnkey or EPCC works as well as more technologically advanced projects such as design and development of green data centres, district cooling systems and green buildings. Being vertically integrated, SunCon can leverage on the strengths of its internal capabilities to ensure greater efficiency, cost control and quality assurance throughout the project lifecycle.
2 Solid Order Book and Well Established Profile	SunCon's order book as at December 31, 2023 stands at RM5.3 billion comprising diverse jobs within Malaysia and internationally. The contracts secured are not just from within the Sunway Group but also include a wide range of external clients. SunCon is also charting a new growth path by expanding its order book beyond traditional construction contracts to include projects with higher technological requirements such as Advanced Technology Facilities (ATF). In FY2023, SunCon successfully secured its second data centre project, firmly establishing the Group as a leading player for such advanced construction projects. In line with its growth aspirations, SunCon continues to seek opportunities in greenfield sectors such as the design and construction of semi-conductor manufacturing plants and facilities, green buildings, renewable energy projects and other niche sectors. On the back of strong order book replenishment, SunCon is able to strengthen its brand credibility, secure favourable financing from bankers and investors and continues to generate both financial and non-financial values.
3 Synergistic Support	As part of the Sunway Group, SunCon can source for opportunities within the former's subsidiaries, which provide a solid bedrock of jobs. However, beyond contracts, the synergies extend to cross sharing of talent as well as equipment and raw materials, all of which can be sourced internally. This enables SunCon to achieve improved project planning and management of resources and its supply chain towards achieving cost and operational efficiencies. SunCon can also leverage on treasury support from Sunway Group.
4 Presence in both Local and International Markets	SunCon has established its presence in various markets across the globe. This reduces the Group's reliance on any single market, while providing it with exposure to a diverse range of projects which further strengthens the construction capabilities and experience within the Group.
5 Virtual Design and Construction (VDC) Enabled	One of SunCon's unique advantages is its VDC capabilities, which enables the Group to offer clients a more efficient and cost effective approach to project design. By combining vertically integrated construction with VDC, SunCon aims to optimise construction projects by having greater control over various aspects of the process and leveraging digital tools to enhance efficiency, accuracy, and coordination. This approach leads to improved project outcomes, reduced costs, and shorter project timelines. VDC together with strategic deployment of staff enables SunCon to develop a distinctive value proposition to clients while maintaining a competitive edge.
6 Healthy Balance Sheet and Robust Asset Position	SunCon's financial position remains robust on the back of strong balance sheet and high level of available credit lines. In line with its pursuit of growth expansion, SunCon has offered selected clients with Private Finance Initiative (PFI) solutions. PFI capabilities augment the Group's existing competitive strength, allowing it to target a wider range of clients and projects, to develop multiple income streams including repayments from debt financing. While this may see SunCon transitioning from a net cash to net borrowings position, PFI supports healthy growth for SunCon as the leverage of financial flexibility ultimately generates improved financial returns for shareholders.
7 ESG Driven Business Model	SunCon's commitment to ESG is reflected across its business operations with various strategies implemented to reduce environmental impacts. The Group's foray as a renewable energy player further bolsters SunCon's credentials as a progressive construction company whose aspirations include becoming greener and more sustainable.

SUNCON AT A GLANCE

SunCon's business operations are primarily located in Malaysia as well as in Singapore and India. Aside from its projects in Malaysia, SunCon operates an Integrated Construction and Prefabrication Hub (ICPH) in Singapore and is presently undertaking several highway construction jobs in India.

The list of contract awards, ongoing jobs and other related details are provided on pages 18 to 45 in the Management Discussion and Analysis section of IAR2023.

Construction projects in
seven countries

More than
40 years of
excellence

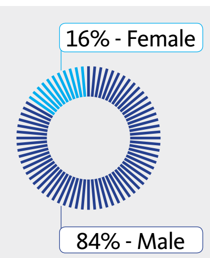
Leading
vertically integrated
contractor listed
on Bursa Malaysia

3 precast plants at
174,000 m³ capacity

Turnover
recorded to-date
> RM36 billion

Invested in
Virtual Design & Construction
since 2010
> RM55 million

1,759
employees
including
direct
workers



GROUP CORPORATE STRUCTURE

SUNWAY BERHAD

54.6%
Sunway Construction Group Berhad

100%
Sunway Construction Sdn. Bhd.

MALAYSIA

- Sunway Concrete Products (M) Sdn. Bhd.
- Sunway Engineering Sdn. Bhd.
- Sunway Geotechnics (M) Sdn. Bhd.
- Sunway Machinery Sdn. Bhd.
- Sunway Precast Industries Sdn. Bhd.

ASSOCIATE

- ISZL Consortium 25%

INCORPORATED JOINT VENTURE

- HL - Sunway JV Private Limited 49%

UNINCORPORATED JOINT VENTURE

- GME - SE Joint Venture 50%
- Kajima - SunCon Joint Venture 50%

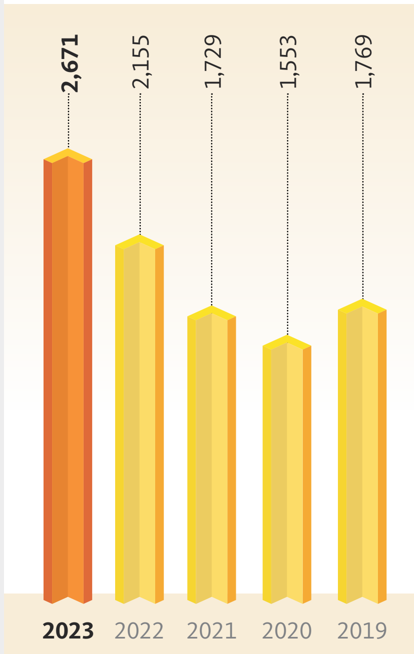
INTERNATIONAL

- Sunway Concrete Products (S) Pte. Ltd.
- Sunway Construction India Pte. Ltd.
- Sunway Innopave (S) Pte. Ltd.
- Sunway Geotechnics (M) Sdn. Bhd. Branch Office Singapore
- Sunway CT Geotechnics Pte. Ltd. 55%
- Sunway RNS TJ Private Limited 60%
- Sunway RNSIL MC Private Limited 60%

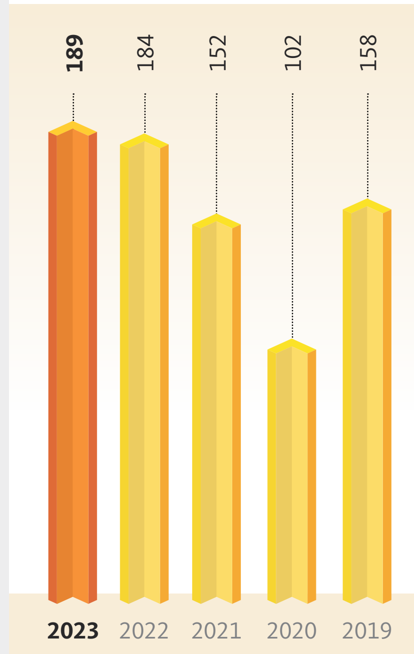
* *Only major subsidiaries and joint ventures are illustrated*

FIVE-YEAR FINANCIAL HIGHLIGHTS

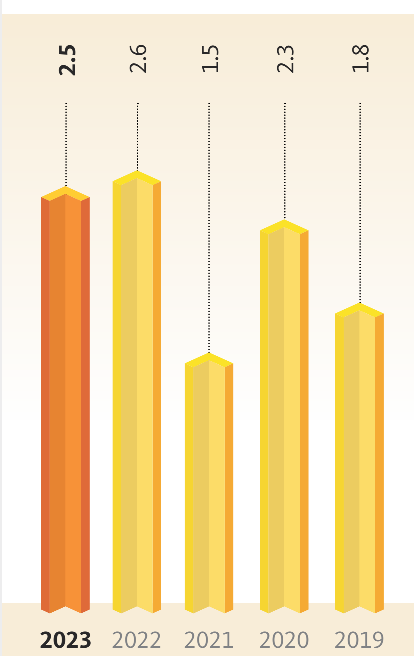
Revenue (RM'million)



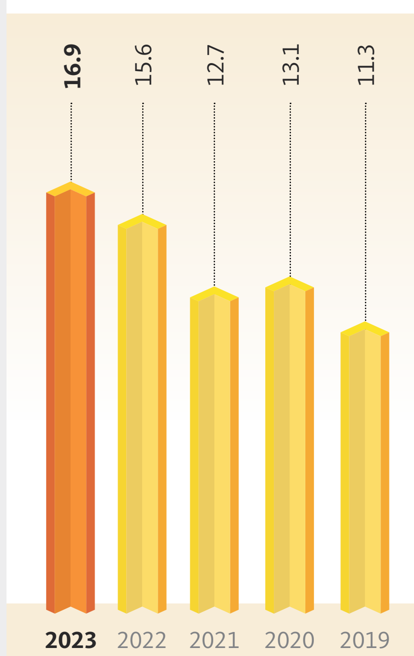
PBT (RM'million)



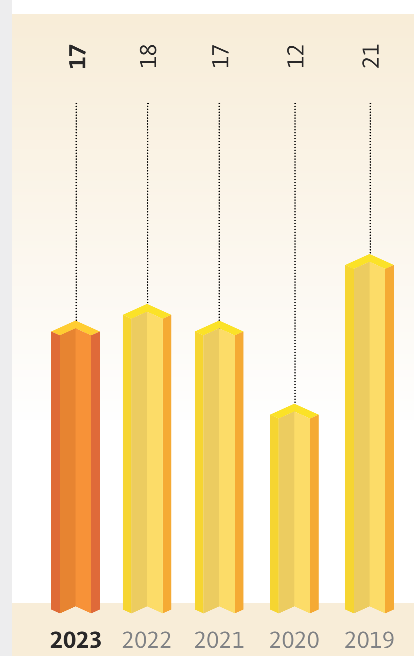
New Order Book (RM'billion)



Staff Productivity (times)



Average ROE (%)



FIVE-YEAR FINANCIAL HIGHLIGHTS

Sunway Square, Sunway City Kuala Lumpur

Johor Bahru–Singapore Rapid Transit System (RTS) Link Package 1B and Package 5

CHAIRMAN'S STATEMENT

Dear Valued Stakeholders,

SunCon delivered another year of exceptional performance in FY2023, surging ahead towards new horizons of greater growth and value creation.

Despite operating amidst sluggish economic conditions hampered by rising inflation, geopolitical tensions and post pandemic impacts, SunCon successfully delivered a record-high revenue of RM2.7 billion, profit before tax (PBT) of RM189 million and exceeded our order book replenishment target with RM2.5 billion in new orders secured.

SunCon's vertically integrated construction approach enabled by Virtual Design and Construction (VDC) has propelled the Group to the forefront of the construction landscape, setting new standards of innovation and excellence.

ANOTHER RECORD SETTING PERFORMANCE

DATO' IR GOH CHYE KOON

CHAIRMAN'S STATEMENT

Data centre construction at Sedenak Tech Park, Johor

Revenue
RM2,671 million

Profit Before Tax
RM189 million

PROPELLING GROWTH THROUGH NEW NICHE SECTORS

During the year, SunCon had embarked on a transformative journey by venturing into advanced technology facility projects. Our strategic expansion into this sector demonstrates our commitment to pushing boundaries, embracing innovation, and fostering sustainable growth, and has further reinforced our position as a leading and dynamic player in the construction industry.

As technology continues to advance, and the demand for digital services escalates, SunCon recognises the critical role that data centres play in supporting the digital economy. This strategic move aligns with our commitment to innovation and positions us as a key player in shaping the future of digital infrastructure.

During the year, SunCon successfully secured our second data centre project in Sedenak Tech Park, Johor comprising of 2 packages for a total of RM291 million, further solidifying our presence in this rapidly growing sector. The fast track project is scheduled for completion in 9 months, and is in addition to the RM1.7 billion hyperscale data centre that we are currently constructing at the same location. This project represents a significant milestone as we leverage our construction expertise to contribute to the development of critical digital infrastructure. The facilities are designed to meet the highest industry standards for performance, security, and energy efficiency.

Another milestone in our business expansion journey is our strategic venture into the logistics infrastructure sector, where we successfully secured the design and build of the Daiso Global Distribution Centre warehouse project (RM595.4 mil) in Pulau Indah, Port Klang, Selangor through a 50 : 50 joint venture (JV) collaboration with Kajima Malaysia Sdn Bhd. The project was awarded by Daiso Malaysia Group Sdn Bhd and will be Daiso's second international hub after China. This venture underscores our expertise in delivering large-scale logistics facilities that meet the highest industry standards for efficiency, scalability, and technological integration.

Building upon our strong foundations in the civil engineering and infrastructure sector, we were successfully awarded the RM604.86 million contract from Malaysia Rapid Transit System Sdn Bhd for the Johor Bahru–Singapore Rapid Transit System (RTS) Link Package 1B and Package 5. The scope of work for Package 1B includes the advance works for the station and viaducts, and Package 5 comprises the terrestrial viaducts and auxiliary structures.

Our Sustainable Energy segment continued to record notable achievements. This includes the 29.90 MW quota award under the Corporate Green Power Programme (CGPP) from the Energy Commission of Malaysia. We are also on track for the completion and commissioning of both the LSS4 projects, in Kapar Selangor and in Gopeng Perak, respectively, in 2024. The fact that solar module prices have declined in FY2023 augurs well for the Group. Additionally, we have started constructing the District Cooling System (DCS) in Sunway Square, Sunway City Kuala Lumpur, which is scheduled for completion in 2025.

SunCon takes great pride in its diverse portfolio of in-house projects that not only reflect our commitment to excellence but also contribute to the development of vibrant and sustainable living environments. These projects, spanning medical centres, shopping malls, mixed developments, and high-rise residential buildings, are a testament to SunCon's holistic approach to enhancing the quality of life for communities. We currently have several on-going in-house projects which are at various stages of construction. Among these is the RM1.36 billion Sunway Square mixed development, which is scheduled for completion by 2025.

CHAIRMAN'S STATEMENT

Moving on to the international front, in Vietnam, while awaiting financial close, we signed a preliminary contract for the Song Hau 2 Vietnam power plant, which included an extended notice to proceed period. Upon receiving the limited notice to proceed, SunCon will be able to carry out Phase 1 and 2 of the project.

In India, we have substantially completed the Meensurutti - Chidambaram Highway for the National Highways Authority of India (NHAI) in Tamil Nadu, India. The project is commercially operational for a 15-year concession period using the Hybrid Annuity Model (HAM). We are currently working towards the completion of the Thorapalli Agraharam – Jittandahalli Highway in Tamil Nadu, India which is expected to be commercially operational by end of 2024.

FY2023 also saw our Precast Division officially commence operations at its Integrated Construction and Prefabrication Hub (ICPH) in Pulau Punggol Barat, Singapore. The official opening of the plant was graced by Singapore's Minister for National Development, Mr Desmond Lee in July 2023. The ICPH is the largest precast production facility in Singapore to date and is able to produce 3D precast components such as Large Panel Slabs, Precast Bathroom Units (PBU), Precast Household Shelters (HHS), and Prefabricated Prefinished Volumetric Construction (PPVC). The plant incorporates energy saving and sustainable features such as a wastewater recycling function built into the tower batching plant, which enables wastewater to be reused. The fully mechanised facility will cater to the robust demand for precast components for the Housing and Development Board (HDB) flats which are in the pipeline.

FINANCIAL AND BUSINESS PERFORMANCE

In FY2023, SunCon continued to record another year of robust financial performance. The Group has registered improvements in both revenue recognition and earnings. In FY2023, SunCon posted an all-time high revenue of RM2.7 billion and a PBT of RM189 million. As at 31 December 2023, our order book stands at RM5.3 billion on the back of RM2.5 billion in new orders secured. This surpasses our management's internal order book replenishment target of RM2 billion, providing SunCon with revenue and earnings visibility for the next two years.

In addition, our asset position has expanded to RM3.1 billion while our cash and cash equivalents remain healthy at RM470 million. Our robust financial position remains a core strength of the Group and underpins our ability to effectively execute our business model and projects in hand as well as drive further growth.

COMMITMENT TO SHAREHOLDERS RETURNS

The Group maintains its commitment to reward shareholders. In FY2023, the Board declared the first interim dividend payment of 3.0 sen per share on 23 August 2023 while the second interim dividend of 3.0 sen per share was declared on 20 February 2024. Total dividend payout is RM77.36 million, equivalent to 53% of profit after tax and minority interest for FY2023.

DIVIDENDS PAYMENT SCHEDULE

1st INTERIM DIVIDEND OF 3.00 SEN PER SHARE

First interim single tier dividend of 3.00 sen per ordinary share for the financial year ended 31 December 2023

- **23 August 2023** Announcement of the notice of entitlement and payment
- **12 September 2023** Date of entitlement
- **27 September 2023** Payment date

2nd INTERIM DIVIDEND OF 3.00 SEN PER SHARE

Second interim single tier dividend of 3.00 sen per ordinary share for the financial year ended 31 December 2023

- **20 February 2024** Announcement of the notice of entitlement and payment
- **15 March 2024** Date of entitlement
- **9 April 2024** Payment date

DIVIDEND HISTORY

	2023	2022	2021	2020	2019
Dividend per share (RM'sen)	6.0	5.50	5.25	4.00	7.00
Dividend payout (RM'000)	77,362	70,915	67,691	51,574	90,256
Profit After Tax and MI (RM'000)	145,109	135,181	112,586	72,786	129,324
Dividend Payout Ratio	53%	53%	60%	71%	70%
Share price opening 1 Jan	1.56	1.56	1.88	1.91	1.33
Dividend Yield	3.8%	3.5%	2.8%	2.1%	5.3%

CHAIRMAN'S STATEMENT

NOTABLE AWARDS

SunCon's outstanding achievements and excellence in the construction industry was recognised with several awards during the year.

We are honoured to be the recipient of The Edge Billion Ringgit Club Awards 2023 – Highest Return On Equity (ROE) Over Three Years in the Construction Sector. This award recognises SunCon's average ROE during the evaluation period from FY2020 to FY2022, as the highest in the industry. This year marks the fifth year that SunCon has won the coveted award, a testament to our exceptional leadership in executing the strategic plans of the Group.

Our efforts in corporate and sustainability reporting were recognised with the National Annual Corporate Reporting Awards (NACRA) 2023 where SunCon won the Platinum Excellence Award for companies with less than RM2 billion in market capitalisation. This award win reflects SunCon's commitment to upholding high standards of governance, transparency and disclosure of information to our stakeholders.

In addition, SunCon clinched the Silver award in the Governance category at the 9th Asia Integrated Reporting Awards (AIRA) 2023. The AIRA awards are dedicated to honouring reports that embody transparency, integrated thinking and value creation, and are regarded as one of the highest recognitions in integrated reporting in the region.

Another notable achievement during the year was being awarded Country Winner in the Autodesk ASEAN Innovation Awards 2023 - Cloud Advocate of the Year Award. This award recognises companies which embrace digital technologies and integrated cloud workflows for an end-to-end digital project delivery. We are proud to be acknowledged for our efforts in embracing digitalisation, and being a leader in innovation in the construction industry.

PURSUING A STEADY PATH OF SUSTAINABLE DEVELOPMENT

Our capacity to maintain and increase our business' success is increasingly hinged on our ability to achieve set sustainable goals, that is specific performance driven objectives related to environmental, social and governance (ESG) considerations. No doubt, in today's new normal, post-pandemic business environment, an organisation's ability to remain relevant, competitive and resilient against inherent and emerging risks, depends on excellent management of material environmental, social and governance matters.

Hence, we continue to pursue our sustainability goals which are aligned to the United Nations Sustainable Development Goals with full cognition of how sustainability has an underlying financial impact to the Group.

We have continued to register progress on all aspects of ESG within our operations. The full details are provided in the Sustainability Statement section of this report. However, I wish to draw attention to some specific focus areas which SunCon has prioritised in FY2023. This includes addressing climate change, supply chains, talent management and corporate governance.

Recognising that the physical risks of climate change may be a looming threat to our day-to-day operations, SunCon intends to undertake a comprehensive climate risk assessment next year, which will be reported in subsequent integrated annual reports. In addition, we will also be considering inherent and emerging opportunities which climate change may offer to the construction sector and to SunCon. These include transitioning to renewable energy (RE) to mitigate against rising electricity and other energy costs, to develop carbon credits which can be used to offset our own carbon footprint or be sold for revenue, to develop more green buildings and to also produce low embodied carbon products which are expected to increasingly see greater market interest going forward.

In FY2024, it is likely that SunCon's Scope 2 emissions may rise, attributed to the inclusion of our operations at the ICPH facility in Singapore, as well as other energy consumption from other sites, notably the inclusion of staff and workers' accommodations from various project sites. We will continue to closely monitor energy consumption and related emissions and where necessary, implement measures to address our greenhouse gas (GHG) inventory and overall carbon emissions profile. We are now assessing Scope 3 emissions, which originate from activities outside of SunCon's control, and we will set a realistic reduction target by 2024.

We remain committed to realising our net zero target by 2050 and to continue taking necessary action to progressively achieve our cumulative Scope 1 and 2 emissions reduction targets of 40% reduction by 2030, and at least 90% reduction by 2045. Review of our total Scope 3 emissions profile is presently underway and both review and related target setting is expected to be completed by 2024.

Our solar investment projects are generating green attributes which allows us to achieve carbon avoidance of about 3,305 tonnes CO_2e, offsetting close to 50% from our FY2023 Scope 2 emission, placing us in good position to prematurely achieve our 2030 target. This includes offsets generated from rooftop solar panels on our assets at Sunway Enterprise Park and Sunway Precast Industries.

CHAIRMAN'S STATEMENT

Johor Bahru–Singapore Rapid Transit System (RTS) Link Package 1B and Package 5

EXTENDING THE ESG AGENDA TO SUPPLY CHAINS

With an increasing spotlight on ESG adoption across our entire supply chain, we have conducted social assessments on our contractors and suppliers in FY2023, particularly in relation to forced and bonded labour, as well as housing of workers. Having surveyed close to 80% of our active business partners, we have identified potential gaps in labour standards and management within the supply chain. In addition, we have also commenced to engage our major commodity suppliers to better understand their ESG transition plans, especially on its products carbon reduction strategy. Moving forward, we will continue to engage our supply chain, and ensure compliance and transparency on ESG matters.

I am proud to announce that we have continued to progress on our ESG agenda. Notably, SunCon has maintained 'AA' rating in FY2023 by the MSCI Index which benchmarks our ESG practices with both local and international peers. We are pleased to have achieved such a positive rating, as it is a testament to the success of our leadership in managing environmental and social impact, and we will continue to strive for excellence in driving our sustainability agenda to remain competitive in the years ahead.

DELIVERING EXCELLENCE THROUGH DIGITALISATION AND INNOVATION

We continue to leverage on digitalisation to differentiate ourselves from the competition. With the increasing size and complexity of our projects, digitalisation helps to maintain and improve the quality, efficiency, and productivity of our work. During FY2023, we have fully implemented digitalisation in project management for all newly awarded projects, and throughout the entire project lifecycle. In addition, we have successfully implemented new communication channels and tools available within the Autodesk Construction Cloud (ACC). This facilitates smoother interaction among project stakeholders. Our digital transformation efforts will also help us to attract and retain talent, which is material to our operations given the relatively high turnover in the construction industry. We look forward to further optimising and evolving our business processes to create greater value to our stakeholders.

BUILDING A WORKFORCE THROUGH VERTICAL INTEGRATION

SunCon recognises that capacity and capability building is essential to future-proof our workforce. Beyond technical skills, SunCon leverages a unique vertical integration strategy by fostering the strategic deployment of talents across core businesses. This approach provides employees with exposure to diverse projects, builds capabilities across different business units and develops leadership capabilities across different types of projects. This strengthens the Group's ability to execute non-conventional projects like data centres, semiconductor plants, warehouses, and power plants.

By eliminating functional silos within operational groups, we create a collaborative environment where expertise seamlessly flows throughout the organisation. This cross-pollination strengthens our overall skillset and fosters excellence in delivering strategic values to our clients and stakeholders.

Further empowering our workforce, SunCon champions Virtual Design and Construction (VDC) as a key technology enabler. This integrated 3D modelling process fosters collaboration, streamlines workflows, and allows for optimised design and construction – all contributing to project success.

SunCon's approach to talent management emphasises a professional and meritocratic culture that recognises diversity, equality and inclusion (DEI) principles. This ensures a high-performing workforce where staff are empowered and are given equal opportunities to contribute their skills and perspectives.

Further information on our approach to talent management is provided on pages 103 to 107 in the Sustainability Statement section of this report.

OUTLOOK

> The construction sector is expected to expand further in 2024, driven by the rising demand for advanced technology facilities such as data centres, warehouses and semiconductor plants, and by the mega infrastructure projects in the pipeline.

In line with the government's aim to make Malaysia the data centre hub in the Asian region, the data centre sector in Malaysia is undergoing substantial growth. It is expected that new and emerging investments of over 800-megawatt (MW) capacity will come on stream in phases over the next five years. This is due to lower land and energy costs, as well as supportive government policies. In addition, Malaysia continues to remain a favoured alternative destination by multinational companies as many choose to diversify their manufacturing bases away from China.

Another facilitating factor is the establishment of the Green Lane Pathway by TNB, which provides efficient and environmentally responsible solutions for data centre operators. The Green Lane Pathway also streamlines the on-boarding process for data centres, expedites approvals and facilitates a smooth setup of data centre operations in Malaysia. SunCon is keen to develop our portfolio in this sector as we explore opportunities for long term growth. Our present track record in data centre construction is advantageous when sourcing for opportunities in this fast growing niche sector.

Beyond data centres, Malaysia is experiencing a surge in foreign direct investments, including in logistics warehouses and semiconductor manufacturing. The semiconductor industry is expected to recover in 2024 and industry players are expanding their capacity to meet the demand, which presents potential opportunities for SunCon. SunCon is actively exploring collaborations with new and existing JV partners to expand our order book in these sectors. JVs will facilitate knowledge transfer that enables a swifter and more successful entry into these niche market segments, which involve new MEP capabilities and services such as back-up and redundancies capabilities, cleanroom processes and more.

Prospects for the Sustainable Energy industry remain positive with the ongoing acceleration of renewable energy (RE) adoption in line with Malaysia's aspirations to achieve an RE target mix of 70% by 2050. The strong government support for RE and sustainability is backed by favourable policies and measures, such as the NETR, lifting of RE energy export ban and the Bursa Carbon Exchange (BCX) programmes, among others. SunCon is well positioned to participate as an EPCC contractor for large scale solar power plants and rooftop solar projects for both public and private sector projects going forward.

In tandem with the further recovery in economic activities, we are anticipating the rollout of new and on-going mega infrastructure projects in the year ahead, which have been reinvigorated following the conclusion of the state elections in 2023. A total of RM90 billion in development expenditure was announced in the Malaysia Budget 2024, including the MRT3 and Penang LRT projects. SunCon is poised to ride on the wave of recovery with our full-fledged integrated capabilities ranging from turnkey, design and build, EPCC, to private funding initiatives (PFI). The Group maintains a healthy order book of RM5.3 billion extending into 2025 and is actively working towards securing new contracts. We will also continue to explore new construction business opportunities in the ASEAN region and India.

At the same time, we are cognisant of the inflationary pressures and on-going geopolitical tensions which may affect the pace of economic growth. Nevertheless, we are cautiously optimistic of registering positive growth in 2024 and are well positioned to adapt our strategy to the challenges and opportunities that may arise in a highly dynamic industry.

APPRECIATION

On behalf of the Board of Directors, I wish to express my sincere thanks to the many stakeholders, clients and business partners for your support, and to our employees who have contributed immensely to the Group's performance and progress in FY2023. I also wish to convey my appreciation to my fellow Board members for their counsel, the Management for steering the Group to continued success amidst challenging operating conditions and to our shareholders for their confidence in the Group.

May we continue to aspire to greater heights of success and to achieve greater accomplishments in the year ahead.

DATO' IR GOH CHYE KOON
Chairman

CHAIRMAN'S STATEMENT

MANAGEMENT DISCUSSION AND ANALYSIS

STATEMENT OF FINANCIAL PERFORMANCE

CONDENSED FINANCIAL STATEMENT

RM'000	2023	2022	2021	2020	2019
Revenue	2,671,225	2,155,231	1,729,155	1,552,652	1,768,727
Profit Before Tax	188,646	184,057	152,245	101,504	157,925
Income Tax Expense	(42,799)	(45,318)	(41,495)	(27,777)	(27,066)
Profit Net of Tax	145,847	138,739	110,750	73,727	130,859
Profit Attributable to:					
- Non-Controlling Interest	738	3,558	(1,836)	941	1,535
- Owners of the Parent	145,109	135,181	112,586	72,786	129,324
FINANCIAL RATIOS					
Gross Profit Margin (%)	16.3%	17.0%	20.7%	17.4%	21.4%
Profit Before Tax Margin (%)	7.1%	8.5%	8.8%	6.5%	8.9%
Effective Tax Rate (%)	22.7%	24.6%	27.3%	27.4%	17.1%
Basic Earnings Per Share (sen)	11.25	10.48	8.73	5.64	10.02
Staff Productivity (Revenue / staff cost)	16.9	15.6	12.7	13.1	11.3
Average Return on Capital Employed (%)	20%	21%	16%	12%	23%
Average Return on Equity (%)	17%	18%	17%	12%	21%

SEGMENTAL REVENUE

RM'000	2023	%	2022	%	2021	%	2020	%	2019	%
Building Construction	1,379,050	58	1,349,610	68	1,060,586	66	901,424	62	1,033,113	64
Civil and Infrastructure	612,722	26	532,438	27	400,536	25	416,961	29	460,830	28
Foundation and Geotechnical Engineering	109,111	4	102,532	5	58,138	4	143,620	10	237,954	15
Mechanical, Electrical and Plumbing	350,767	15	425,083	22	437,450	27	367,995	25	330,176	20
Renewable Energy	334,003	14	9,692	-	22,946	1	9,050	1	-	-
Others	4,508	-	4,778	-	5,024	-	1,871	-	2,151	-
Consolidated Adjustment	(409,114)	-17	(450,485)	-22	(378,432)	-23	(385,695)	-27	(445,310)	-27
Total Construction	2,381,047	100	1,973,648	100	1,606,248	100	1,455,226	100	1,618,914	100
Total Precast	290,178		181,583		122,907		97,426		149,813	
Total Turnover	2,671,225		2,155,231		1,729,155		1,552,652		1,768,727	

SEGMENTAL PROFIT

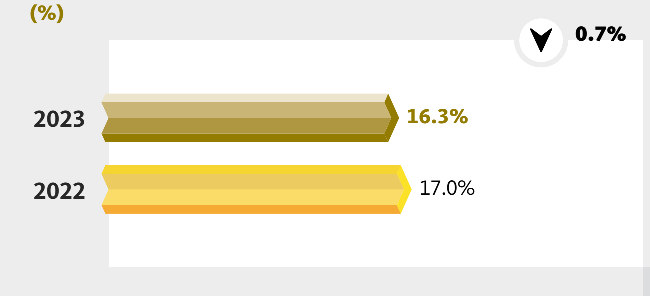
	2023		2022		2021		2020		2019	
GROSS PROFIT MARGIN										
Construction	15.9%		17.4%		21.5%		18.0%		22.4%	
Precast	19.2%		12.8%		9.4%		9.9%		9.9%	
Total	16.3%		17.0%		20.7%		17.4%		21.4%	
PROFIT BEFORE TAX	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Construction	169,912	7.1%	173,341	8.8%	148,784	9.3%	98,775	6.8%	155,172	9.6%
Precast	18,734	6.5%	10,716	5.9%	3,461	2.8%	2,729	2.8%	2,753	1.8%
Total	188,646	7.1%	184,057	8.5%	152,245	8.8%	101,504	6.5%	157,925	8.9%

MANAGEMENT DISCUSSION AND ANALYSIS

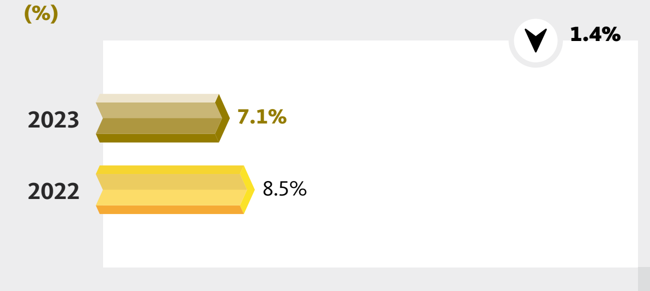
Revenue
RM2,671.2 million

Profit Before Tax
RM188.6 million

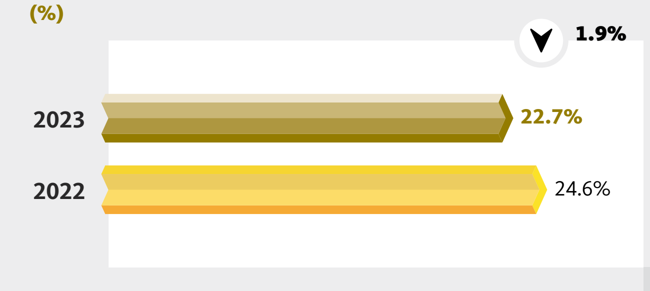
GROSS PROFIT MARGIN
(%)



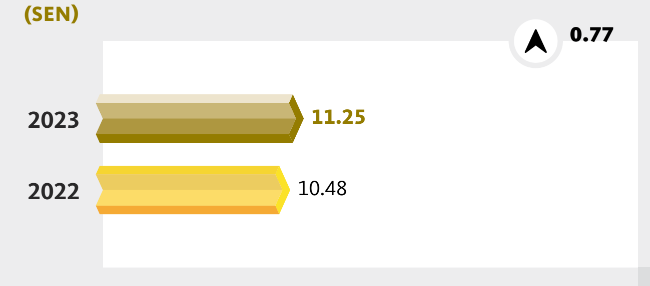
PROFIT BEFORE TAX MARGIN
(%)



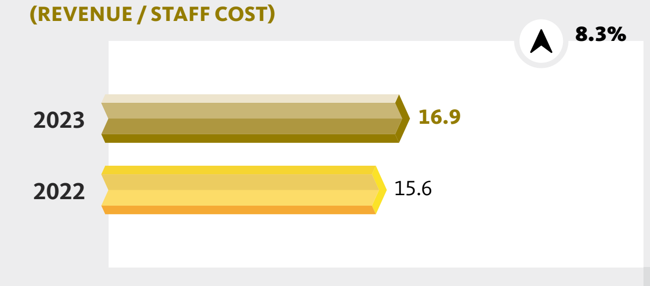
EFFECTIVE TAX RATE
(%)



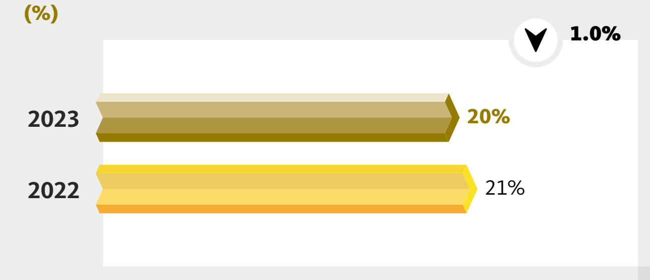
BASIC EARNINGS PER SHARE
(SEN)



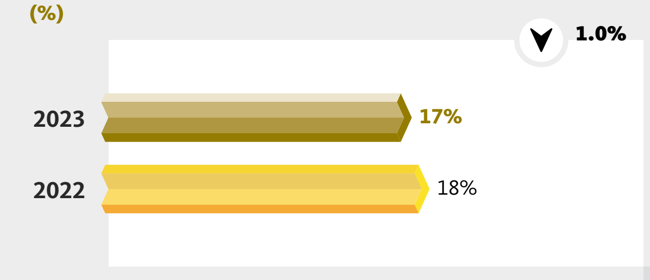
STAFF PRODUCTIVITY
(REVENUE / STAFF COST)



AVERAGE RETURN ON CAPITAL EMPLOYED
(%)



AVERAGE RETURN ON EQUITY
(%)



MANAGEMENT DISCUSSION AND ANALYSIS

MAJOR CUSTOMERS

RM'000	2023	%	2022	%
GBS Suria Sdn Bhd	158,520	6	-	
National Highways Authority of India	360,063	15	289,190	15
Setia Utama LRT3 Sdn Bhd	120,151	5	233,603	12
Sharp Ventures Solar Sdn Bhd	135,561	6	-	
Tenaga National Berhad	20,115	1	265,308	13
Yellowwood Properties Sdn Bhd	240,290	10	-	
In-House	1,191,163	50	938,252	48
Others	155,184	7	247,295	12
Total Construction Turnover	2,381,047	100	1,973,648	100

REVENUE

RM'000	2023	2022
Construction	2,381,047	1,973,648
Precast	290,178	181,583
Total	2,671,225	2,155,231

Construction Segment

Revenue improved in the current financial year due to the peak progress contribution from projects in India, as well as a higher contribution in sustainable energy projects.

20.6%

Precast Segment

The revenue recorded for the current year has improved compared to the previous year due to the commencement of the Integrated Construction and Prefabrication Hub (ICPH) plant, which has increased production capacity. Furthermore, new projects contributed about 12% of turnover to the segment.

59.8%

MANAGEMENT DISCUSSION AND ANALYSIS

GROSS PROFIT MARGIN

RM'000	2023	2022
Construction	15.9%	17.4%
Precast	19.2%	12.8%

Construction Segment

Gross profit margin for the previous year was higher due to the finalisation of accounts for several completed projects.

1.5%

Precast Segment

Gross profit margin for the current year increased in tandem with the increase in revenue. Additionally, there was a reversal of provision on raw materials for completed projects.

6.4%

PROFIT BEFORE TAX

RM'000	2023	%	2022	%
Construction	169,912	7.1	173,341	8.8
Precast	18,734	6.5	10,716	5.9
Total	188,646	7.1	184,057	8.5

Construction Segment

The lower profit before tax in financial year 2023 due to lower gross profit margin and higher administrative expenses, which increased by 21% as compared to the previous financial year.

2.0%

Precast Segment

Precast profit before tax has improved in current financial year in line with the higher gross profit margin and revenue.

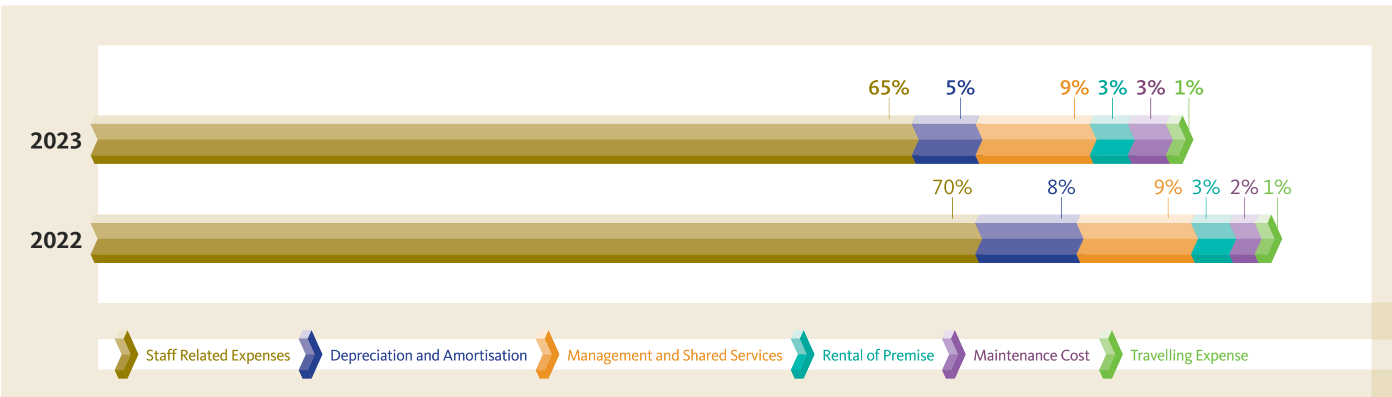
74.8%

Other Income

Higher other income in current financial year at RM54.0 million (FY2022: RM23.0 million) was due to finalisation of settlement of claims and dispute with National Highways Authority of India pertaining to a completed highway project in the State of Rajasthan. Further details are disclosed in Note 39(a)(ii) of the Audited Financial Statement on pages 266 to 267. Apart from that, included in other income are reversal of provision for a withdrawn legal case, gain on disposal of assets and scrap sales.

MANAGEMENT DISCUSSION AND ANALYSIS

ADMINISTRATION EXPENSES



Administrative Expenses increased by 21% from RM186.6 million in year 2022 to RM226.0 million in 2023 mainly from:

a) Higher staff related costs in line with higher construction progress for the current financial year.
b) Increase in legal and professional fees due to additional financing arrangement for India HAM projects.
c) Normalisation of Group management fee and SLA fees in 2023 to pre COVID-19 period.

Net Impairment Losses on Financial Assets and Other Expenses

The total net impairment losses on financial assets and other expenses amounted to RM38.0 million (FY2022: RM15.6 million). The majority of these expenses consisted primarily of MFRS 9 allowances for receivables.

Finance Income and Finance Cost

Finance Income

Finance income for FY2023 amounted to RM26.4 million (FY2022: RM13.8 million). The Malaysia OPR increased by 0.25% during 2023, rising from 2.75% to 3.00%. Consequently, the effective interest rate for FY2022 is lower than that of FY2023. Finance income primarily consists of tax-exempt earnings from money market instruments benefiting from special tax exemptions. Additionally, approximately 40% of the total finance income comprises income charged to our clients for project financing and recoupment of mobilisation interest for India HAM projects.

Finance Cost

Singapore: In FY2023, Singapore's overnight rate has increased from 2.63% to 3.65% due to this increased rate the interest expense has also increased to RM11.6 million (FY2022: RM4.3 million).

India: The interest rate in India has an averaged 10.11% (FY2022: 8.74%). The interest expense for India increased to RM31.1 million in FY2023 from RM10.6 million in FY2022. This rise is also attributed to peak progress for the two existing projects in India under the Hybrid Annuity Model, necessitating a higher loan drawdown as well as the increase in financing rate.

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

Finance Income

RM'000	2023
Cash and bank	5,812
Structured entities	9,720
Interest-bearing trade receivables	4,088
Others	6,824

Finance Cost

RM'000	2023
MYR	(4,922)
SGD	(11,591)
INR	(31,088)
Sunway Treasury	-
MFRS 16	(315)

MANAGEMENT DISCUSSION AND ANALYSIS

Finance Income

RM'000	2022
Cash and bank	2,556
Structured entities	8,867
Others	2,451

Finance Cost

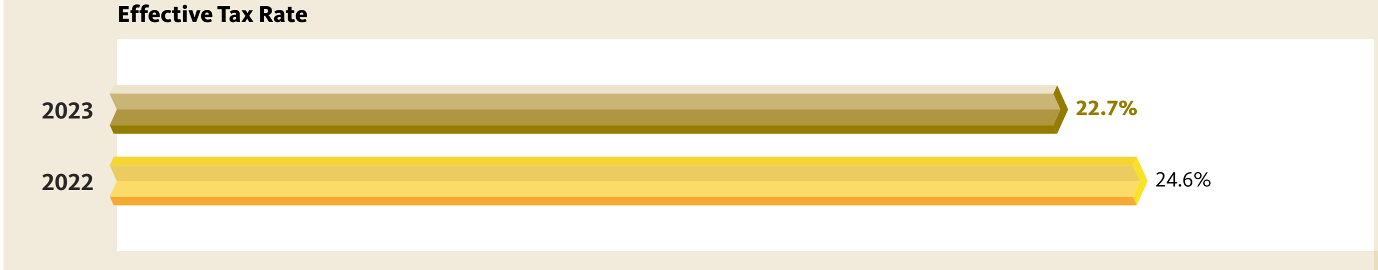
RM'000	2022
MYR	(2,634)
SGD	(4,337)
INR	(10,625)
Sunway Treasury	-
MFRS 16	(429)

2023	
Finance Income Rate	2.80% to 4.99%
Finance Cost Rate - Malaysia	3.50% to 3.88%
Finance Cost Rate - Singapore	4.86% to 5.31%
Finance Cost Rate - India	10.11%

2022	
Finance Income Rate	1.85% to 2.63%
Finance Cost Rate - Malaysia	2.44% to 2.67%
Finance Cost Rate - Singapore	2.32% to 5.03%
Finance Cost Rate - India	8.74%

Taxation

Effective Tax Rate



The effective tax rate for FY2023 was 22.7%, lower than Malaysia's statutory tax rate of 24%, primarily due to non-taxable foreign source income and overprovision of tax in 2022. In FY2022, the slightly higher effective tax rate of 24.6% was mainly due to a underprovision of tax in the prior year.

SunCon's Approach to Tax

SunCon's tax compliance for the main subsidiary is outsourced to BDO Tax Services Sdn Bhd and the other subsidiaries within the group are handled by Sunway FSSC Sdn Bhd where there is a dedicated tax team to ensure tax installment payments and tax submission to Inland Revenue Board of Malaysia (IRB) is performed on a timely and accurate manner. We are also supported by Sunway Berhad's Group Tax Department and frequent engagement with our tax consultant (BDO) on areas of concern for a consensus approach. For our operations in India, we have engaged several tax consultants to assist us in handling direct, indirect and transfer pricing and other complex foreign tax law matters.

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

MANAGEMENT DISCUSSION AND ANALYSIS

STATEMENT OF FINANCIAL POSITION

KEY BALANCE SHEET

RM'000	Note	2023	2022	2021	2020	2019
Property, Plant and Equipment	1	97,981	107,521	124,668	107,321	138,507
Investments in Joint Arrangements	2	253,148	223,131	126,601	44,805	44,261
Other Non Current Assets	3	492,483	268,034	598,150	451,637	12,411
Total Non Current Assets		843,612	598,686	849,419	603,763	195,179
Trade Receivables	4	1,241,348	677,726	600,607	866,397	817,936
Cash and Bank and Placement	*	470,393	491,628	98,845	200,071	614,605
Intercompany		185,327	175,459	189,243	143,395	123,190
Tax Recoverable	5	15,005	18,897	19,710	19,720	21,721
Other Current Assets (inventories + other debtors + financial assets)	6	327,114	273,652	106,391	72,717	229,700
Total Current Assets		2,239,187	1,637,362	1,014,796	1,302,300	1,807,152
Total Assets		3,082,799	**2,236,048**	**1,864,215**	**1,906,063**	**2,002,331**
Trade Payables	7	921,082	716,220	766,656	836,187	674,640
Borrowings and Lease Liabilities	*	441,107	178,159	97,708	235,620	235,907
Intercompany		46,389	24,812	25,393	13,347	14,408
Other Current Liabilities		293,210	184,138	102,254	108,840	195,252
Total Current Liabilities		1,701,788	1,103,329	992,011	1,193,994	1,120,207
Borrowings and Lease Liabilities	*	488,728	311,925	152,547	72,729	61,553
Intercompany		-	-	-	-	95,833
Other Non Current Liabilities		326	-	2,886	730	2,273
Total Non Current Liabilities		489,054	311,925	155,433	73,459	159,659
Total Liabilities		2,190,842	**1,415,254**	**1,147,444**	**1,267,453**	**1,279,866**
Total Equity		891,957	**820,794**	**716,771**	**638,610**	**722,465**
Total Liabilities and Equity		3,082,799	**2,236,048**	**1,864,215**	**1,906,063**	**2,002,331**

Please refer to Capital Management on pages 27 to 28.

FINANCIAL RATIOS

RM'000	Note	2023	2022	2021	2020	2019
Precast Segment						
Trade Receivables Turnover (Days)	4	152	172	148	185	190
Trade Payables Turnover (Days)	7	91	74	118	77	88
Inventory Turnover (Days)	6	70	104	139	143	65
Construction Segment						
Trade Receivables Turnover (Days)	4	115*	98*	99	162	132
Trade Payables Turnover (Days)	7	86	61	102	125	91
Net working capital days		69	37	5	34	64

** Trade Receivables Turnover (Days) under Construction Segment excluded long term receivable.*

MANAGEMENT DISCUSSION AND ANALYSIS

NOTE 1: PROPERTY, PLANT AND EQUIPMENT

Net Book Value (NBV) in RM'000	2023	%	2022	%
Freehold Land	8,538	9	8,538	8
Buildings	9,101	9	9,872	9
Plant and Machinery	70,954	72	59,618	56
Motor Vehicles	2,200	2	1,859	2
Office Equipment	2,638	3	2,356	2
Capital Work in Progress	964	1	16,336	15
Right of Use Assets	3,586	4	8,942	8
Total	97,981		**107,521**	

There is an additional acquisition of RM17.7 million (FY2022: RM27.0 million) and total disposal of NBV of RM0.5 million (FY2022: RM24.5 million) this financial year. Most of the acquisition is for the plant and machineries that is used for production in the ICPH plant. Some of the Property, Plant, and Equipment (PPE) items are classified as capital work in progress due to certain machine parts not being fully installed for use in relocating a section of the production bay at the Precast Plant in Iskandar. The relocation of production bay is a result of compulsory land acquisition for the construction of TNB power pylons.

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

The net book value of RM9.1 million under the Buildings category consists of our casting yards and site offices for both our Iskandar and Senai Precast Plant. Both the Precast Plants are located in Johor, Malaysia.

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

Office equipment, furnitures and fittings of RM2.6 million is mainly IT equipment in the likes of hardware and specialised software.

NOTE 2: INVESTMENT IN JOINT VENTURES

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

NOTE 3: OTHER NON CURRENT ASSETS

The majority of other non-current assets consist of long-term receivables arising from 60% of the construction work completed for our two Hybrid Annuity Model (HAM) projects in India. These receivables will only be paid after the completion of construction over 15 annuity years.

NOTE 4: TRADE RECEIVABLES

The trade receivables turnover for the construction segment is higher in FY2023, which is consistent with the increase in construction progress during the financial year.

Trade receivable turnover for precast segment is relatively the same for both FY2023 and FY2022. It is traditionally high due to the lengthy evaluation process of claims by our main contractors, which can lead to extended durations.

NOTE 5: TAX RECOVERABLE

Total tax recoverable amounted to RM15.0 million (FY2022: RM18.9 million). Amount recoverable from India tax authorities amounted to RM7.5 million (FY2022: RM10.6 million) are under legal proceeding. SunCon continues to pursue its recoverability of taxes from the tax authorities in India. The legal proceeding were largely delayed and postponed due to COVID-19 pandemic.

The balance of tax recoverable is with the Inland Revenue Board of Malaysia, primarily comprising payments made ahead of finalisation of tax audit assessment in prior years. We have received written confirmation of settlement and will continue to pursue the recoverable from Inland Revenue Board of Malaysia.

MANAGEMENT DISCUSSION AND ANALYSIS

NOTE 6: INVENTORIES

The inventory turnover of the Precast Segment mainly comprises finished goods (FY2023: 72%; FY2022: 81%). The level of finished goods heavily depends on our clients' ability to take delivery of our precast components as scheduled. In the current financial year, we witnessed an improvement in inventory holding days, decreasing from 104 days to 70 days. This improvement is primarily attributed to enhanced construction progress in clients' projects. The raw material holding period at our precast plant remained around 20 days for both financial years 2023 and 2022.

NOTE 7: TRADE PAYABLES

Construction Division

Payment terms to our creditors increased in line with increase in trade debtors collection (FY2023: 86 days; FY2022: 61 days).

Precast Division

Despite longer debtors turnover period, precast pays its creditor obligation timely (FY2023: 91 days; FY2022: 74 days).

STATEMENT OF CASH FLOWS

CONDENSED CASH FLOW STATEMENT

	Financial Year Ended				
RM'000	**2023**	**2022**	**2021**	**2020**	**2019**
Dividend from Joint Venture	-	-	211	110	790
Other Operating Cash Flows	(299,388)	(215,024)	238,499	87,692	193,333
Total Operating Cash Flows	**(299,388)**	**(215,024)**	**238,710**	**87,802**	**194,123**
Acquisition of Property, Plant and Equipment	(18,453)	(27,114)	(34,819)	(3,393)	(8,312)
Disposal of Property, Plant and Equipment	2,459	25,208	3,290	1,537	3,564
(Acquisition) / Disposal of Investment	(26,118)	765,146	(147,550)	(359,017)	3,216
Net cashflow from loss of control of structured equity	-	-	-	(5,890)	-
Placement in Funds	-	-	-	-	(24,490)
Release / (Placement) of deposits pledged to licensed banks	(2,477)	(45,695)	43,986	181,753	(263,784)
Other Investing Cash Flows	(18,289)	(109,404)	(56,961)	1,200	-
Total Investing Cash Flows	**(62,878)**	**608,141**	**(192,054)**	**(183,810)**	**(289,806)**
Dividend	(70,915)	(90,255)	(51,574)	(61,245)	(90,357)
(Repayment to) / Advanced Received from Related Company	-	-	-	(95,833)	(46,618)
Other Financing Cash Flows	408,355	48,574	(52,761)	20,416	90,407
Total Financing Cash Flows	**337,440**	**(41,681)**	**(104,335)**	**(136,662)**	**(46,568)**

Operating Cash Flows

The operating cash flow was negative mainly due to the two HAM projects in India, where 60% of the receivables will only be paid after the project completion over 15 years on an annuity basis. In addition to these projects, the negative operating cash flow was also a result of the deferred payment scheme for the two LSS4 projects, where the construction costs will only be paid after the scheduled commercial operation date.

Investing Cash Flows

Investing cash flow was negative as there were no investment disposals in the current financial year. Our placement in the Maybank Shariah Institutional Income Fund remains more than 50% of the total fund size; therefore, the accounting treatment for the fund remains as a subsidiary.

Capital expenditure was relatively high in this current financial year due to the acquisition of plant and machineries that used for production in ICPH plant.

MANAGEMENT DISCUSSION AND ANALYSIS

Financing Cash Flows

The positive financing activities for this year mainly stemmed from the drawdown of loans to finance the construction works for India HAM projects and LSS4 projects, with collections expected to be received only after the commercial operation date.

CAPITAL MANAGEMENT

RM'000	**2023**	**2022**	**2021**	**2020**	**2019**
Term Loans - Long term	487,724	308,541	145,390	67,203	52,656
Term Loans - Short term	115,550	82,352	-	76,367	76,270
Loan Bills Discounting	200,977	77,827	65,524	107,345	157,124
Revolving Credits	121,708	12,000	27,000	50,000	-
Total Borrowings	925,959	480,720	237,914	300,915	286,050
Total Finance Cost (financial institute only)	45,566	13,608	4,039	5,750	7,729
Total Finance Income (financial institute only)	5,812	2,556	3,170	5,944	12,363
Net Finance Income	(39,754)	(11,052)	(869)	194	4,634
FINANCIAL RATIOS					
Net Gearing Ratio (Times)	0.56	Net Cash	0.20	0.16	Net Cash
Interest Coverage Ratio	5	14	35	16	18

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

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

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

Debt Management

SunCon has borrowings of RM322.7 million (FY2022: RM89.8 million) of Short Term borrowings comprises of Loan Bill Discounting, Invoice Financing and Revolving Credit, where monthly project progress certificates are being used as an instrument for lending with maturity tenure ranging from 30 to 120 days. These short term borrowings are mainly used to manage our receivables turnaround period and also deferred payment scheme for the two LSS4 projects. It is also used to support the initial capital requirement of new projects, capital expenditure requirements, bulk purchase of materials for better economies of scale and optimisation of interest rates differential.

Apart from that, our borrowings also consists of term loan for our Singapore precast division's ongoing ICPH plant expansion and 2 of our India HAM projects financing.

With that, SunCon Group registered a net gearing position of 0.56 times in this financial year as opposed to previous financial year of net cash position.

MANAGEMENT DISCUSSION AND ANALYSIS

Invoice Factoring

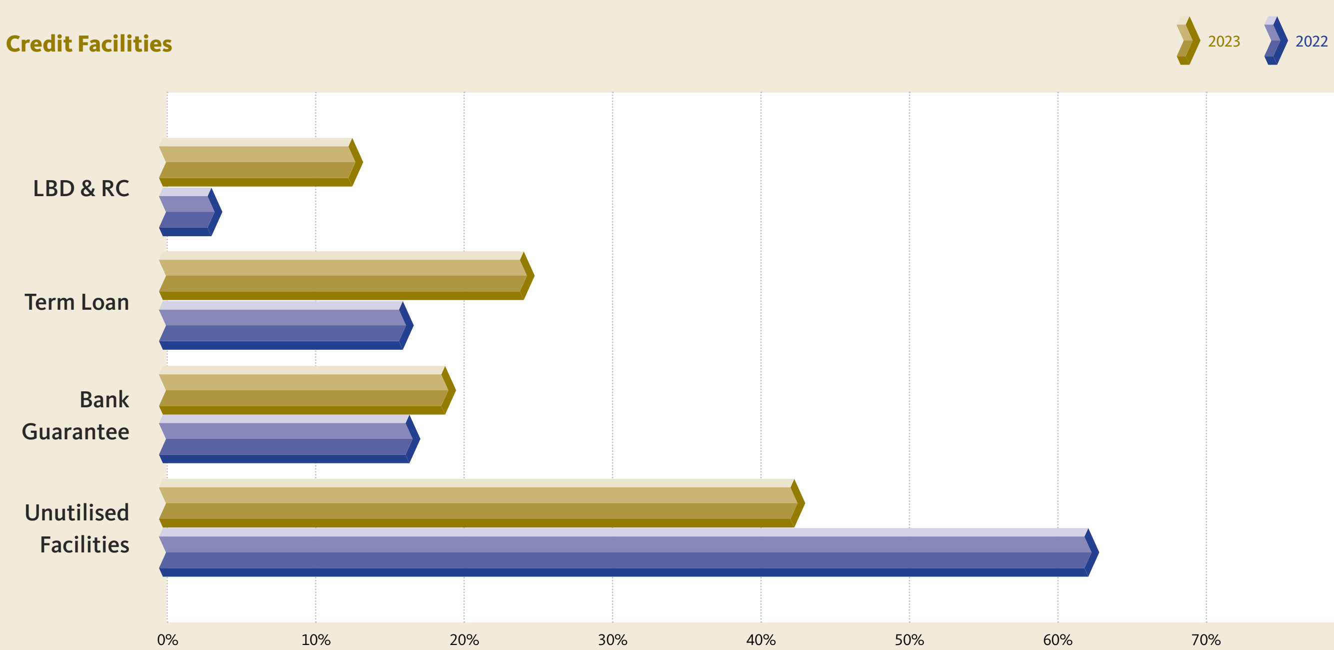
In any construction job, cash turnaround is of great importance. As such, SunCon strives to ensure that our payments to subcontractors and suppliers are on a timely basis so that they have sufficient cash flow to work around. Any disruption to our subcontractors and suppliers will have a chain effect on the progress at site. However, in any circumstances where our subcontractors require funds earlier than the stipulated credit period, we will arrange for them to factor their invoices with Sunway Credit Factoring so that they are able to obtain their required funds within 3 business days with competitive rates. As at December 2023, a total RM103.0 million (FY2022: RM110.0 million) was financed through Sunway Credit Factoring.

Shariah Compliant Funds

SunCon has cash under conventional accounts and investments of RM219 million (FY2022: RM535.2 million), the ratio of cash under conventional accounts and instruments over total assets was at 7% (FY2022: 24%) hence satisfying the compliant regulation that requires cash that are placed under conventional accounts and instruments to be less than 33% of total assets. Total assets in year ended 31 December 2023 amounted to RM3,082.8 million (FY2022: RM2,236.0 million).

Credit Facilities

It is important to ensure that we have sufficient credit facilities on hand to ensure that we can seize any job opportunity in the market. Our credit facilities vary for the issuance of bank guarantees such as performance bond, advanced payment bonds, tender bonds, security bonds, loan bill discounting and revolving credit. In 2023, we have utilised 57% (FY2022: 37%) of our credit facilities.



MANAGEMENT DISCUSSION AND ANALYSIS

VALUE CREATION

Financial Year Ended (RM'000)	2023	%	2022	%
VALUE ADDED				
Revenue	2,671,225		2,155,231	
Purchases of goods and services	(2,208,659)		(1,781,987)	
	462,566		373,244	
Share of profits of associates	540		3,699	
Share of profits of joint ventures	(14,689)		(1,999)	
Adjustment arising from MFRS 9	(27,312)		(11,878)	
Financing Cost	(47,917)		(18,025)	
Other Income and Expenses	43,357		19,267	
TOTAL VALUE ADDED	**416,545**		**364,308**	
RECONCILIATION:				
Profit for the year	145,109		135,181	
Add: Depreciation and amortisation	21,011		23,760	
Finance cost	47,917		18,025	
Staff costs	158,971		138,466	
Taxation	42,799		45,318	
Minority Interests	738		3,558	
TOTAL VALUE ADDED	**416,545**		**364,308**	
Value Distributed				
Employees				
Salaries and other staff costs	158,971	38	138,466	38
Government				
Corporate Taxation	42,799	10	45,318	12
Providers of Capital				
Dividends	70,915	17	90,255	25
Finance costs	47,917	12	18,025	5
Minority Interest	738	0	3,558	1
Reinvestment and growth				
Depreciation and amortisation	21,011	5	23,760	7
Income retained by the Group	74,194	18	44,926	12
TOTAL DISTRIBUTED	**416,545**	**100**	**364,308**	**100**

Building Construction

Civil and Infrastructure

Foundation and Geotechnical Engineering

Mechanical, Electrical and Plumbing

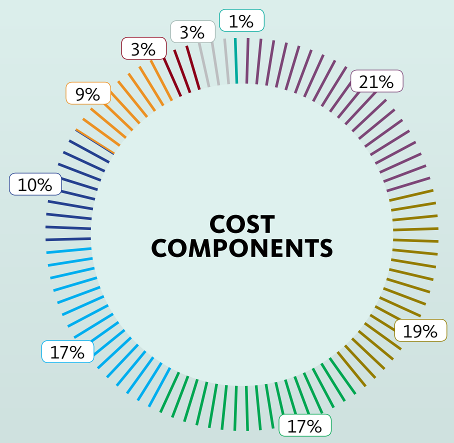
Sustainable Energy

Manufacturing and Sale of Precast Concrete Products

Machinery Division

Virtual Design and Construction (VDC)

BUILDING CONSTRUCTION SERVICES



3 projects completed in 2023

Total Contract Value:

RM1.06 billion

MEP Works | Facade Works | External Works | ID Works | Preliminaries | Piling Works | Structure Works | Architecture Works | Others

Our building construction services division specialises in the design and construction of special purpose buildings with a proven track record in constructing buildings that have become national landmarks such as the Kuala Lumpur Convention Centre, Traders Hotel, Petronas New Leadership Centre, TNB Headquarters Campus Phase 2, Pinewood Iskandar Malaysia Studios, Legoland Malaysia Theme Park, and Government Buildings in Putrajaya, amongst others. We have also completed several projects overseas in the past years. Progressively, in recent years, the building construction division has grown to undertake more advanced technology facility projects such as the design and construction of data centres, warehouses and logistics facilities.


Sunway Belfield, Kuala Lumpur

As operating conditions in the Malaysian construction sector have gradually normalised to reach full capacity over the year, the Building division has remained focused on its strategic path of growing its order book in the data centre and special purpose facilities market in line with the accelerated growth in this sector, as well as the execution and delivery of its ongoing projects.

During FY2023, the division achieved steady progress on the RM1.7 billion hyperscale data centre project in Sedenak, Johor. The project is being constructed using precast components with a focus on design for safety, modularity and ease of installation to expedite delivery time, as well as being cost-effective, having a lower environmental impact and mitigating labour shortage issues.

The division was also successfully awarded a second data centre project in Sedenak, Johor, comprising of 2 packages for a total of RM291 million during the reporting year. The fast-track project is to be completed in 9 months and will be constructed using a containerised modular building approach.

Another new project that the division secured during the year was the design and construction of the Daiso global distribution centre (GDC) warehouse project in Pulau Indah, Selangor, for RM595.38 million. The project was awarded in a joint venture with Kajima (M) Sdn Bhd for a period of 34.5 months and is expected to be completed by the second quarter of 2026.

Apart from that, the division had successfully completed three major building projects in FY2023. These are the Sunway Velocity Two (Plot A), Sunway Medical Centre 4 Tower D and E and Sunway Medical Centre Velocity Tower A (Velocity 3C4).

The division is also currently undertaking several in-house projects including commercial buildings, medical centres, retail and high-rise residential projects which are at various stages of construction. Among these include the RM1.3 billion Sunway Square mixed development project. During FY2023, the division signed a second supplemental agreement for additional works to the project amounting to RM606.64 million, and the revised sum for the project now stands at RM1.36 billion. The project is expected to be completed in 2025. Apart from that, the division successfully secured the refurbishment of the Sunway Carnival Mall in Seberang Jaya, Penang for RM253 million.

The division continues to leverage Virtual Design and Construction (VDC) to enhance collaboration among project stakeholders by enabling accurate visualisation of the final product and contributing to smoother execution in the division's projects.

SunCon, as a responsible contractor, also has the capacity and capability to design and develop green buildings. The current revenue portion received from green building projects as of FY2023 is 23.5%.

As with all of Sunway's divisions, SunCon also ensures that it is dedicated towards ESG-driven initiatives that embed sustainability into its operations. We continue to focus on responsible waste management and water usage, in addition to occupational safety and health in ensuring the wellbeing of all workers at our project sites.

WORKFORCE

Staff Force	2023	2022	2021
Male	651	763	460
Female	108	91	100
Total	**759**	**854**	**560**

Staff Category (%)	2023	2022	2021
Executive	37	30	50
Non-Executive	63	70	50

OUTLOOK AND PROSPECTS

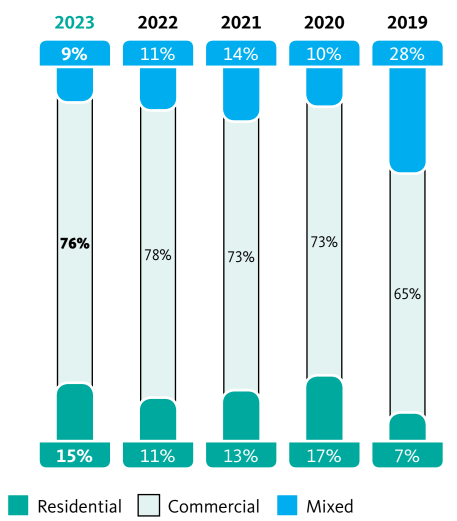
The outlook for the Building division remains optimistic given the ongoing recovery of the construction sector, reflected in the proliferation of conventional as well as more technologically-driven projects.

The data centre sector is underpinned by a slew of investments of over 800 MW capacity projected to come on stream over the next five years as well as favourable government policies. Moreover, there is also a surge in foreign direct investments in logistic warehousing and semiconductor manufacturing in the country.

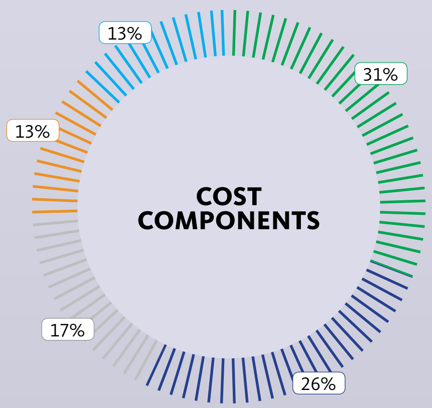
This augurs well for the division which, having firmly established its reputation for design and construction of complex, state-of-the-art facilities, continues to embellish its credentials in niche segments such as data centres, semiconductor facilities and others.

Apart from that, SunCon will continue to support Sunway Group's in-house development plans in the pipeline, such as shopping malls, medical centres and mixed developments.

REVENUE MIX



CIVIL AND INFRASTRUCTURE SERVICES



Highway Projects

- Total Length Constructed: **437 km**
- Total Contract Value: **RM3.6 billion**

Rail & Mass Transit Projects

- Total Length Constructed: **40.5 km**
- Total Contract Value: **RM5.7 billion**

Viaduct | Piling | MEP Works | Preliminaries | Station

The civil and infrastructure division specialises in civil and rail infrastructure services and has vast experience in various roads, highways, airports and runways, bridges and rail transportation infrastructure projects over the last 40 years.

Some of the notable projects in our portfolio are the Kajang-SILK Highway, South Klang Valley Expressway (SKVE), Bus Rapid Transit Sunway Line (BRTSL), Mass Rapid Transit Line 1 - Package V4 (MRT1), Mass Rapid Transit Line 2 - Package V201 & S201 (MRT2), Light Rail Transit (LRT) - Kelana Jaya Line, and LRT3 Package GS07&08. In addition, our track record also includes nine highway projects in India.

Meensurutti - Chidambaram Highway in Tamil Nadu, India

With the continuing recovery of the post-Covid economy, operating conditions returned to pre-pandemic levels in FY2023. However, the Malaysian construction sector still faced challenges such as the delay in rollout of mega infrastructure projects, elevated building material prices and raw material supply disruptions. Despite these challenges, SunCon continued to deliver solid progress on its ongoing civil and infrastructure projects, and has made further strides in growing its order book.

In Malaysia, we successfully completed the LRT3 Package GS07&08 project during the year with testing, commissioning and power turn on targeted by 2025. The alignment stretches from Kawasan 17 to Taman Sri Andalas, Klang, and includes the construction of 9.2 km of viaducts and 6 stations.

Apart from that, we also completed the remaining work scope for Package GS06 as part of the variation order to Package GS07&08 with testing, commissioning and power turn on targeted by 2025.

Building on our strong track record, in March 2023 SunCon was successfully awarded the Rapid Transit System (RTS) Link Package 1B and Package 5 project from Mass Rapid Transit System Sdn Bhd. The project stretches from Johor Bahru in Malaysia to Woodlands in Singapore for RM605 million. Package 1B entails advance works for station and viaducts, while Package 5 is for terrestrial viaducts and ancillary structures. Construction on the project commenced in the second half of 2023, with completion targeted by the end of 2025.

On the international front, both of our highway projects in India saw further progress during the year. The Meensurutti - Chidambaram Highway (RM315 million) in Tamil Nadu has been substantially completed while the Thorapalli Agraharam - Jittandahalli Highway (RM508 million) is targeted for completion by the end of 2024. Both projects were secured based on a hybrid annuity model (HAM) approach, which provides the project owners with a 15-year repayment period for 60% of the contract sum.

WORKFORCE

Staff Force	2023	2022	2021
Male	207	131	208
Female	25	18	29
Total	**232**	**149**	**237**

Staff Category (%)	2023	2022	2021
Executive	33	35	31
Non-Executive	67	65	69

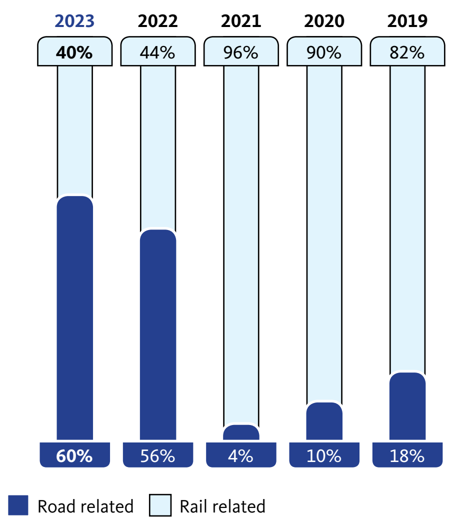
LRT3 Package GS06, Seksyen 7, Shah Alam

OUTLOOK AND PROSPECTS

Moving forward, SunCon will continue to ride on the wave of recovery with our full-fledged integrated capabilities ranging from turnkey, design and build, and EPCC to Private Finance Initiative (PFI).

With Malaysia poised to roll out mega infrastructure projects such as the MRT3 and Penang LRT in the year ahead, SunCon is keen to pursue the opportunities arising from the nation's development plan to replenish our order book. In addition, we will continue to explore new regional opportunities, including in the ASEAN region and India.

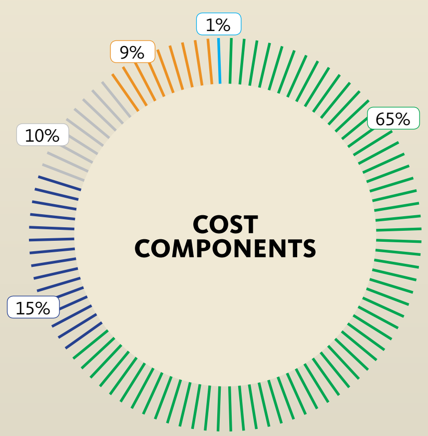
REVENUE MIX



MANAGEMENT DISCUSSION AND ANALYSIS

Building Construction
Civil and Infrastructure
Foundation and Geotechnical Engineering
Mechanical, Electrical and Plumbing
Sustainable Energy
Manufacturing and Sale of Precast Concrete Products
Machinery Division
Virtual Design and Construction (VDC)

FOUNDATION AND GEOTECHNICAL ENGINEERING SERVICES



3 projects awarded in 2023

Total Contract Value:

RM112 million

- Material
- Plant and Machinery
- Others
- Manpower
- Preliminaries

SunCon has expertise in foundation and geotechnical engineering works including piling, large diameter bored piles, diaphragm wall construction, deep basement construction, top down construction and ancillary work. We also own a fleet of machines which enables us to provide integrated geotechnical solutions for a wide range of building projects, from residential projects to large scale developments, as well as civil and infrastructure works.

Our foundation and geotechnical division primarily supports building and civil infrastructure projects that we obtain as a Group. Hence, we are able to have better control of the projects through on-site coordination and more efficient machineries utilisation.


Foundation works at Johor Bahru–Singapore Rapid Transit System (RTS) Link project

The Foundation and Geotechnical Engineering Services division remained resilient in the face of challenging external factors that impacted the wider construction industry. Not only have political uncertainties and government funding constraints caused a delay in the rollout of mega infrastructure projects, but the industry also experienced elevated building material prices due to increasing demand, leading to a higher cost of operations.

In spite of these challenges, the division remained focused on strongly supporting its current building and civil engineering and infrastructure projects during FY2023. We have continued to streamline our fleet of bore pile rigs to optimise operations and improve efficiency.

During the year, the division completed the foundation and geotechnical works for the Sunway Square project at Sunway City Kuala Lumpur which included piling works, diaphragm wall, secant pile wall with ground anchors, pilecaps and multiple basement slabs for the mixed development. The division also completed piling works for the Data Centre in Sedenak, Johor. Apart from that, the division completed the foundation, piling works and lowest basement slab for the Bangsar Rising service apartments on Jalan Abdullah, Kuala Lumpur.

The division is currently undertaking piling works for the RTS Link Package 1B & 5 project, where certain zones have presented additional challenges, necessitating thick layers of granite drilling. The project is targeted to complete in 2024.

During FY2023, the division was also awarded the Sunway Ipoh Mall in Perak valued at RM40 million which involves earthworks, borepiles, foundation works and the construction of pilecaps. Being a one-stop solutions provider, maintaining good relations with business partners in the geotechnical field has been paramount in ensuring a steady workflow and schedule for projects, as well as bolstering the division's capacity to undertake new projects. As of FY2023 under the Geotechnical division, RM112 million in new orders were secured while the division's outstanding order book was at RM20 million.

RIG UTILISATION RATE

	2023	2022	2021
No. of Rigs	22	26	26
Rig Utilisation Rate	27%	26%	30%

WORKFORCE

Staff Force	2023	2022	2021
Male	41	52	69
Female	6	12	15
Total	**47**	**64**	**84**

Staff Category (%)	2023	2022	2021
Executive	66	72	61
Non-Executive	34	28	39


Completed foundation works for Bangsar Rising Project, Kuala Lumpur

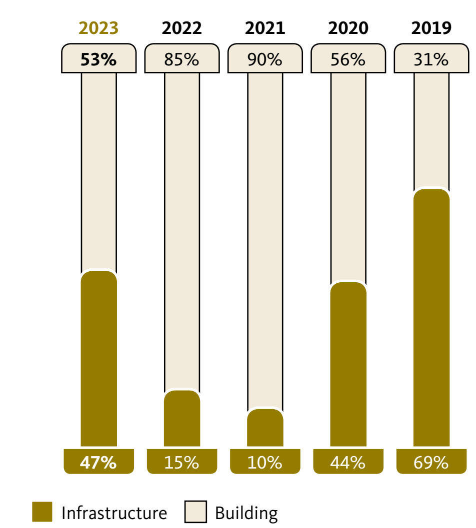
OUTLOOK AND PROSPECTS

The Foundation and Geotechnical Engineering Services division remains actively engaged in seeking new projects to bolster its project pipeline both domestically and internationally.

The division anticipates the revival of mega infrastructure projects in the coming year, and remains resolved to undertake suitable preparations that will allow the division to meet the capacity of these potential projects. This would include emphasising manpower development and resource management. At the same time, the division will continue to support in-house projects in the pipeline to cushion the impact from the economic slowdown.

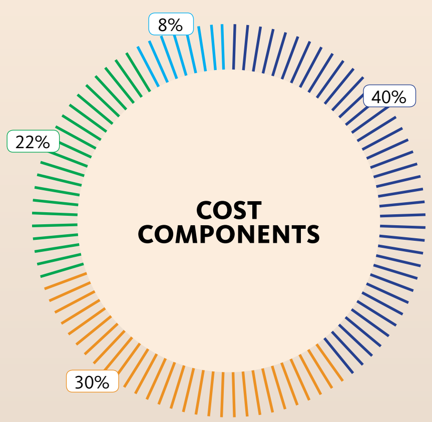
By leveraging on these aforementioned prospects, the division expects positive growth in the year ahead.

REVENUE MIX



MANAGEMENT DISCUSSION AND ANALYSIS

MECHANICAL, ELECTRICAL AND PLUMBING SERVICES



5 ongoing projects in 2023

Total Contract Value:

RM1.79 billion

- Major Equipment
- Material
- Manpower
- Preliminaries

SunCon provides mechanical, electrical and plumbing (MEP) services, and specialised engineering solutions as a fully integrated construction services business. The modus operandi for our mechanical, electrical and plumbing service is very much to complement the projects under the building construction and civil infrastructure service division in achieving the Green Building Index (GBI) as planned by our clients.

We are able to offer innovative, energy efficient and cost effective MEP solutions for purpose built or specialty projects. Our MEP expertise also includes Central Utilities Facilities, Green Buildings, Biotechnology and Data Centres, among others.


Chiller Plant room at Sunway Medical Centre Phase 4

The rapidly growing demand for data centres and high-tech manufacturing facilities in Malaysia has provided opportunities for SunCon to grow its business with our extensive experience in MEP works for special purpose buildings to meet high standards of performance. Riding on this wave, SunCon's MEP division has continued to forge ahead during the year with significant progress made in this sector.

During the year, our MEP division has achieved steady progress on the RM1.7 billion data centre project in Sedenak, Johor. To date, we have completed the MEP works in stages based on the client's issuance of notice to proceed (NTP) including the TNB incoming power works, water reticulation works, sewerage and telecommunication works.

Another highlight of FY2023 was SunCon successfully securing our second data centre project in Sedenak, Johor. The project comprises 2 packages totalling RM291 million has commenced in late 2023 and is slated for completion by the end of 2024.

Virtual Design and Construction (VDC) also played a pivotal role in the projects, as it boosted the MEP division's coordination works for the specialised project requirements, reducing the amount of abortive work required.

Aside from that, MEP works for the Sunway Carnival Mall extension project and MEP works for guestroom renovations at Sunway Resort Hotel were both completed during the year. Ongoing projects include MEP works for the Oxley Towers project on Jalan Ampang, which is due for completion by the end of 2024, and the PNB 118 Package A and B project, to be completed in 2024.

WORKFORCE

Staff Force	2023	2022	2021
Male	125	109	115
Female	22	21	24
Total	**147**	**130**	**139**

Staff Category (%)	2023	2022	2021
Executive	85	85	82
Non-Executive	15	15	18

OUTLOOK AND PROSPECTS

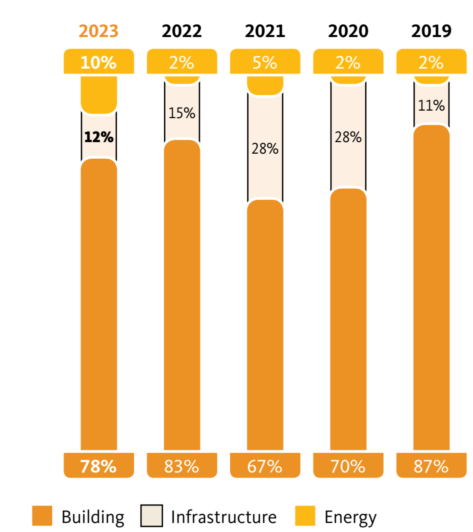
The MEP division is gearing up for further market growth in the year 2024. As demand for advanced technology facilities increases, this will remain a key focus area for the Group through collaborations with new and existing joint venture partners. We will be looking at venturing extensively into Design for Manufacturing and Assembly (DFMA) to complement our current fast track projects as well as to align with ESG objectives.

The data centre sector yields many promising opportunities that the MEP division is highly equipped to deliver on, given that the projects tend to involve highly technical and specialised MEP requirements.

The growing semiconductor industry also has the potential to provide SunCon with new business opportunities moving forward. Among other strategies, we plan to recruit related field specialists and engineers in order to further strengthen our technical services.

As SunCon furthers its sustainability journey, we will continue to adopt more energy-efficient technologies in our projects, which will contribute to lower greenhouse gas emissions and environmental pollution.

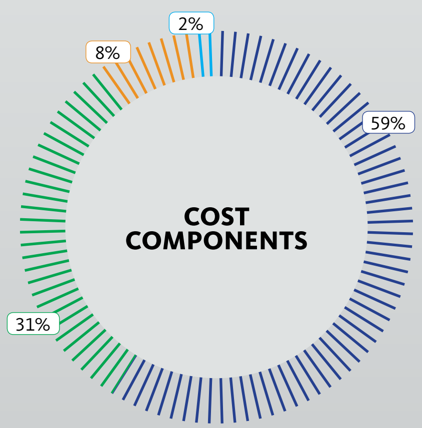
REVENUE MIX



MANAGEMENT DISCUSSION AND ANALYSIS

Building Construction | Civil and Infrastructure | Foundation and Geotechnical Engineering | Mechanical, Electrical and Plumbing | Sustainable Energy | Manufacturing and Sale of Precast Concrete Products | Machinery Division | Virtual Design and Construction (VDC)

SUSTAINABLE ENERGY SERVICES



EPCC and Investment

Total Installed Solar Capacity To Date:

196 MWp

EPCC District Cooling System

Total Installed To Date:

44,250 RT

- Major Equipment
- Manpower
- Material
- Preliminaries

We provide sustainable energy solutions ranging from district cooling plants to renewable energy services such as large scale solar farms, and rooftop solar solutions for commercial and industrial buildings, as part of our commitment to reduce the carbon footprint.

Large Scale Solar Farm 4 (LSS4), Kapar, Selangor

MANAGEMENT DISCUSSION AND ANALYSIS

In FY2023, the Sustainable Energy division continued to make solid progress amidst a challenging external operating environment, but one with increasing growth opportunities. The growing demand for solar energy has caused solar industry players to face intensified competition. In addition, fluctuating solar panel prices and supply chain disruptions continued to affect the rollout of projects in the first half of the year. However these conditions progressively improved by the second half of FY2023, paving the way for further growth.

During the year, the renewable energy sector in Malaysia continued to receive increased impetus in line with the Malaysian government's drive to accelerate the nation's transition towards achieving long term carbon neutrality. At the forefront of this progressive shift towards cleaner energy was the National Energy Transition Roadmap (NETR), the Corporate Green Power Programme (CGPP) and the upwards revision in the Imbalance Cost Pass-Through (ICPT) pricing mechanism for industrial and commercial customers, all of which have led to an upturn in projects and opportunities for the sustainable energy industry.

In FY2023, SunCon's Sustainable Energy division successfully secured a quota of 29.9 MW under the CGPP from the Energy Commission. Financial close is targeted in 2024 and the plant is expected to achieve commercial operations in 2025.

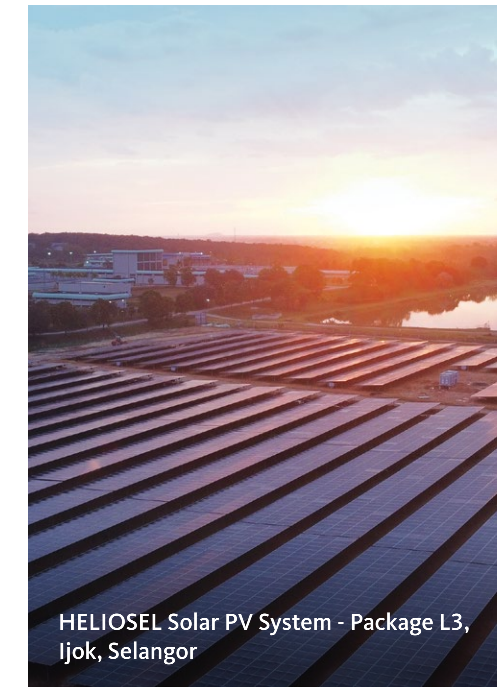
Apart from that, the division focused on executing its existing order book, including the two Large Scale Solar 4 (LSS4) projects and various rooftop solar projects for commercial and industrial buildings.

Both LSS4 projects, located in Gopeng, Perak, and Kapar, Selangor (each with a 50 MWac capacity) are physically complete and progressing with inter-connection works. The projects are targeted for completion by mid 2024.

The division has successfully completed several solar PV projects in FY2023. Among these include the installation of rooftop and ground mounted solar panels for the Air Selangor Plants in Rasa and Ijok, Selangor, totalling 16,800 kWp. The division also completed the installation of rooftop solar panels for the BRT Sunway Line Stations and Depot, as well as for several commercial and industrial buildings during the year, totalling over 1,400 kWp.

Aside from solar, the Sustainable Energy division achieved further progress on the District Cooling System in Sunway Square, Sunway City Kuala Lumpur. Major equipment such as the chiller has been delivered and installed, while construction of the thermal energy storage (TES) tank continues to progress as scheduled. Remaining works consist of piping and cabling works as well as installation of other major equipment such as the transformers, switchboards and cooling tower. The project is expected to be completed in phases and in line with the final completion of the Sunway Square project in 2025.

The division continues to embed sustainability considerations across its operations. This is evident in the use of R134a environmentally-friendly refrigerant for the Group's DCS project at Sunway Square. Environmentally-friendly refrigerants typically have lower global warming potential and ozone depletion potential compared to traditional refrigerants. Therefore, the use of these refrigerants helps mitigate climate change by reducing greenhouse gas emissions, contributing to a healthier and more sustainable environment.



HELIOSEL Solar PV System - Package L3, Ijok, Selangor

OUTLOOK AND PROSPECTS

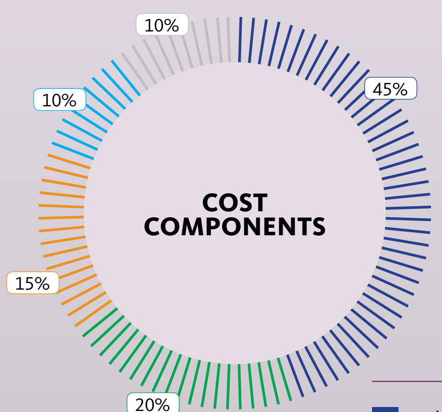
The outlook for the Sustainable Energy division remains promising, underpinned by the government's ambitious plans for decarbonisation as well as growing interest across economic sectors to meet with energy needs through more sustainable alternatives.

The Sustainable Energy division is well placed to continue playing a significant role in the country's ongoing transition to cleaner energy sources, given its proven track record in sustainable energy projects. The division will continue to pursue opportunities arising from the energy transition drive, such as the NETR, CGPP and increasing energy cost due to the ICPT. The division can also leverage on the synergistic business and operational capabilities of SunCon, including the integrated capabilities of the Group as a leading Engineering, Procurement, Construction and Commissioning (EPCC) player.

In addition, SunCon is looking to further expand its RE portfolio by exploring collaborations with joint venture partners. Collaborations can provide access to additional resources, expertise and investment, strengthening SunCon's position in the competitive RE market.

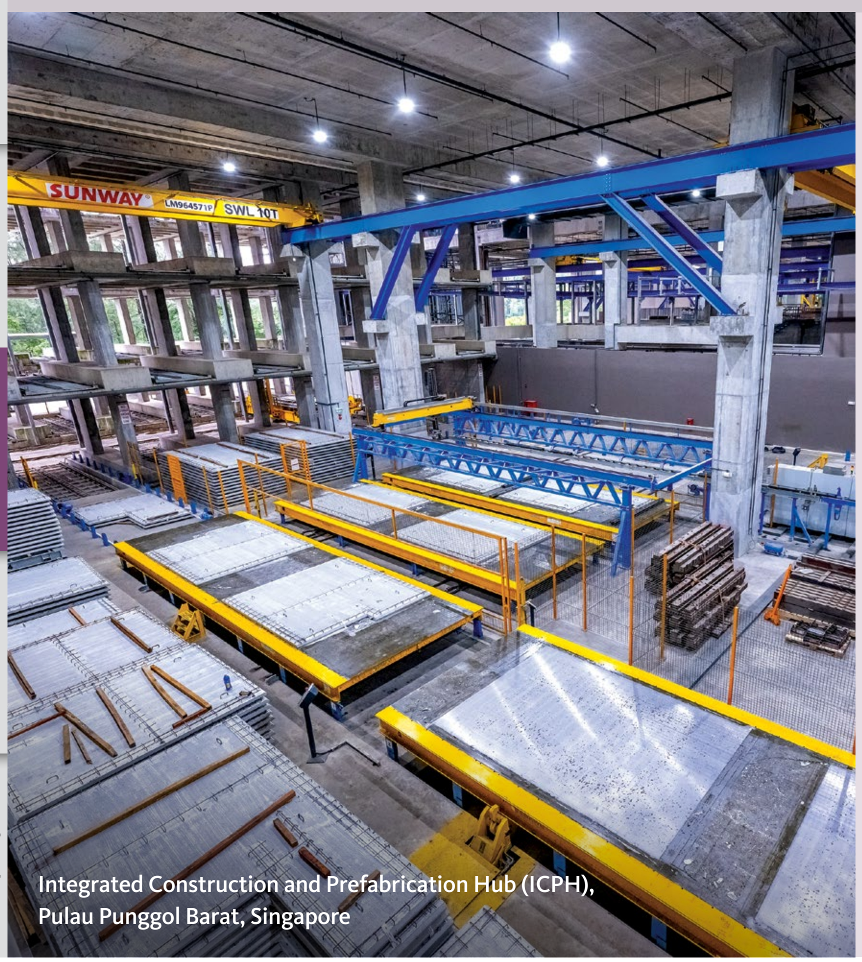
MANAGEMENT DISCUSSION AND ANALYSIS

MANUFACTURING AND SALE OF PRECAST CONCRETE PRODUCTS



We develop, design, manufacture and supply precast concrete products with manufacturing plants located in Iskandar and Senai in Johor, Malaysia and an Integrated Construction and Prefabrication Hub (ICPH) in Singapore.

We are among the first to be awarded the license to produce Prefabricated Bathroom Units (PBU) and obtained the license to produce Prefabricated Prefinished Volumetric Construction (PPVC). Our precast sales are predominantly in Singapore where we cater to the Singapore Housing Development Board (HDB) projects and also private executive condominiums. We specialise in manufacturing building components such as precast walls, slabs, panels, PBU and PPVC.



Integrated Construction and Prefabrication Hub (ICPH), Pulau Punggol Barat, Singapore

In FY2023, SunCon commenced operations at its Integrated Construction and Prefabrication Hub (ICPH) in Pulau Punggol Barat, Singapore. The ICPH is the largest in the country to date and is the 3rd precast plant, in addition to the Senai and Iskandar plants in Johor. The opening of the ICPH enables SunCon to offer a wider range of precast products as well as expands the production capacity to meet the growing demand.

The fully automated ICPH plant was developed as a joint venture between Hong Leong Asia and Sunway Construction Group and is capable of producing a wide range of precast components under one roof, such as prefabricated prefinished volumetric construction (PPVC) elements, precast bathroom units (PBU), precast household shelters and large panel slabs. The ICPH is also equipped with a state-of-the-art Automated Storage and Retrieval System (ASRS) which enables shorter production cycles, improves product quality, and reduces dependence on human labour, all contributing to the division's commitment to efficiency and excellence. With an additional annual capacity from the ICPH plant, the Precast division significantly contributes to Singapore's construction landscape.

To date, SunCon has successfully secured several contracts, including the supply of precast components such as large panel slabs for Housing and Development Board (HDB) projects. SunCon is steadily enhancing the productivity of the ICPH to meet the escalating demands of the construction industry.

In FY2023, the Precast division had successfully secured 10 new projects for HDB totalling S$83.55 million while successfully completing 4 projects. The division is currently undertaking several projects for HDB for the supply of precast components such as PPVC, PBU, precast façade, precast household shelters, and others.

In line with SunCon's drive towards progressively embedding ESG considerations across all divisions, in FY2023, a specific focus was made on reviewing operational processes with the view of eliminating redundancies and thus reducing consumption of resources, notably reducing electricity consumption.

The conscientious choice for this course of action reflects SunCon's proactive approach to environmental sustainability which not only aligns with evolving ESG standards but also positions SunCon as a responsible corporate entity dedicated to lessening its environmental footprint.

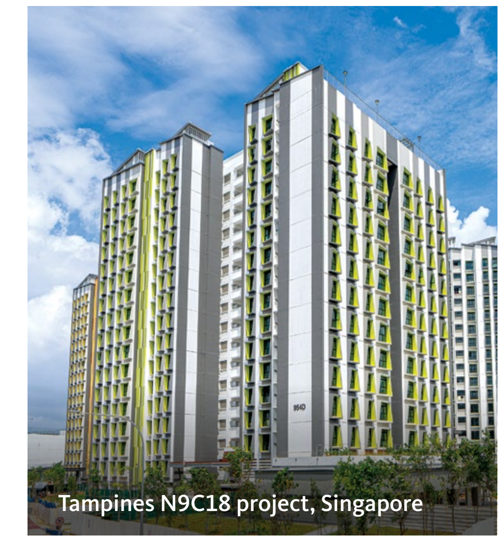
WORKFORCE

Staff Force	2023	2022	2021
Male	112	89	87
Female	23	19	18
Total	**135**	**108**	**105**

Staff Category (%)	2023	2022	2021
Executive	42	46	42
Non-Executive	58	54	58

PRECAST SEGMENT INDICATORS

Precast Segment	2023	2022	2021
HDB BTO Units Launched in Singapore	24,447	23,184	17,109
Precast Division Sales – Private (%)	0	0	3
Precast Division Sales – HDB (%)	100	100	97
Maximum Plant Capacity (m^3 per annum)	174,000	126,000	126,000
Overall Plant Utilisation Rate (%)	53	61	44


Tampines N9C18 project, Singapore

OUTLOOK AND PROSPECTS

In FY2024, the Precast division anticipates a positive outlook underpinned by the strong pipeline of public housing projects from HDB's ramping up of Build-To-Order (BTO) flats programme, which aims to launch up to 100,000 BTO flats from 2021 to 2025.

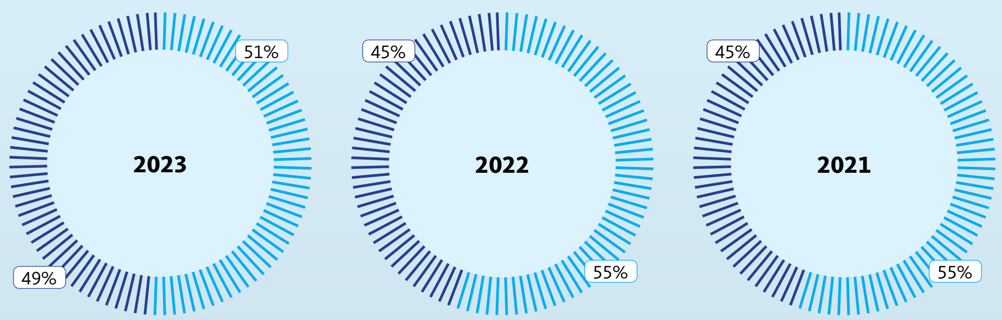
Beyond high-rise residential construction, the division is also exploring opportunities to supply precast components for institutional buildings such as school projects in Singapore. This forward-looking perspective emphasises the division's crucial role in fostering not only residential but also educational and community development, reinforcing SunCon's dedication to excellence in construction.

In addition, SunCon's commitment to Singapore's transition from fuel to natural gas marks a significant positive shift as embracing cleaner energy sources creates a notable reduction in energy costs. This significant move towards natural gas puts SunCon in a financial advantage, which in turn creates enhanced operational efficiency. As a result, the reduced energy costs will contribute to a more economically efficient and environmentally-friendly trajectory for future construction projects.

MANAGEMENT DISCUSSION AND ANALYSIS

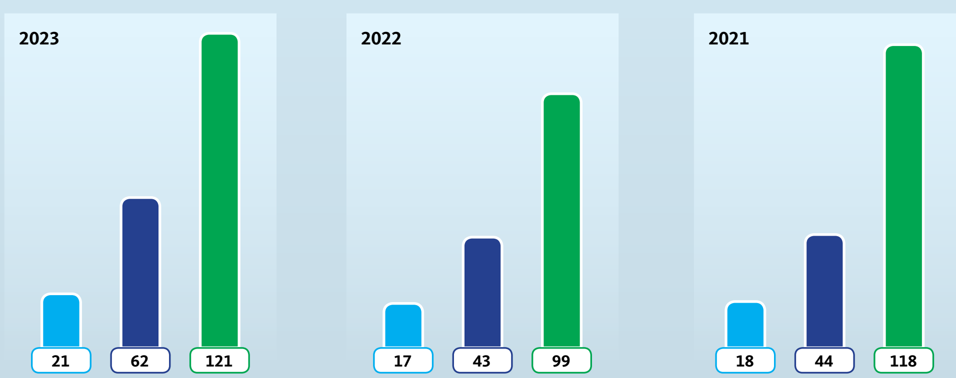
Building Construction
Civil and Infrastructure
Foundation and Geotechnical Engineering
Mechanical, Electrical and Plumbing
Sustainable Energy
Manufacturing and Sale of Precast Concrete Products
Machinery Division
Virtual Design and Construction (VDC)

MACHINERY DIVISION



REVENUE MIX

- Internal Heavy Machinery
- External Heavy Machinery



EMPLOYEES CATEGORY

- Executives
- Non-Executives
- Operators


SunCon's Machinery Workshop at Sunway Enterprise Park (SEP), Puchong

SunCon's machinery division owns and operates a full range of construction machinery and equipment that is employed by the Group's construction division. The division also leases machinery to external parties to generate revenue.

All of our machinery is registered and licensed with valid operating permits from the relevant regulatory bodies. Operators of these machines have been certified by the Construction Industry Development Board (CIDB) and the Department of Occupational Safety and Health (DOSH).

Throughout FY2023, the division continued to actively support SunCon's ongoing building and civil engineering and infrastructure projects. With the commencement of the RM605 million Johor Bahru-Singapore RTS Link project in the second half of 2023, machinery utilisation rates have been further boosted. To optimise operations, we mobilised our internal machinery over to the Southern Region from the Klang Valley. This move has enabled us to take advantage of competitive external pricing in the Southern Region and to shorten the mobilisation time required to supply machineries to projects.

The year presented a range of challenges for the division, most notably economic inflation which resulted in higher machinery rental costs. Political developments in Malaysia also impacted the rollout of new projects to an extent.

On the environmental front, the division is working with our business partners in plant and machinery supply to lease new machines from them in order to reduce carbon emissions. Plans are also in place to progressively replace the diesel-operated forklifts at our machinery workshop with electric forklifts. We have also started a trial run for the deployment of electric forklifts at project sites.

SunCon's machinery division also closely supports the construction industry via the upskilling of machinery operators, mechanics and workers through the Sunway Machinery Sdn Bhd - Training Academy. In 2023, we trained a total of 106 participants at the Training Academy. Sunway Machinery Sdn Bhd's CIDB Accredited Training Facility and Trainer provider status was also officially renewed. Our skills training programmes are not limited to our workforce, but are also open to all our business partners in the spirit of learning and growing together.

FLEET OF MACHINERY

22 Boring Rigs	16 Tower Cranes	10 Crawler Cranes	7 Skylifts	4 Concrete Pump Trucks
6 Lorry Cranes	5 Vibrating Rollers	4 Diesel Trucks	8 Water Trucks	25 Hydraulic / Wheeled Excavators
15 Rough Terrains / Mobile Cranes	3 Placing Booms c/w Static Pump	12 Backhoes	5 Tipper Trucks	36,400 m² Formwork

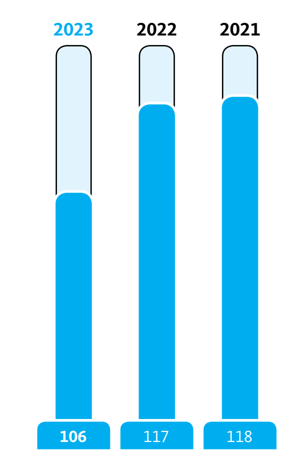
OUTLOOK AND PROSPECTS

A challenging but productive FY2024 is expected as SunCon awaits the rollout of new mega infrastructure projects in Malaysia. Moving forward, we will continue to standardise our system formwork to better facilitate our operations and processes.

In addition, SunCon aims to expand the existing pool of customers for our plant and machinery services by exploring new opportunities with business partners, Sunway Group business units and other market players to lease out our machineries.

Talent management and development will also remain a priority, namely the Industrial Manual Labour Group (IMG) to scout for fresh new talents. This strategy will involve on-the-job training in specialised skills for direct employees, as well as competitive remuneration packages to retain the existing pool of younger IMG employees.

Participants Trained by Sunway Machinery Sdn Bhd - Training Academy



MANAGEMENT DISCUSSION AND ANALYSIS

Building Construction
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Machinery Division
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VIRTUAL DESIGN AND CONSTRUCTION (VDC)

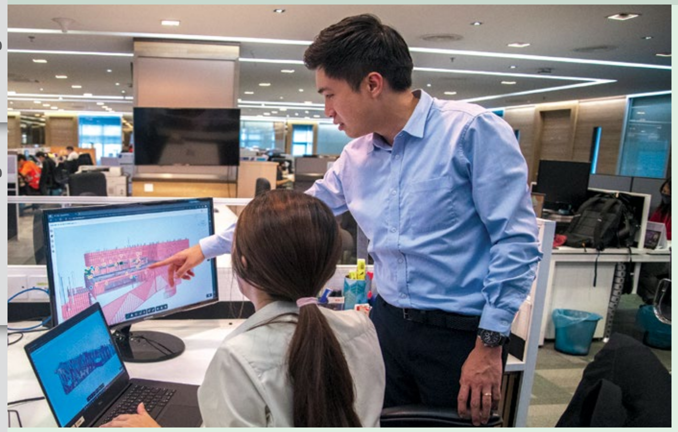
INCREASE GROSS MARGIN

ENTER NEW MARKETS

CREATE NEW PRODUCTS

INCREASE OPERATIONAL EFFECTIVENESS

SECURITY AND COMPLIANCE



SunCon's vertically integrated construction approach is enabled through VDC which exemplifies its commitment to innovation, efficiency, and excellence in construction. By harnessing the power of digital technologies, SunCon revolutionises project management, enabling seamless collaboration, efficient design and planning, cost optimisation, and risk mitigation. As the construction industry continues to evolve, SunCon remains at the forefront, driving transformative change and setting new standards for project management excellence.

All SunCon projects secured in FY2023 have predominantly embraced Building Information Modelling (BIM) and are at various stages of implementation. The majority of projects have incorporated 3D modelling, ranging from level of detail (LOD) 300 to 500. Additionally, several of the projects have commenced with the utilisation of 4D BIM.

Projects utilise 4D on the construction sequence and planning to communicate with all levels of stakeholders and align the implementation project planning and expectation, before the actual implementation at site, as well as being used to identify potential opportunities or risks in the projects.

VDC is an increasingly significant part of digital construction and digital engineering in SunCon, and it plays a pivotal role in driving meaningful operational changes in several ways:

Enhance Design and Planning

VDC and advanced design software enable engineers to create highly detailed, accurate, and sustainable designs. These tools facilitate visualisation, allowing teams to easily identify design issues, analyse different scenarios and optimise designs for sustainability, efficiency and technical feasibility.

Efficient Project Management

Digital tools streamline project management by providing real-time collaboration, scheduling and resource management.

Autodesk Construction Cloud (ACC)

The setting up of ACC as SunCon's Common Data Environment (CDE) in FY2023 provides a collaborative cloud platform that facilitates real-time collaboration among various stakeholders.

Resources Optimisation

Through data-driven analysis, digital engineering helps in optimising resources utilisation. This includes the efficient use of materials, energy and other resources, reducing waste as well as supporting sustainability objectives.

Smart Construction Techniques

Implementation of virtual reality (VR) technology in construction sites allows for real-time monitoring of various parameters, ensuring quality control and safety while minimising the time wasted for engineers to search for drawings from the drawing rack.

In particular, FY2023 saw us successfully implement new communication channels and tools via the ACC, which successfully facilitates smoother interactions among project stakeholders such as supporting projects in other states which are physically distant from HQ.

ACC's robust application in SunCon saw the Group being crowned the country winner for Cloud Advocate of The Year award at the Autodesk ASEAN Innovation Awards 2023 in Malaysia. This award recognises companies who embraced digital technologies and integrated cloud workflows for an end-to-end digital project delivery.

Therefore, in addition to other strategic priorities focused on in FY2023, the ACC alone has been leveraged in various ways. This includes using the Electronic Document Management System (eDMS) which has version control to maintain the history of model changes, BIM model sharing, electronic forms and an eRFI. BIM Collaborate Pro is also used and enables real-time collaboration on a centralised model from various locations. Additionally, Model Coordination allows stakeholders to integrate and review diverse models as well as detecting clashes between building elements, while Issue Management allows team members to create, assign and track the resolution status of identified issues or clashes in the models.

Total percentage of projects migrated to Cloud Collaboration Platform – ACC:
100% active projects

Total electronic RFI generated in ACC:
1,518 RFIs

Total staff trained with VDC / digitalisation skills FY2023:
296

OUTLOOK AND PROSPECTS

SunCon is currently navigating and further bolstering its digital transformation infrastructure, which is defined by technical enablement fused with model innovation as well as by the digital technologies that are used to propel the transformation of construction management.

With VDC offering greater efficacy in design, analysis and control compared to traditional construction methods, SunCon is determined to implement future strategic priorities for the fiscal year 2024 to evolve the utilisation of this technology throughout the organisation.

These strategic priorities and focus areas for digital transformation include the increased adoption of 5G, recognising its capacity to connect digital construction elements like BIM, sensors and analytics. To pursue this, SunCon plans to assess existing IT infrastructure, explore collaborative opportunities and implement 5G capabilities when ready.

Another key initiative involves training at least 50% of engineers / modellers and site engineers with 3D and 4D BIM skills. This aims to enhance overall staff competencies, agility in task assignment and the organisation's capabilities in digital construction.

Additionally, SunCon aims to centralise a Centre of Excellence (COE) to promote digitalisation in construction, improving project support systems, fostering innovation, and enabling efficient resource sharing. The COE will focus on fully digitalising workflows and processes, providing standardised training modules and offering centralised access to resources, reducing frustration at the site level.

The Group will also ensure that it strengthens its mitigation strategies towards our already-robust data security and privacy initiatives going forward, in order to further prevent any risks in that area. Among these strategies include:

- Choosing a platform with high level of security.
- Regular security updates to keep all software, systems and applications up to date.
- Employee training and awareness to educate employees about data security best practices, potential threats and more.
- Improved access management, as CDE administrators plays an important role in determining the right person to access the right piece of information to prevent data leaks.

As a reputable professional contractor, safety stands as the cornerstone of SunCon's operations. Our commitment to prioritising public safety is unwavering. The year 2024 would also see us aim to place a bigger focus on the use of VDC in planning high-risk activities, specifically for underground utility work.

The use of digital tools can effectively improve the accuracy of underground utilities mapping and hence, safeguard public safety. The utilisation of VDC also facilitates comprehensive data collection, effortless monitoring and sophisticated analysis.

Integration with automation technology further enables the presentation of this data through an intuitive digital construction dashboard. This dashboard emerges as a robust tool, offering invaluable insights and essential data to enhance construction management practices for all involved parties.

Ultimately, this comprehensive approach serves to elevate the quality of construction processes while embedding the principles of lean construction. This trajectory is in perfect alignment with SunCon's overarching commitment to promoting sustainable construction practices and advancing governance through the strategic incorporation of technology and innovation.

OUR BUSINESS MODEL

CORE BUSINESS

Vertically integrated construction and engineering solutions provider

- Building Construction
- Civil and Infrastructure
- Foundation and Geotechnical Engineering
- Mechanical, Electrical and Plumbing
- Sustainable Energy
- Manufacturing and Sale of Precast Concrete Products

STRATEGIC PRIORITIES

Focus areas and priorities

- Order Book Growth
- Sectoral and Regional Expansion
- Business Model Diversification
- Talent Focus
- Decarbonisation Towards Realising Net Zero Carbon by 2050

CAPITALS

Resources consumption and allocation

- Financial
- Manufactured
- Intellectual
- Human
- Social
- Natural

BUSINESS PROCESS / ENABLERS

Tactical initiatives

- QESH Management System
- Increased Utilisation of VDC
- Supply Chain Management
- Talent Focus
- Integrated ESG Agenda

VALUES CREATED

Generation of financial and non-financial values

- Financial
- Non-Financial

The creation of stakeholder values is achieved through the Group's business model which continues to evolve in tandem with changes in the external operating environment and the strategic aspirations of the Board and Management.

SunCon is a vertically integrated construction solutions provider. The Group's comprehensive capabilities spanning various niche sectors of the construction industry enable a distinctive competitive edge. This is the unique ability to provide a wide range of technical and engineering solutions to meet complex infrastructure development requirements.

The business model enables SunCon to combine the various expertise within the Group to deliver cutting edge, customised solutions for customers. The various business and operational synergies go beyond typical cost and operational efficiencies. The synergies extend to the development of new solutions that promote reduced environmental and social impacts and the propagation of more sustainable approaches for the industry.

The construction business model is inherently resource intensive and consumes a wide range of capitals including financial, natural, human and social capitals. These, however, are transformed through the business model to diverse value creation as measured across financial and non-financial values. Among these include returns to shareholders and investors, development of local infrastructure and communities, job and wealth creation, contribution to nation building, enabling transfer of technology and also supporting Malaysia's continued decarbonisation journey towards achieving net zero carbon status by 2050.

The focus going forward is to leverage on the Group's unique business strengths to devise strategies that support a "greener" approach to construction – an approach that ultimately enables, sustains and enhances financial and non-financial value creation over the short, medium and long-term horizon.

OUR BUSINESS MODEL

Sunway Velocity 2 Plot B, Kuala Lumpur

Thorapalli Agraharam - Jittandahalli Highway, Tamil Nadu, India

VALUE CREATION MODEL

VALUE CREATION MODEL

In FY2023, SunCon continued to generate a wide range of positive values, reflected in the various outputs and outcomes, which were created through its business model. The execution of strategies which includes focus on resource efficiency, responding effectively to market conditions and stakeholders have enabled not just financial values, but the sustained realisation of values from a multi-capitals perspective.

In essence, values have been created based on the cumulative use of capitals but for illustration purposes, capitals and values have been aligned to their respective categories i.e. financial capitals to financial values and so forth.

CAPITALS / INPUTS

FINANCIAL

The pool of funds available to SunCon, generated from operations, investments and debt arrangements.

Inputs

Beginning of FY2023

- Share capital: **RM258.6 million**
- Retained profits: **RM515.9 million**
- Cash and bank balances: **RM491.6 million**
- Market capitalisation: **RM2.017 billion**

MANUFACTURED

Physical assets owned or leased deployed to execute the business model across the value chain towards the creation of financial and non-financial outputs and outcomes.

Inputs

- A wide range of plant and machineries
- 2 precast plants
- **1 ICPH** in Singapore

INTELLECTUAL

All business and operational strategies, collective knowledge, skills, competencies and experience of SunCon, its subsidiaries and associate companies as well as its supply chain.

Inputs

- SunCon's business model
- Divisional business strategies
- Intellectual property and proprietary business / industry knowledge ie. Virtual Design and Construction, building management systems, software

HUMAN

The collective skills, talents, experience and capabilities of the Group's talent including talent at subsidiary and associate companies responsible for day-to-day operations.

Inputs

- High-performance work culture centred on merit, equality and diversity
- Talent focused, cultivating high performing culture HR policies
- Championing adoption of VDC as key technology enabler for all project implementation
- Talent mobilisation across different core businesses within SunCon
- **1,057** strong workforce (excluding direct workers)

SOCIAL

Comprising the diverse network of relationships and engagements with various stakeholders. The understanding of stakeholders' needs, concerns and aspirations and the implementation of appropriate engagement strategies.

Inputs

- Financial and non-financial investments into stakeholder engagements including engagement strategies, programmes and activities
- Conducted **10** sessions in outreach programmes, participated by **1,500** university students
- **113** internship opportunities provided to young graduates
- CSR budget and expenditure on community infrastructure and services, community events

Please refer to pages 57 to 62 for Stakeholder Engagement disclosures.

NATURAL

The pursuit of resource efficiency in the consumption of natural resources and materials required for the business model.

Inputs

- Energy consumed **37,406 MWh**
- Consumed **357 MWh** solar energy
- **340,082 m³** of water consumption (Alternate water source: 12.3%)
- **RM8.09 million** in solar investment projects
- Established Carbon Reduction Policy

APPROACH TO SUSTAINABLE VALUE CREATION / DRIVEN THROUGH OUR BUSINESS MODEL

BUSINESS MODEL | CAPITALS | ESG | VALUE CREATION

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BUSINESS PROCESS / ENABLERS

Tactical initiatives

- QESH Management System
- Increased Utilisation of VDC
- Supply Chain Management
- Talent Focus
- Integrated ESG Agenda

VALUES CREATED

Generation of financial and non-financial values

FINANCIAL | NON-FINANCIAL

OUTPUTS / OUTCOMES

Financial

Outputs

- Revenue: **RM2,671 million**
- PBT: **RM188.6 million**
- PAT: **RM145.8 million**
- Cash and bank balances: **RM470.4 million**

Outcomes

- **53%** dividend payout of PAT after minority interests
- **RM42.8 million** paid in income taxes
- **RM159.0 million** paid in wages
- Market capitalisation: **RM2.508 billion** as at end FY2023
- High Return on Equity (FY2023: 17%; FY2022: 18%; FY2021: 17%) - **Best ROE for 5 consecutive years** in the Construction Sector awarded by The Edge Billion Ringgit Club

Manufactured

Outputs

- **RM2.67 billion** in projects progress for FY2023
- Average QLASSIC score: **82.3%** (vs industry average 76%)
- Total 437 km of highways and 40.5 km of rail and mass transit projects constructed to date

Outcomes

- A wide range of socio-economic multiplier effects arising from the successful completion of building and infrastructure projects
- Elevation of industry standards and benchmarks

Intellectual

Outputs

- Improved communication channels via Autodesk Construction Cloud (ACC) platform
- **296** staff trained and developed with VDC competencies in FY2023 (FY2022: 425)
- **60%** of planners trained with 4D skills

Outcomes

- Enabling sustainable construction by managing resource consumption and carbon footprint while enhancing the Group's value proposition
- Continued strengthening of business processes and realisation of key business outcomes, including increases efficiency and productivity

Outputs

- **34** project leaders across 6 core businesses
- **54** VDC experts, and more than **50%** operationally trained with VDC knowledge
- **16.9x** staff productivity

Outcomes

- Talent workforce that are mobile to vertically move across different core businesses
- Strong talent bench strength for key succession planning
- Technology enabled workforce capable of managing advanced technology projects

Social

Outputs

- Improved stakeholder relationships
- **64%** buy calls from analysts and research houses
- Customer Satisfaction Score: **100%**
- **Zero** fines for labour law non-compliance
- Average SHASSIC score **89%** (vs industry average of 86.81% in 2023)
- Engaged **78%** of active suppliers and subcontractors in inaugural SunCon Supply Chain Social
- **9** awards & recognitions received

Outcomes

- **Zero** accidents involving the community or general public
- Development of **talent pool** that supports SunCon's human capital requirements
- Contribution of more than **RM2.63 million** through the Jeffrey Cheah Foundation as well as various community and SunCon Social Club (SSC) initiatives

Natural

Outputs

- **Zero** reported fines for environmental non-compliance
- Generated green attributes of **3,305** tonnes CO_2e avoidance from our solar investments
- Expand ESG monitoring coverage to include emissions at workers accommodation and employee commuting

Outcomes

- Improved environmental oversight and implementation of practices with progressive integration of ESG into the Group's business strategies and its operations
- On track in meeting SunCon's 2030 emission reduction targets

OUR CAPITALS

FINANCIAL CAPITAL

SunCon's robust fiscal position has been a strategic business strength for the Group – enabling effective execution of business and operational strategies. These include the Group's PFI approach to bidding for, and securing contracts.

The focus of the Group is to consume or leverage financial capital in various forms to create financial returns i.e. revenue, earnings and shareholder dividends. However, considerations are required to achieving the right strategy mix in balancing between short-term financial returns, business growth and the long-term sustainability of the business model.

A detailed discussion on the Group's financial performance is provided in the Management Discussion and Analysis section of IAR2023.

HOW IS THE CAPITAL SUSTAINED:
- Through aggressive bidding for projects that replenish the order book and provide revenue and earnings visibility. SunCon's robust financial position which includes a healthy balance sheet, strong cash flows and a robust asset position has strengthened the Group's competitive ability to bid and secure construction projects. This includes projects with complex specifications and a longer construction period.
- Other strategies include capital preservation and growth, capital and operational expenditure (including business development expenditure and cost of sales), collections and receivables, internally generated funds and well adjusted debt.
- Other areas that are also taken into consideration include interest rates, foreign currency exchange, all of which are beyond the Group's control and subject to market forces and any changes can impact the Group's financial position.

TRADE-OFFS:
- The pursuit of revenue and earnings growth (and other financial outputs and outcomes) is to be continually balanced with environmental and social considerations.
- While environmental and social considerations may erode financial value creation in the short-term, the Group is of the view that tempering financial goals with an ESG based perspective enhances financial value creation in the medium to long-term (i.e. access to green financing and improved appeal to investors, stronger market appeal for products which support sales, etc.).

MANUFACTURED CAPITAL

Utilisation of assets, machinery and equipment (AME) for the execution of the business model. This includes the Group's plant and machinery, precast plants and its Integrated Construction and Prefabrication Hub (ICPH) in Singapore. Cumulatively, SunCon's precast plants have an annual capacity of 174,000 m³ of precast components.

HOW IS THE CAPITAL SUSTAINED:
- Effective maintenance of all owned assets, machinery and equipment while ensuring leased assets are also maintained by vendors and suppliers.
- Continued undertaking of asset review exercises to determine which assets to be disposed, replaced and CAPEX for new machinery is warranted, including "green" assets i.e. electrified forklifts, etc.
- Continued focus on ensuring timely completion of all projects to optimise asset utilisation.

TRADE-OFFS:
- The various inputs consumed or used by the manufacturing process i.e. raw materials, manual labour and others continues to increase in cost over time. Such increases are both acute; caused by sudden disruption in the supply-demand dynamic as well as chronic, with perennial, systematic challenges contributing to price increases. While FY2023 did see a price decline for several building materials, given inflation, a weak ringgit and other factors, prices are expected to return to an upward trend going forward.
- Rising costs required for construction processes would erode financial values. Similarly, the change in the mix of materials i.e. switch to green cement and green steel would also see impact to financial capital. In addition, building design elements that incorporate climate change related features also necessitate increased expenditure.
- The challenge of ensuring optimum utilisation of assets, machinery and equipment. Average asset utilisation rates for FY2023 were 65%-75%. Maintenance of AME is also essential with maintenance costs increasing annually. The availability of AME in sufficient quantities and at optimum operational capability is essential towards ensuring the desired quality and productivity is achieved towards ensuring timely completion of projects.

INTELLECTUAL CAPITAL

The Group's VDC capability enables cutting-edge building design and modelling technologies in the construction process. VDC is an enabler for reduced cost, increased operational and resource efficiency, reducing wastage while promoting a more sustainable approach to construction.

Apart from VDC, the Group's intellectual capitals include industry know-how, technologies and inherent methodologies that enable SunCon to achieve a high-level of precision, quality and performance in the execution of projects. They also enable continued improvements in environmental footprint while addressing the creation of social values.

HOW IS THE CAPITAL SUSTAINED:
- Investments into research and development and acquisition of technology as well as focusing on talent development through training.

For further details on Talent Development, please refer to page 105.

- Continued data gathering and market intelligence activities.

TRADE-OFFS:
- Strengthening intellectual capitals requires a constant investment of financial, human and social capitals. However, it is imperative that intellectual capitals be prioritised towards retaining competitive advantage and strengthening the resilience and robustness of the business model.

OUR CAPITALS

HUMAN CAPITAL

Refers to the application of professional skills, talents and competencies of all SunCon employees. Problem-solving, decision making, and innovation stem from the cognitive abilities of people, who draw from their diverse expertise and experience.

HOW IS THE CAPITAL SUSTAINED:
- Key aspects of the talent management approach include creating and maintaining a conducive workplace environment and becoming a preferred employer. The focus on talent requires significant financial resources across the spectrum of recruitment, retention, compensation and continual professional development, as well as health and safety. Other focus areas include providing more conducive work environments for employees, increased emphasis on diversity, equality and inclusivity (DEI), providing work-life balance and focusing on physical and mental wellbeing.
- Group's leadership development programme as well as the Young Talent Management Programme and Aged Industrial Manual Labour Group (IMG).
- Half-yearly annual talent review with EXCO.
- Bienniel employee engagement survey.

TRADE-OFFS:
- Investments are essential towards ensuring the Group has sufficient human capital that enables effective execution of the business model. There is greater need to look beyond employees as employed talents, but more as people first and to focus on providing not just employment, but satisfying, empowering careers. This requires continual adjustment and changes to the Group's talent management approach. Beyond training, increased focus is required for benefits as well as in a multi-cultural, globalised work environment, increased attention on cultural inclusion and sensitivities.
- The cost of training employees also continues to increase while the emergence of new hybrid or remote working models require also changes to accommodate new work patterns and a changed environment post the COVID-19 pandemic.

SOCIAL CAPITAL

The Group works closely with all related stakeholders towards ensuring the professionalism and competence of its supply chain. This includes social and environmental regulatory compliance as well as compliance on governance matters (committed to high levels of business integrity and to remain corruption free in all dealings with SunCon).

In managing its social capital, SunCon continues to implement a comprehensive stakeholder engagement plan.

HOW IS THE CAPITAL SUSTAINED:

Maintaining good operational performance by ensuring timely completion of projects and at promised quality, upholding all brand values and commitments at all times, strategic media and community engagements as well as continuing to lobby and to engage government and regulatory bodies.
- Playing a role through participation in industry bodies and associations in shaping positive perceptions of the construction industry.
- Adhering to all mandatory communication requirements such as providing updates to regulators on financial and business performance, announcements on material information, holding of the Group's AGM and other shareholder and investor related engagements.

TRADE-OFFS:
- Beyond financial investments, which are poised to increase over time (due to inflationary pressures and other factors), sustaining social capitals involves constant engagement and ensuring the right talent pool i.e. professionals experienced with government and regulatory affairs, community relations as well as branding and marketing. The use of external resources also leads to increased costs.
- Requirements to ensure community satisfaction and wellbeing may necessitate significant changes to design, construction and management of projects, which could impact financial ROI. In addition, investments into developing social capital may not necessarily have the desired effect and can be harder to measure as opposed to financial ROI.

NATURAL CAPITAL

All resources and materials sourced or extracted from the physical environment. This includes landbank, water, energy, building materials and other resources consumed and used in the construction of projects respectively. Beyond consumption, natural capitals also refers to recycling of waste, biodiversity conservation and more.

HOW IS THE CAPITAL SUSTAINED:

Consistent with SunCon's sustainability aspirations and its net zero carbon aspirations, there is an increasing pivot to use renewable energy sources such as solar, for construction projects as well as to meet the energy requirements of projects. The focus is on "greening" operations whilst leveraging environmental based approaches to derive improved operational efficiency and productivity across the value chain.

This includes using renewable energy to power tangible assets and where appropriate, using "greener" based construction materials such as green cement; and recycling construction waste from sites for incorporation as reclaimed material (towards reducing consumption of "virgin" materials).

The Group has focused on 3R implementation – Reduce, Reuse and Recycle as well as lean construction methodologies.

TRADE-OFFS:

In managing its natural capital dependencies, SunCon's strategy is to ensure awareness of the importance of ESG at all levels and proper Standard Operating Procedures (SOPs) are in place for site implementation.

For further details on the Group's efforts in managing natural capital, please refer to the Environmental section of the Sustainability Statement on pages 89 to 101.

EXTERNAL TRENDS AND DEVELOPMENTS

RISING ENERGY COSTS

FY2023 saw increased electricity costs as the national electricity utility company, Tenaga Nasional Berhad (TNB) raised the tariffs for the commercial and industrial sectors. In addition, the Imbalance Cost Pass Through (ICPT) rate for medium and high voltage non-domestic users was increased from RM0.037 / kWh to RM0.20 / kWh. This was a 5.4 times increase for the period January-June 2023. Subsequently, ICPT rates was revised downwards to RM0.17 / kWh for the second half of FY2023, providing an annual ICPT rate average of RM0.185 / kWh, 5 times higher than the base of RM0.037.

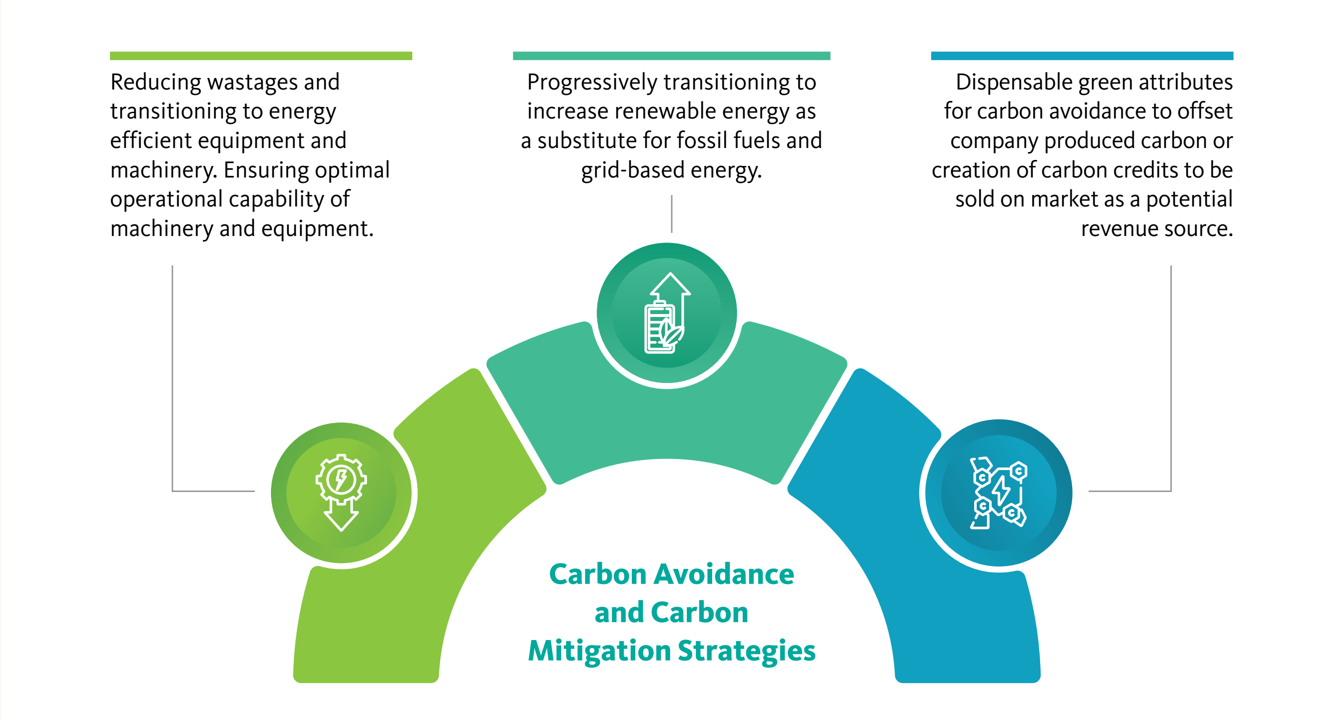
Electricity costs remains one of the key input costs for any business operation and hence, the increase in tariffs contributed to increased operating costs, which required mitigation through past-through mechanisms or by accepting lower margins in the face of maintaining cost competitiveness.

Strategic Measures Implemented

Beyond addressing rising costs which are primarily short-term, other measures undertaken including operating during off-peak hours and where possible, exploring the possibility of, leveraging alternative sources such as RE, primarily solar. The Group continues to undertake feasibility studies for rooftop solar installation at the ICPH facility in Singapore.

A continued pivot towards tapping natural capitals to support operational performance has yielded significant savings in energy consumption. In addition, over 278 tCO_2e of carbon has been avoided.

In essence, across SunCon the high-level strategy for managing rising energy cost and related carbon emissions is based on the following:



Kindly refer to pages 93 to 94 for more information on the Group's Carbon Reduction Policy.

EXTERNAL TRENDS AND DEVELOPMENTS

DISRUPTION TO SUPPLY CHAINS

While conditions had improved as compared to the COVID-19 pandemic period, global and domestic supply chains continued to feel a wide range of disruptive effects, brought on by external trends and developments. The ongoing Russia-Ukraine conflict, trade tensions between major economies, sustained high crude oil prices and rising interest rates continued to destabilise the recovery momentum of supply chains.

The cost of procuring and distributing raw materials and equipment was comparatively higher and logistical inefficiencies continued to create backlogs which further distorted supply-demand dynamics. In some cases, delays in shipments of essential materials increased the need to seek alternative sources resulting in higher procurement costs.

During the year, the construction industry also faced intermittent disruption due to strikes by lorry drivers across Malaysia. This led to acute but temporary delays in materials as well as increased cost in securing alternatives.

Strategic Measures Implemented

Supply chain shocks are typically external based, driven by macro-economic trends and developments. SunCon continued to adopt all strategic measures to proactively address procurement challenges faced in FY2023.

These include the continued preference to use local procurement as much as possible, given that local procurement is less exposed to currency fluctuations and promotes a lower environmental footprint. Strategic efforts were also made by each business division to expand the pool of local and international suppliers.

Where possible, efforts were focused on developing local vendors i.e. upscaling local companies who have the potential to move up the value chain towards developing capabilities and competencies in meeting higher-specification procurement requirements.

This provides a greater degree of insulation from existing supply chain disruptions while enabling local, small and medium enterprises to expand. It also spurs local employment, especially higher-paying, skills based or technical jobs.

RISING MATERIAL COSTS

Related to supply chain disruption is the rising costs of building materials. The raising of interest rates by the US Federal Reserve, which led to central banks across the world, including Malaysia also raising their overnight policy rates (OPR) or equivalent led to a higher lending environment, as borrowing costs increased significantly. In FY2023, the Malaysian OPR was raised to 3.0%.

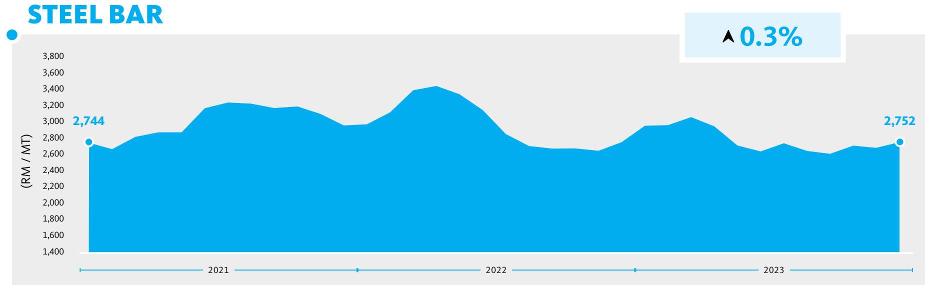
In addition, a significantly stronger US Dollar led to higher import costs for almost all imported materials as well as materials produced locally (due to the use of imported equipment).

While the Group adopts a natural hedge with regards to managing changes in FOREX, several operating subsidiaries faced inflationary pressures and also supply chain impacts not limited to pricing alone, but also to availability of materials. In addition, opportunities to seek refinancing or additional loans for business expansion proved more costly due to the higher interest rate environment.

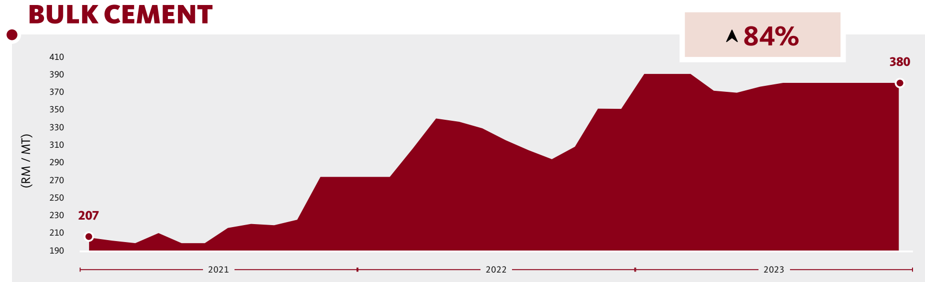
The rising commodity prices (copper, cement, etc.) has increased the risk of project cost overruns and ultimately earnings margins. In particular, supply chain disruption and other issues had caused a shortage of raw materials (aggregates and sand). This has caused disruption of concrete supply to project sites which affected the progress of works on sites. Rising polysilicon and aluminum prices, which had inflated by 30%-40% had also impacted the sustainable energy division, as both materials are essential components for the manufacture of solar panels.

EXTERNAL TRENDS AND DEVELOPMENTS

STEEL BAR



BULK CEMENT



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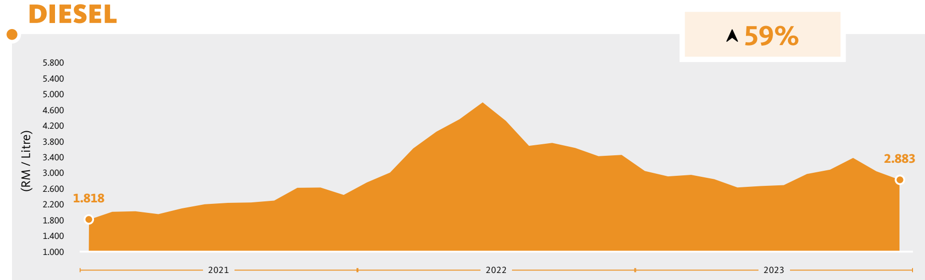

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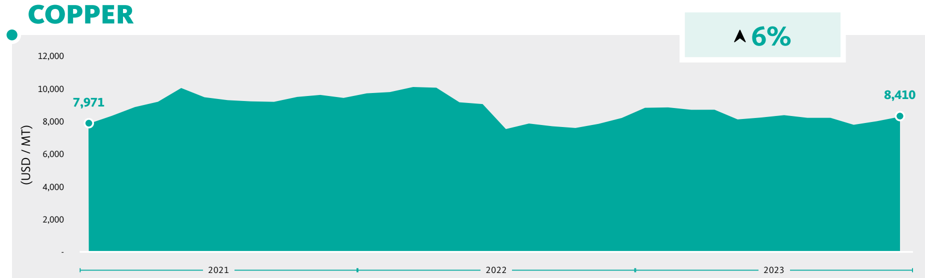

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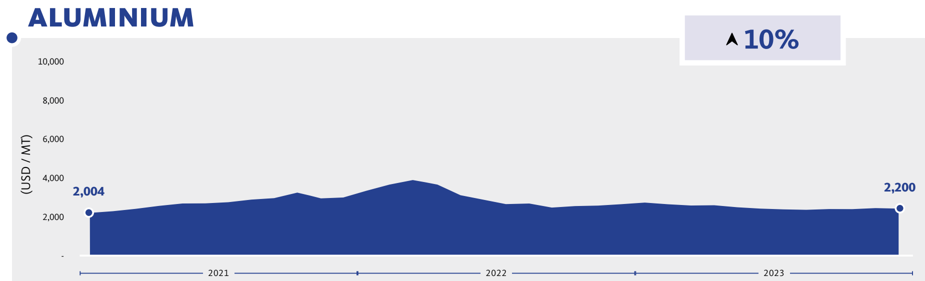


Strategic Measures Implemented

Proactive procurement management strategies include buying in bulk from suppliers at fixed prices and leveraging advanced contracts to ensure stable pricing over the short and medium term period. This provides visibility of raw material pricing and reduces downward pressures on margins.

In FY2023, the Group successfully locked in steel bar prices to mitigate against risk of escalating prices for all of the Group's projects.

In addition, several of SunCon's contracts have provisions for pass through mechanisms or an agreed price revision mechanism in the event of escalating material and labour costs. Other areas focused on were freight costs and sourcing for equipment and expertise internally or from local suppliers.

The Group's Procurement team continues to actively monitor the prices of raw materials such as steel and cement, towards accurately ascertaining market prices, as well as ongoing supply and demand dynamics. This would enable more informed purchase decisions such as which suppliers have excess supply or determining whether to procure from overseas or local suppliers.

Leveraging the capabilities of the larger Sunway Berhad Group of Companies, SunCon looked to address material shortage issues (and rising prices) by initiating closer collaboration between Sunway Quarry and the Group's existing concrete suppliers. Sunway Quarry could offer its expertise and raw materials to SunCon's concrete suppliers, thereby ensuring a stable and more competitively priced supply of concrete for SunCon's projects.

EXTERNAL TRENDS AND DEVELOPMENTS

PUBLIC SECTOR INFRASTRUCTURE EXPENDITURE

In FY2023, Malaysia's construction activity maintained its upward growth momentum registering a 8.4% year-on-year improvement. Underpinned by a revival of government-driven projects driven by expansionary fiscal spending and a rise in private sector projects, the value of work done increased by RM10.3 billion year-on-year to reach RM132.2 billion (DOSM).

Key to the upswing in industry activity was the restoration of several mega infrastructure projects including large scale rail and road network development projects. Industry growth was primarily driven by the Civil Engineering subsector which registered a growth of 15.7% followed by the Special Trade activities subsector which recorded high single-digit growth of 8.5%. Residential and non-residential construction activities recorded smaller growth performances of 3.7% and 3.1% respectively. The sector ended the year with seven consecutive quarters of positive growth since the second quarter of 2021.

Among the key projects in the pipeline are the 5G rollout, flood-mitigation projects, East Coast Rail Link, Mass Rapid Transit 3 (MRT3), Bayan Lepas Light Rapid Transit (BLLRT) in Penang and the remaining Pan Borneo Highway packages.

Strategic Measures Implemented

SunCon maintained its aggressive book building stance, focusing on both overseas and domestic projects to replenish its order book.

As at end FY2023, the Group cumulative tender book stood at RM34 billion of bids submitted of which, the Group secured RM2.5 billion in new contracts.

Beyond conventional construction projects, SunCon focused on green building, and sustainable energy projects, data centres and semiconductor facilities, warehouses, power plants and other industries.

Given the financial constraints faced by public sector clients, SunCon leveraged its private financing initiative (PFI) strategy to secure projects.

CLIMATE CHANGE AND RELATED IMPACTS

ESG considerations continue to be material to SunCon's business model and its business operations. This is reflected in the Group's strategic approach focused on preventing and avoiding ESG related risks and impacts which can impact value creation as well as the continued pivot towards leveraging emerging opportunities.

As SunCon continues to adopt all necessary measures to mitigate its environmental footprint, it also looks towards harnessing the power of new potentials as reflected in the continued growth and progress of its sustainable energy divisions as well as other offerings and services.

The Group also continues to pay close attention to the potential physical and transitional risks associated with climate change. Climate change continues to be given due oversight within the existing risk management framework and the focus has been further strengthened through SunCon's adoption of the TCFD framework.

As in previous years, heavy rainfall, rising temperatures and flash floods have been linked to potential financial and non-financial impacts. Among these impacts include asset damages, delay in project works, cost overruns, and loss of productivity leading to reduced revenue claim; and non-financially, risk to workers' safety and health especially due to the hazard of mosquito borne diseases and an increase in heatstroke incidences.

Kindly refer to pages 70 to 77 for related climate-related financial disclosures, as well as pages 89 to 92 for 3-year performance data on energy, GHG emissions and other related disclosures.

Strategic Measures Implemented

As prior mentioned, SunCon continues to implement all necessary preventive measures to avoid or reduce impacts from the physical risks of climate change.

The Group has established comprehensive SOPs for all operational sites and continues to ensure a high level of regulatory compliance with regard to managing deluge of rainfall, flash flood occurrences, rising temperatures and more.

Occupational safety and health continues to be prioritised through systematic risk assessment and controls implementation to reduce risk exposure. In particular, SOPs for working during inclement weather have been strengthened and continue to be improved towards ensuring the most productive and safest work environments possible.

Introduction of climate-related policies such as carbon tax, mandatory regulations on emissions controls and restriction on emissions allowance may cause increase in operating and construction cost and increase in prices of raw material sourced from the supply chain.

EXTERNAL TRENDS AND DEVELOPMENTS

GREEN BUILDING AND NEW INFRASTRUCTURE OPPORTUNITIES

As sustainability continues to become a key aspect of building construction and infrastructure development, an array of new opportunities emerge for construction players. These include an increasing market shift towards green buildings or green related infrastructure, as well as the use of green construction materials such as green cement and green steel.

In addition, market demand for more sustainable projects such as thermal energy storage (TES), district cooling systems (DCS), green data centres, solar farms, geothermal plants and more may offer new high-growth potentials for the construction sector.

These present both design and construction challenges but also commercially lucrative potentials for established companies such as SunCon that has the technical, financial and operational capabilities to undertake such projects.

These projects typically require more technical design and build considerations and at times, require complex spatial and other requirements. However, the immense growth potential of these niche building segments offers significant commercial prospects.

Strategic Measures Implemented

SunCon continues to actively pursue green or sustainability related projects both locally and internationally. These include district cooling systems, thermal energy storage solutions, green buildings and more.

The Group continues to focus on scaling up its technical and engineering capabilities. These include focusing on talent recruitment and retention, technology acquisition, ramping up research and development and ensuring sufficient financial capital for CAPEX requirements in relation to these projects.

In addition SunCon also explores the feasibility of strategic collaborations or joint ventures. These strategies expedite SunCon's ability to acquire talent and technology as well as market access.

TALENT AND TECH FOCUS

Increasingly, talent and technology have grown in importance across the construction industry. While the industry is still heavily defined by its use of machinery and equipment as well as the consumption of resources, it is evident that digitalisation, innovation, new ideas and people are also becoming strategically vital in developing solutions for the built environment of today and tomorrow.

However, talent remains a perennial challenge as the industry, due to brain drain and other factors, continues to experience an acute and chronic scarcity of skilled professionals. Malaysia continues to lag behind its regional peers from a commercial perspective and this further exacerbates the ongoing situation of a lack of suitable talents coming from the education pipeline. These include engineers, draughtsmen and various other specialists and technical and non-technical personnel.

The effect of a smaller talent pool leads to a highly competitive market with higher wages and higher probability of staff attrition. Both of which can affect competitive and operational ability.

Strategic Measures Implemented

While a fastidious approach would be to recruit from an international talent market, SunCon has looked to develop its own local talent pipeline – working closely with educational institutions. It has also focused on talent retention, striving to keep its existing employee base as much as possible by focusing on talent management and development as well as providing satisfying career pathways that support the development of high-performing personnel.

SunCon's approach to providing younger talents with opportunities and to actively reposition itself among relevant stakeholders as a talent oriented, young people company has paid dividends. This has reduced to a certain extent, the Group's dependence on the external talent market.

Kindly refer to Our Capitals – Human Capitals section for more information.

STAKEHOLDER ENGAGEMENT

SunCon touches the lives of many people in the process of delivering integrated construction and engineering services. We are dedicated to nurturing our workforce and cultivating meaningful interactions with external parties, including business partners and customers, ensuring a foundation of mutual respect and cooperation. At the same time, we recognise the potential impact our business activities have on the local communities, and have adopted a precautionary approach to minimise any adverse consequences.

For these reasons, stakeholder engagement is vital to SunCon's ability to create value, serving to keep SunCon informed of their evolving needs, concerns, interests, and expectations, thereby shaping our understanding of our business performance from multiple perspectives. Continual dialogue plays a pivotal role in facilitating the development of trust, collaboration, and mutual understanding between the Group and its stakeholders, and is key to our operational efficiency, innovation capacity, and reputation in the marketplace.

In FY2023, we have made significant strides to refine our stakeholder management approach by assessing the risks and opportunities associated with each stakeholder group and determining SunCon's unique value proposition for each of them. These risks and opportunities are then taken into account during the Board and Management's deliberations on the Group's business strategy, ensuring that our business model not only supports sustainable growth but also shares the value created with all stakeholders.

Through this enhanced focus, we reaffirm our commitment to building synergistic and sustainable relationship as a foundation for our social capital that is essential for our continued success.

The tables below provide an overview of our management approach for each stakeholder group.

CLIENTS

Why We Engage

Clients commission SunCon to execute construction and infrastructure projects, driving the Group's revenue and growth

Risks

- Unhappy clients can damage SunCon's reputation and future prospects
- Delays, cancellations and financial instability can disrupt resource allocation planning and cash flows

Opportunities

- Understanding clients' evolving needs can lead to opportunities for offering additional services
- Diversified client base across sectors and geographical regions can provide new revenue streams

Key Indicators

CSS Response Rate

2023: 100%	2022: 100%	2021: 97.5%

Average QLASSIC Score

2023: 82.3%	2022: 82%	2021: 83%

Methods of Engagement

- Annual Client / Consultant Satisfaction Survey (CSS)
- Scheduled progress meetings, site visits and updates
- One-off Quality Assessment System in Construction (QLASSIC) by Construction Industry Development Board (CIDB) Malaysia upon project completion
- Dissemination of information on our website

Stakeholder Expectations

- Delivery of products within time, cost, quality and compliance with relevant standards
- Provide expertise and knowledge in constructability solutions
- Conduct business with professionalism and good business ethics
- Highest level of legal compliance throughout construction process

Our Value Proposition

- Consistent track record of completing projects on time, within budget and within specifications
- Leveraging cutting-edge technologies and sustainable practices to meet contemporary construction challenges
- Strong focus on safety, quality, regulatory compliance and eco-friendly practices
- Collaborative and long-term mutually beneficial relationships with our clients

Our Response:

- Conduct scheduled internal inspections and audits through Sunway Quality Merit System (SQMS) and Progressive Quality Assessment (PQA) by internal experts
- Ensure workers are trained and skilled in their scope of works
- Conduct annual CSS to assess customers' satisfaction in our deliverables for further improvement
- Emphasis on good governance and business ethics within the workforce
- Established internal target of average annual QLASSIC score of 83% and above

For more details, please refer to Product Quality and Responsibility on pages 111 to 113.

Related Material Matters: Product Quality and Responsibility; Anti-Corruption and Anti-Bribery; Risk and Regulatory Compliance; Fair Labour Practice

STAKEHOLDER ENGAGEMENT

AUTHORITIES AND REGULATORS

Why We Engage

Authorities and regulators set standards and regulations, facilitate project approvals, and conduct inspections to enforce regulatory adherence

Risks

- Failure to comply with evolving regulations can lead to fines, suspension of operations, and reputational damage
- Slow beaurocratic approval processes can result in project delays

Opportunities

- Building strong relationships with regulatory bodies can facilitate smoother beaurocratic processes
- Capitalise on project opportunities and incentives arising from national policy directives

Key Indicators

Lost-time Incident Rate (LTIR)

2023: 0.15%	2022: 0.44%	2021: 0.16%

- No compounds and fines received on environmental non-compliance in FY2023

Methods of Engagement

- Regular reporting, engagement and timely updates
- Active participation and contribution to the industry through dialogues and forums, workshops, working groups and partnerships
- Unscheduled site inspections and visits
- Thematic events and initiative launches

Stakeholder Expectations

- Compliance to regulatory requirements and guidelines
- Ensure balance between stringent compliance controls and safeguarding clients' needs
- Cultivate a risk-aware culture where the potential risks to our business operations have been assessed and mitigated

Our Value Proposition

- Drive initiatives outlined in the national agenda and becoming the standard-bearer of new regulations
- Responding to government consultations and inquiries to help shape construction policies and legislative frameworks
- Tax contributions

Our Response:

- Continual review and enhancement of our system and processes as our first impediment on risk management
- Implement best management practices for environmental, safety and health management
- Conduct scheduled internal inspections and audits as required in SunCon QESH Management System
- Establish internal targets for Environmental, Safety and Health performance
- Ensure business operations meet all regulatory requirements while pursuing business objectives and targets

For more details, please refer to the Environmental section on pages 89 to 101 and Occupational Safety and Health section on pages 108 to 111 of the Sustainability Statement.

Related Material Matters: Governance and Ethical Business | Risk and Regulatory Compliance | Fair Labour Practice | Occupational Safety and Health

STAKEHOLDER ENGAGEMENT

SHAREHOLDERS, INVESTORS AND ANALYSTS

Why We Engage

Shareholders and investors are capital providers while analysts evaluate and report on SunCon's performance and prospects

Risks

- Unclear communication can lead to misaligned expectations and misunderstanding of the Group's strategic direction
- Poor market perception can lead to a decline in investor confidence, stock price, and SunCon's ability to raise capital and pursue growth opportunities

Opportunities

- Valuable market insights can help SunCon to refine strategies aligned with market expectations
- Strong strategic support from institutional investors facilitate smoother implementation of business plans
- Demonstrating resilience and sustainable growth prospects can attract a broader investor base

Key Indicators

PBT

2023: RM189 million	2022: RM184 million	2021: RM152 million

Dividend Payout Ratio

2023: 53%	2022: 53%	2021: 60%

Methods of Engagement

- Statutory announcements (when required)
- AGM and EGM
- Corporate events
- Ad-hoc one-on-one meetings with management
- Annual and quarterly reports
- Dissemination of information on our website

Stakeholder Expectations

- Sustainable earnings generated and stable dividend stream
- Robust direct and indirect economic performance and impact
- Stay ahead of emerging opportunities and create competitive edge
- Timely and transparent reporting
- Strong corporate governance
- Prudent risk management strategies
- Embed sustainability considerations into business operations and practices

Our Value Proposition

- Attractive returns and growth underpinned by strong ESG principles
- Track record of good governance and transparent disclosures
- Dividend policy to return at least 35% of net profit to shareholders annually

Our Response:

- Create sustainable value leveraging on diversified portfolio across regions where we operate
- Emphasis on strong liquidity and capital management to preserve financial viability
- Creating potential business opportunities and new ventures
- Established SunCon Carbon Reduction Policy and 2030 reduction targets which describes our commitment towards sustainability
- Provide timely updates of business performance (quarterly results review and flashnotes on new projects is disseminated to the investment community via email, as well as timely disclosure on our website)

For more details, please refer to the Management Discussion and Analysis on pages 18 to 29.

Related Material Matters: Governance and Ethical Business | Anti-Corruption and Anti-Bribery

STAKEHOLDER ENGAGEMENT

EMPLOYEES

Why We Engage

Employees' skills, knowledge and dedication directly contribute to SunCon's operational effectiveness and long-term success

Risks

- Unmotivated workforce can decrease productivity and quality
- Loss of intellectual capital due to competition for talent
- Mismatched expectations between different generations of employees

Opportunities

- A diversified workforce can foster innovation that enhances SunCon's adaptability in a changing market
- Adoption of flexible work arrangements and improving cultural sensitivities can enhance SunCon's talent attraction and retention ability

Key Indicators

Employee Turnover

2023: 18.5%	2022: 22.0%	2021: 14.5%

Average Man Days of Training per Employee

2023: 4.47	2022: 2.97	2021: 2.18

Methods of Engagement

- Biennial Employee Engagement Survey
- Triennial materiality survey
- Regular electronic and printed communication (e.g. email, safety alerts, Knowledge Management portal)
- SunCon Social Club activities

Stakeholder Expectations

- A safe, healthy and conducive work environment
- Fair remuneration
- Equipped with future-ready skills and capabilities to remain relevant within the job market
- A workplace that embraces diversity and inclusion

Our Value Proposition

- SunCon's strong brand reputation as an employer committed to competitive remuneration, employee development, and sustainability values such as equality, diversity, inclusivity and work-life balance

Our Response:

- Emphasising on hazard identification, risk assessment and risk control to prevent undesirable events and to safeguard the health, safety and welfare of our people
- Crafting holistic approach to learning with the clear focus to strengthen our organisational capabilities, curating flexible and forward-looking learning strategies that support our talent pipeline
- Embracing diversity and inclusion in the workplace where our people are treated fairly with empowerment to have the opportunities for career progression and enhanced employability

For more details, please refer to Employee Management on pages 103 to 105.

Related Material Matters: Employee Management; Occupational Safety and Health; Fair Labour Practice

STAKEHOLDER ENGAGEMENT

SUPPLIERS AND SUBCONTRACTORS

Why We Engage

Suppliers and contractors are integral project delivery partners, providing essential materials, services and specialised skills to meet project requirements

Risks

- Supply disruptions can cause project delays
- Non-compliance with regulations, including corruption, environmental, OSH and labour laws
- Cost volatility affect budgets and profitability

Opportunities

- Strategic partnerships provide intellectual capital and technological advantage, reliability, more favourable terms, and potential expansion into new markets or sectors

Key Indicators

Proportion of Spending on Local Suppliers

2023: 61%	2022: 93%	2021: 84%

Environmental Assessment of New Suppliers

2023: 100%	2022: 100%	2021: 100%

Social Assessment of New Suppliers

2023: 100%	2022: 100%	2021: 100%

Methods of Engagement

- Biennial Business Partner Satisfaction Survey
- Annual Subcontractors and Suppliers Performance Evaluation
- Triennial materiality survey
- Subcontractor, Suppliers and Consultants Sustainability Risk Assessment (when required)
- Monthly Environmental, Safety and Health (ESH) Committee at project site level
- Regular engagement with subcontractors and suppliers to communicate latest updates on emerging legal requirements

Stakeholder Expectations

- Sustainable procurement practices and supply chain management
- Professional and transparent procurement process
- Timely payment
- Knowledge sharing and capacity building
- A safe, healthy and conducive work environment

Our Value Proposition

- Stable and continual stream of project pipeline due to SunCon's strong market position and diversified construction portfolio
- Fair and timely payment
- Insight into industry best practices on human rights, occupational health and safety, and environmental management

Our Response:

- Proactively seek to create and sustain synergistic partnership with our value chain partners
- Emphasis on provision of transparent supply chain and contract management processes and continually review these processes to achieve win-win solution
- Continual implementation of e-bidding system to ensure transparency and paperless transactions
- Continual implementation of Esker software for payment processes to ensure timely payments
- Emphasis on the provision of a safe, healthy and conducive workplace for our subcontractors' workers through active participation and consultation in our monthly site ESH Committee meetings

For more details, please refer to Responsible Supply Chain on pages 87 to 88.

Related Material Matters: Responsible Supply Chain; Fair Labour Practice; Occupational Safety and Health; Anti-Corruption and Anti-Bribery; Product Quality and Responsibility

STAKEHOLDER ENGAGEMENT

GENERAL PUBLIC AND COMMUNITIES

Why We Engage

The general public and communities are affected by the environmental and socio-economic impacts of SunCon's project and the Group's corporate social decisions

Risks

- Poor public perception impacts SunCon's license to operate
- Noise and dust pollution, safety risk and traffic congestion due to construction projects can be a nuisance to the public
- Inadequate environmental mitigation can result in public backlash and legal challenges

Opportunities

- Proactive engagement strengthen community relations and minimises opposition and delays to projects
- Contribution to social impact and community outreach programmes engenders goodwill

Key Indicators

Accidents Involving Public

2023: Nil	2022: Nil	2021: Nil

Social Impact Projects and Initiatives

2023: RM2.63 million	2022: RM2.09 million	2021: RM1.50 million

- **Zero** environmental incidents with severe environmental damage for 2021-2023
- **58%** new hires in 2023 are below 30 years old, with opportunity for 113 interns

Methods of Engagement

- SunCon Hotline
- Dialogues and announcements to inform public members on inconveniences caused due to our operations within the locality
- Strategic collaboration with local social entrepreneurs and non-profit organisations for community outreach programmes
- Dissemination of information on our website and social media platforms such as LinkedIn, Instagram and YouTube

Stakeholder Expectations

- Responsible corporate citizen which gives back to the community
- Responsible for the livelihood of the surrounding community throughout the construction phase
- Safeguarding public safety
- Indirect economic impact through job creations and spent on local suppliers

Our Value Proposition

- Infrastructure improvements and employment opportunities from SunCon's projects
- Promote responsible and sustainable construction practices

Our Response:

- Proactively seek to safeguard the health and safety of public members and local communities where we operate through emphasis on hazard identification, risk assessment and risk control
- Provide employment opportunities for young graduates
- Provide a learning platform for pre-graduates to gain hands-on experience for better preparation to launch into the working community
- Provision of sponsorships and volunteers through the #SunwayforGood corporate social responsibility (CSR) initiatives
- Continual support for the Jeffrey Cheah Foundation championing the need for quality education

For more details, please refer to Community Enrichment on pages 113 to 114.

Related Material Matters: Community Enrichment, Risk and Regulatory Compliance, Climate Action, Biodiversity, Water Protection

MATERIAL MATTERS

After a thorough review by Management, SunCon has retained its material topics and materiality matrix for FY2023. After due deliberation, Management is of the view that given the present operating environment, its business model and impending business aspirations and future orientation, the material matters identified through a robust assessment process remain relevant.

Material matters are matters that substantively affect value creation ability over the short, medium and long term. Short term is defined as within the next 18 months, medium term as 18 months to 5 years, and long term refers to timeframes beyond 5 years.

The last materiality assessment was conducted in FY2022 and saw the solicitation of views from both external and internal stakeholders. The following process was applied in FY2022:

Planning, Data Review & Comparative Analysis 01

Data review via desktop research to align our material matters against local and international industry peers, and present global trends. This includes referencing sustainability disclosure topics and accounting metrics of the Engineering and Construction Services sector by the Sustainability Accounting Standards Board (SASB).

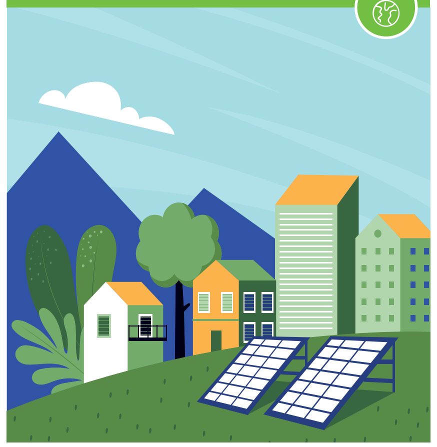
Material topics have been broadly streamlined as follows:

1. Economic related topics omitted with the intention to focus on key ESG risks
2. Consolidation of Product Quality and Responsibility with Customer Satisfaction under one material issue – Product Quality and Responsibility
3. Consolidation of Waste Management and Materials Management under one material issue – Circular Economy
4. Renaming of 5 material topics

As a result, a total of 14 material matters were identified:

Environmental

- Climate Action
- Circular Economy
- Water Protection
- Biodiversity



Social

- Occupational Safety and Health
- Employee Management
- Product Quality and Responsibility
- Fair Labour Practice
- Community Enrichment

Governance

- Governance and Ethical Business
- Anti-Corruption and Anti-Bribery
- Responsible Supply Chain
- Risk and Regulatory Compliance
- Data Privacy and Security

MATERIAL MATTERS

Stakeholder Identification

02

9 stakeholders groups identified for solicitation of views:

Internal stakeholders:

- SunCon Board of Directors
- SunCon Senior Management / Business Unit Heads
- Employees

External stakeholders:

- Clients
- Government Agencies, Regulators and Local Authorities
- Investors, Financiers and Analysts
- Suppliers and Subcontractors
- Media
- Civil Society Organisations (CSO)

Materiality Assessment Rollout (MAE)

03

- MAE executed via online survey on the 14 material matters.
- Stakeholders invited to participate.
- 3-weeks survey duration, after which data was analysed and a list of top 10 material topics as well as materiality matrix was developed.

- A validation exercise was held via focus group engagement with participation from Senior Management.
- Findings from the focus group were used to refine and confirm the list of top 10 material issues.

Final Report Development

04

After deliberation and an in-depth review of the findings from the materiality assessment exercise, Senior Management decided to retain the existing 14 identified material topics given the importance of each to the business model and value creation. The 14 topics are listed as follows:

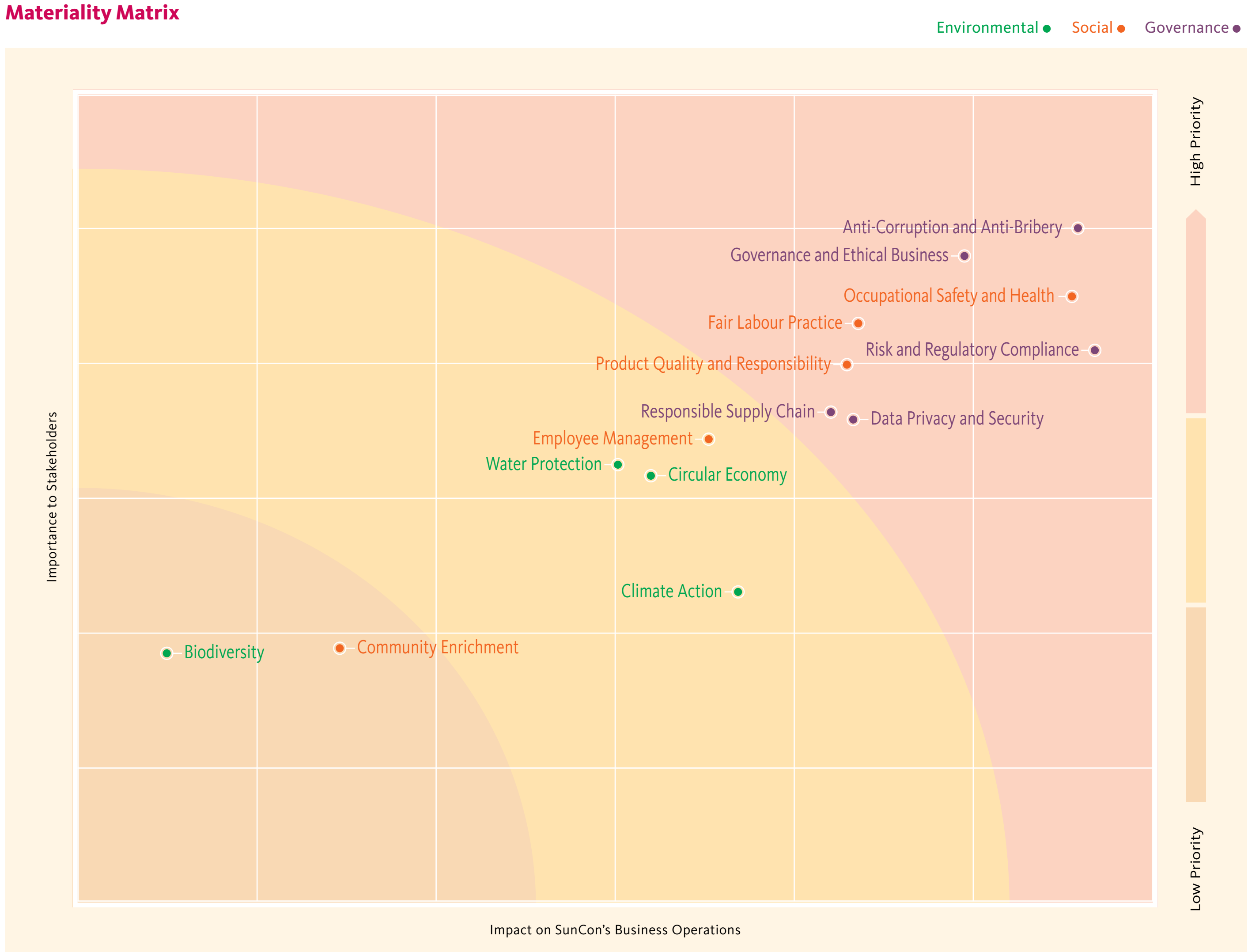
- Anti-Corruption and Anti-Bribery
- Occupational Safety and Health
- Governance and Ethical Business
- Risk and Regulatory Compliance
- Fair Labour Practice
- Product Quality and Responsibility
- Data Privacy and Security

- Responsible Supply Chain
- Employee Management
- Circular Economy
- Climate Action
- Water Protection
- Biodiversity
- Community Enrichment

The results were presented to the Board Sustainability Committee and were approved and endorsed by the Board of Directors.

MATERIAL MATTERS

Materiality Matrix



In terms of topics prioritisation, Management believes that the current order of importance remains applicable. Appropriate management approaches, risk mitigation strategies and other measures have been developed towards ensuring a proactive and effective response to all identified material topics.

Going forward, with the emergence of double materiality considerations, SunCon will explore conducting a fresh materiality assessment exercise based on financial and impact materiality perspectives. This exercise would not only establish the materiality of topics in terms of the extent of social and environmental impacts, but also identify which ESG topics are material to financial value creation.

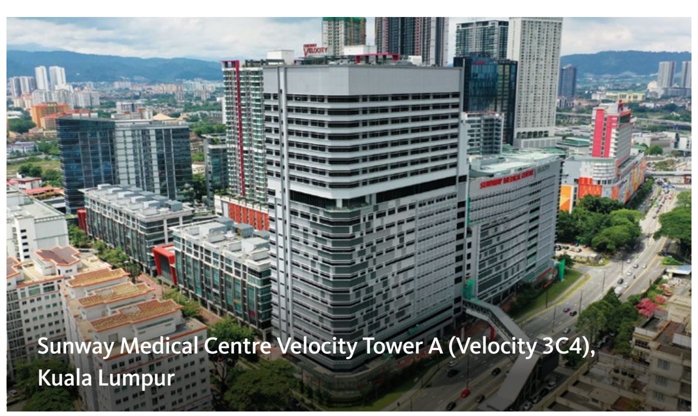
RISKS AND MITIGATION STRATEGIES

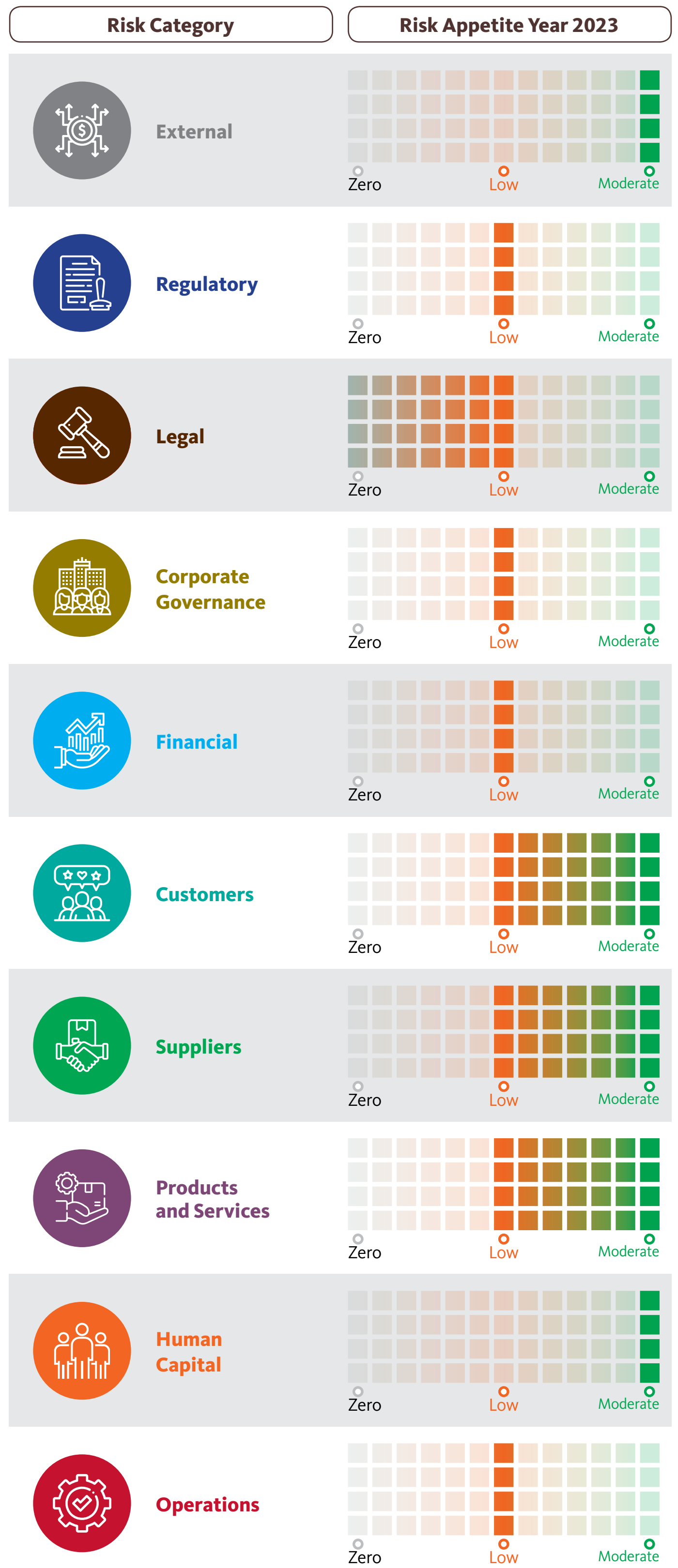
The identification and assessment of Group risks is performed quarterly with the Group's dedicated Risk Unit tasked with engaging all business divisions accordingly towards determining financial, business, operational and ESG risks, including likelihood and severity levels as well as which risks are regarded as acute or chronic. In addition, relevant Group functions such as Finance and Sustainability are also solicited for their inputs on determining risk and risk levels.

A robust Risk Register is maintained and updated quarterly as required based on inputs provided by the Group's business divisions. The Risk Register and related risk information is closely monitored by a comprehensive risk governance structure that includes a Board level Risk Management Committee, supported by various management and working levels within SunCon.

In essence, risks are ascertained based on the following: enveloping trends and developments within the external PESTLE environment, considerations of the Group's internal resources and capacities as per its six capitals, material ESG matters and the Group's strategic aspirations and business strategies.

Specific details on the Group's risk management framework including application of the triple tier approach for oversight and internal controls, responsible parties, conflict of interest and other matters are provided in the Statement of Risk Management and Internal Control (SORMIC) in IAR2023.


Sunway Medical Centre Velocity Tower A (Velocity 3C4), Kuala Lumpur



RISKS AND MITIGATION STRATEGIES

Likehood Parameters:

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

Bribery and Corruption Risk

Unlikely

As per SunCon's Anti-Bribery and Corruption (ABC) Policy, the Group complies to all applicable laws, rules and regulations pertaining to corruption and continues to maintain a no-compromise, zero tolerance stance with regards to corruption at all times.

The policy and no tolerance stance apply Group-wide and also extends to the Group's supply chain and other pertinent stakeholders. The scope of the policy covers the following:

- Awards of contracts to subcontractors / suppliers / consultants.
- Hampers, gifts, entertainment and hospitality benefits, donations, sponsorships, corporate responsibilities, facilitation payments and appreciation tokens from external parties.
- Hosting of customers, clients, suppliers & service providers.
- Appointment of third parties as intermediaries (for liaison with authorities and service providers).
- Direct hiring through recommendations without going through due process and direct liaison with employees.
- Early / premature certification of payment to subcontractors / suppliers.

Risk Category ›

Mitigation Measures

- Continual reinforcement of a corrupt-free culture Group-wide, across all aspects of operations.
- Investing in regular anti-corruption awareness and briefing sessions for all staff and suppliers as well as training where relevant.
- Enforcing strict compliance where all vendors must explicitly state commitment to comply with the SunCon's ABC Policy as well as its Gift, Entertainment and Hospitality Policy.
- Establishing robust internal processes and controls including clear lines and limits of approval for a wide range of operational matters including awarding of contracts and release of monies.
- The existence of a robust whistleblowing mechanism that is available to all stakeholders to report incidents of non-compliance of wrongdoing. All whistleblowing will be investigated.
- Implementing rigid systems for approval of works, delivery / receipt of goods and other critical business processes.

RISKS AND MITIGATION STRATEGIES

Delay in Project Delivery

Possible

The possibility of project delays due to factors such as inclement weather, supply chain disruptions, material and labour scarcity, OSH incidents and others which may render projects works not being completed on time. This may impact revenue recognition and also incur financial impacts in the form of LADs, fine and breach of contractual obligations.

Risk Category >

Mitigation Measures

SunCon continues to leverage its long-standing and proven industry capabilities and experience towards accurately assessing and determining completion dates for projects. This includes providing additional buffer time (and related costs) in the event of possible delays.

All project sites maintain detailed records on site conditions and progress of works to ensure accurate tracking that would reduce probability of project delays.

In the event of delays due to uncontrollable or unforeseen circumstances, the Group is in position to obtain extension of time (EOT) approval from authorities and clients. SunCon ensures such provisions are included in project contracts to mitigate risk exposures. SunCon also stipulates penalties and requirements for subcontractors to make good on all delays within its contracts. This further reduces exposure in the event of delays caused by subcontractors.

For larger projects, the Group could also split the scope of work to several subcontractors to reduce the risk of delays.

Cost Overrun

Possible

The possibility of higher than expected project costs due to rising material and labour costs, supply chain disruptions or underestimation of project specification requirements.

Risk Category >

Mitigation Measures

Several of SunCon's contracts stipulate pass through mechanisms to customers in the event of acute price appreciation for materials or labour.

The Group continues to leverage on a diversified supplier base to avert any potential shortfall or inadequacies and it continues to develop its labour pool to ensure a sufficient number of workers for projects.

In addition, SunCon continues to actively negotiate prices with suppliers and recommends concrete suppliers leverage Sunway Quarry to mitigate raw material shortage issues.

Legal Workers

Unlikely

The possibility of workers employed directly by the Group or its subcontractors not possessing the required documentation that ascertains their status as being legally recognised by regulatory bodies to work in the construction sector.

Given that SunCon has a strict policy of non-hiring of illegal workers across its operations, this risk is likely more relevant to the Group's supply chains.

Risk Category >

Mitigation Measures

A comprehensive system of checks has been institutionalised across the Group's operations to ensure that only legal workers are hired. The same requirement for legal workers only has been cascaded to subcontractors, with the stipulation inserted as a contractual prerequisite in bidding for and undertaking jobs for SunCon.

In addition, regular audits are undertaken to ensure all workers at site and Centralised Labour Quarters (CLQ) possess valid work permits and passports.

RISKS AND MITIGATION STRATEGIES

Reliability of Subcontractors

Unlikely

The construction sector requires various subcontractors with specialised technical abilities and sufficient manpower to complete projects. Hence, the reliability of subcontractors comprising technical expertise, asset integrity capability and manpower adequacy are essential towards ensuring successful project undertaking and completion.

Risk Category >

Mitigation Measures

Continual assessment of all subcontractors based on the Group's annual evaluation system. Subcontractors must attain a benchmark score to be retained for consideration of future jobs. Any subcontractor rated below par is to be blacklisted from future projects.

The Group continues to expand its subcontractor base – seeking new companies who can provide related works and services. Similarly, new subcontractors are also thoroughly assessed based on stringent criteria and their performance monitored closely.

For larger projects, the Group could also split the scope of works to several subcontractors towards reducing dependence on a single or smaller pool of subcontractors.

Return on Investment of Machinery / Assets & Idle Machines

Unlikely

The possibility of low asset utilisation rates due to a lack of construction and infrastructure jobs, which would result in costs incurred from storage, maintenance and depreciation costs, without generating the necessary financial values. Hence, it is possible that the CAPEX spent is not recouped, as such assets / machinery are not productively employed to generate financial values.

Risk Category >

Mitigation Measures

Continue to maintain an ideal ratio between active projects and asset base while actively bidding for new jobs. Present order book size of RM2.5 billion provides healthy insulation from low asset utilisation scenarios.

Continue to seek opportunities to lease idle machinery both locally and internationally to reduce idle time.

Scarcity of Construction Jobs in the Market

Unlikely

The possibility of lack of suitable construction and infrastructure development projects due to a lack of large scale private and public sector tenders.

Risk Category >

Mitigation Measures

Constant efforts to replenish the order book through active bidding, both locally and abroad. Directly approaching project owners in the governmental or private sector by proposing suitable projects via the PFI approach.

Collection Risk

Possible

Inability or unwillingness of clients to meet payment milestones due to contractual issues or unforeseen circumstances.

Risk Category >

Mitigation Measures

Ensure payment milestones and related matters are clearly stipulated in project contracts and to continually work closely with clients towards ensuring prompt payment.

COVID-19 Resurgence

Possible

The resurgence in COVID-19 cases due to emergence of new variants can have serious disruptions to construction activities, derail economic recovery and also affect access to labour.

Risk Category >

Mitigation Measures

To adhere to Ministry of Health guidelines.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

GOVERNANCE

Recommendations	Our Response and Strategies	Page Reference
Describe the board's oversight of climate-related risks and opportunities.	**The Board of Directors of SunCon maintains governance and oversight of climate change and other material topics. They play a leading and active role in driving effective and strategic management of sustainability in the Group.** The full Board is supported by the Board Sustainability Committee (BSC), which has been established to be the direct Board-level reporting entity for ensuring effective action and continued progress on the Group's ability to mitigate physical and transitional climate risks, in adopting relevant decarbonisation strategies, and in monitoring progress towards achieving net zero carbon status. The BSC sets broad goals and objectives, monitors the results achieved across set KPIs and targets on a regular basis including carbon reduction targets, and where necessary, make recommendations based on results achieved. This may include corrective action while also querying management on the tactical, executional plans formulated by Management in relation to climate-related risks and opportunities. The BSC reports all findings and recommendations to the full Board for further deliberation and approval, where required, feedbacks the view of the full Board to relevant management levels within the governance structure. The BSC also plays a role in reviewing and approving any financial allocations, budgetary expenditure and other resource dependencies linked to the mitigation of climate risks, as well as other investments including CAPEX and OPEX allocation by Management as part of developing a comprehensive management approach in addressing climate change risks and opportunities.	*Board Oversight on Governance and Sustainability (pages 85 to 86)*

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Recommendations	Our Response and Strategies	Page Reference
Describe management's role in assessing and managing climate-related risks and opportunities.	**The role of Management within SunCon is to develop and implement operational plans that are aligned to the broad based directives and strategies set at the Board level with regard to climate risks and opportunities. In essence, Management at the Executive Leadership level are tasked to develop a tactical level plan comprising KPIs and targets, including practicable timelines and ensuring sufficient resources towards realising said plans.** The role of Management is a shared responsibility with the aforementioned Executive Leadership being the prime force for setting performance goals, and subsequent levels of management tasked with developing and implementing actionable plans towards achieving said goals. This includes closely monitoring energy consumption, driving increased energy efficiency across operations, reducing emissions, and improving emissions intensity. Additionally, developing cost-benefit ratios and analyses of climate change adaptation strategies also falls under the purview of management, such as evaluations of renewable energy transition plans like solar adoption, and development of potential scenarios based on carbon taxes or increased climate related compliance requirements within the construction sector. Management is also tasked with ensuring effective identification and mitigation of climate risks on a regular basis. This includes establishing oversight of all physical and transitional risks, establishing severity, probability and frequency levels, and more. The cognisance of these risks is to reside across the Group, where relevant, and is to be leveraged to develop effective mitigation plans by Management to achieve climate resilience and to safeguard business operations from potential impacts. In FY2023, Management formulated the Group Carbon Reduction Policy and developed the necessary climate adaptation strategies to mitigate identified physical and transitional climate risks. Other responsibilities of Management include ensuring an accurate, Group-wide GHG inventory with oversight on all energy sources consumed, including indirect energy sources. Management is also progressively expanding SunCon's Scope 3 emissions coverage to include more downstream and upstream aspects going forward.	*Chairman's Statement (pages 12 to 17)*

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

STRATEGY

Recommendations	Our Response and Strategies	Page Reference
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	**SunCon has identified both physical and transitional climate risks material to the Group as detailed below. The Group has also aligned its operations with The UNGC Principle 7, which stipulates that "Businesses should support a precautionary approach to environmental challenges".**	*Climate Action (pages 90 to 95)*

Physical Risks:

i. Inclement weather

Short term

Business impact:

Progress delay due to reduced productivity which may also affect future job planning, and risk to workers' health, safety, and welfare

Financial impact:

Cost overrun and reduced claim revenue

Mitigations:

Ensure climatic constraints, workers' health, safety and welfare, project sites location in or near flood-prone areas and other climate-related issues are managed in project level risks and opportunity assessment and controls

ii. Increase frequency and intensity of extreme weather (precipitation and heat)

Short term

Business impact:

Progress delay due to reduced productivity which may also affect future job planning, and risk to workers' health, safety, and welfare

Financial impact:

Cost overrun, reduced claim revenue and potential damage to assets

Mitigations:

Ensure climatic constraints, workers' health, safety and welfare, project sites location in or near flood-prone areas and other climate-related issues are managed in project level risks and opportunity assessment and controls

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Recommendations	Our Response and Strategies	Page Reference
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term (cont'd).		

Transitional Risks:

i. Enhanced complexity of emissions-related reporting and requirements (155% increase of global ESG regulations over the past decade[1])

Long term

Business impact:

Positive:

- Enhances transparency and conciseness of report;
- Allows Company to dissect deeper into its financial and non-financial climate-related risks and opportunities in ensuring the Company's business operations and interests are protected while operating in a low carbon economy and looming climate change threat

Financial impact:

Cost overrun and reduced claim revenue

Mitigations:

Ensure climatic constraints, workers' health, safety and welfare, project sites location in or near flood-prone areas and other climate-related issues are managed in project level risks and opportunity assessment and controls

ii. Introduction of carbon tax mechanism

Medium term

Business impact:

Negative:
Potential material price hike as supply chain adapt to new carbon tax mechanism and possibility of penalties enroute the decarbonisation drive;
Positive:
Enables new and green investment and business opportunities, and improving energy efficiency within existing business operations and assets

Financial impact:

Increase in capital expenditures, construction and operating cost, and contraction in revenue generation

Mitigations:

- Ensure all wastages and leakages are managed through periodic monitoring, reporting and improvement actions;
- Carbon offsets credits derived from green attributes of solar investment projects;
- Increase efficiency of current equipment and assets where feasible

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Recommendations	Our Response and Strategies	Page Reference
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term (cont'd).	**Transitional Risks:** **iii. Revision on electricity and water tariffs** Medium term ***Business impact:*** Managing utilities consumption shall become one of the main priorities of the Company to ensure no wastages and leakages ***Financial impact:*** Increase in operating and construction cost, and contraction in revenue generation ***Mitigations:*** - Explore alternative utilities source, e.g. rainwater harvesting, water recycling, rooftop solar, off-grid solar cabins; - Enhance energy efficiency within existing business operations and assets; - Establish project ESG KPI; - Establish internal carbon pricing **iv. Cost of transitioning to lower emissions technology** Long term ***Business impact:*** + Positive: New technology enhances development of human capital, increase brand value, enhanced competitive edge, and improve efficiency and reduce emissions ***Financial impact:*** Investment required resulting in the increase of capital expenditures ***Mitigations:*** Evaluate feasibility of investment through Cost-Benefit Analysis, also taking into consideration legal requirements, future trends, and stakeholders expectations	

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Recommendations	Our Response and Strategies	Page Reference
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term (cont'd).	**v. Increased material cost due to scarcity** Medium term ***Business impact:*** Progress delay due to materials availability which may also affect future job planning ***Financial impact:*** Cost overrun and contraction in revenue generation ***Mitigations:*** - Ensure materials are managed and consumed efficiently; - Increase localising of supply chain to minimise effects of supply disruption **Opportunities:** The Company has identified the following opportunities that are beneficial to its business strategy and operations. i. Supportive incentive policies ii. Reduced reliance on natural resources, e.g. municipal potable water, electricity from national grid, fossil fuel iii. New technological solutions iv. Towards adopting more sustainable practices, e.g. waste management practices, improve energy efficiency, resource substitutes in our operations v. New business and products streams including generation of carbon credits through the CGPP which can then be sold on the carbon market(s)	

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

RISK MANAGEMENT

Recommendations	Our Response and Strategies	Page Reference
Disclose how the organisation identifies, assesses, and manages climate-related risks.	Climate risks are assessed from both impact and financial materiality perspectives. However, from an IFRS and TCFD perspective, financial materiality is given due focus. Climate risks are assessed based on several hierarchies:	*Membership of Associations (page 83), Materiality Assessment (pages 63 to 65), and Statement of Risk Management and Internal Control (pages 162 to 167)*

Likelihood	Severity Levels	Frequency	Timeline
Unlikely	Zero Impact	Zero Occurrence	Immediate
Likely	Minimal Impact	Rare Occurrence	Near-Term
Highly Likely	Moderate Impact	Regular Occurrence	Medium-Term
Imminent	High Impact	High Occurrence	Long-Term

Since 2022, climate change has been included in the Group's Risk Register and hence is regularly assessed. The assessment of climate risks is performed by SunCon's internal Risk Management function supported by appropriate Sustainability resources. Risks identified are assessed and managed under the Group's risk management framework, which is designed in accordance with the Enterprise Risk Management (ERM) framework. The materiality assessment exercise to assess all ESG material topics also serves as a source of information in determining climate risks and opportunities.

Beyond soliciting internal views from the respective operational divisions, SunCon also leverages industry data and global benchmarks as an information source to establish and assess climate risks and opportunities. Risk identification, assessment and prioritisation is also undertaken, drawing from stakeholder engagement, government / regulatory developments, market trends and developments, and investors' preferences and requirements, including the views and expectations of the financial community.

Together with risks identification, SunCon also develops, and where necessary, implements varied mitigation measures. The Group closely monitors the degree of risk impact and reviews the effectiveness of mitigation and adaptation measures to seek opportunities for increased effectiveness in its approaches.

Priorities for FY2024:

Assess physical and transitional risks and opportunities using climate-related scenario analysis

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

METRICS AND TARGETS

Recommendations	Our Response and Strategies	Page Reference
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	**Actions taken in FY2023:** i. Reaffirmed our commitment to achieve Net Zero Carbon by 2050 ii. **40%** reduction of Scope 1 emissions by 2030 compared with 2020 levels iii. **40%** reduction of Scope 2 emissions by 2030 compared with 2020 levels iv. Expanded organisational boundaries to include operations at ICPH plant in Singapore v. Included electricity consumed at employees' and workers' accommodations as part of Scope 2 emissions vi. Included Category 7: Employee commuting into Scope 3 emissions **Priorities for FY2024:** i. Expand Scope 3 emissions coverage for Category 4: Upstream transportation and distribution and Category 9: Downstream transportation and distribution ii. Establish viable Scope 3 emissions reduction target iii. Compute product carbon footprint for precast products	*Performance on Environmental KPIs and Targets (page 89), and Climate Action (pages 90 to 95)*

Source:

[1] https://www.eco-business.com/press-releases/global-esg-regulation-increases-by-155-per-cent-over-the-past-decade/

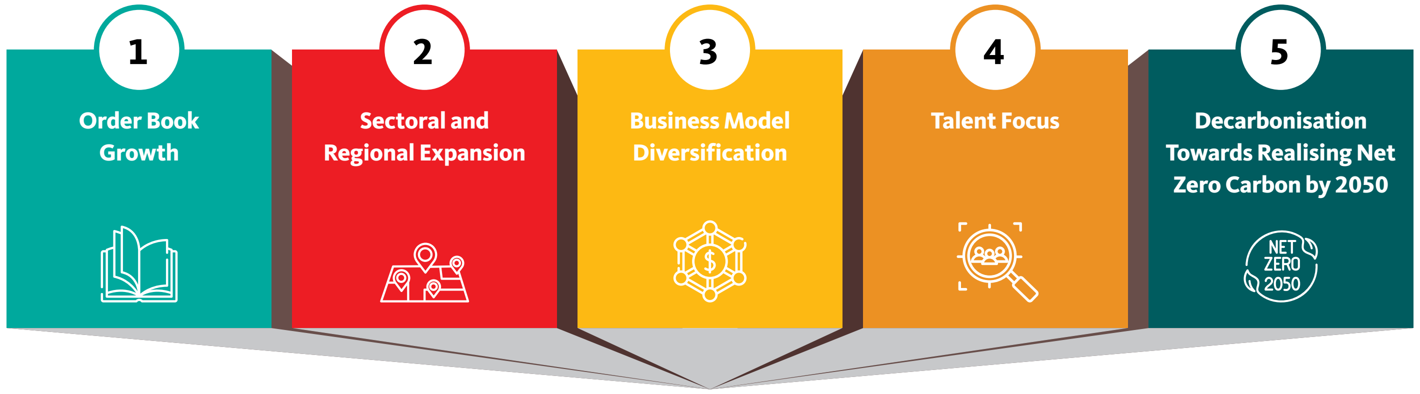
Definition:

Short term – Next 18 months; Medium term – 18 months to 5 years; Long term – 5 years and beyond

STRATEGIC PRIORITIES AND FUTURE ORIENTATION

SunCon has established clear focus areas towards sustaining its business and operational performance as well as ensuring the relevance of its business model amidst a dynamically evolving and uncertain external operating environment.

Amidst varied challenges and an accelerated pace of change, SunCon continues to set a clear path for transition and growth, based on clearly identified focus areas and supportive strategies. The Group's pursuit of its strategic priorities is underpinned by its vertically integrated business model and capabilities, which will be further enhanced going forward.



ORDER BOOK GROWTH

Given the ongoing recovery in public and private sector infrastructure projects, the construction industry is expected to maintain its upward growth trajectory barring any major changes in government policies or the occurrence of black swan events.

Under the revised 12th Malaysia Plan Mid-Term Review, the Malaysian government's development expenditure ceiling has been raised to RM415 billion (previously RM400 billion).

Among significant public infrastructure projects earmarked for implementation are the RM45 billion MRT3 which will enhance connectivity between existing MRT, LRT, monorail and train lines, as well as the RM9.5 billion Bayan Lepas LRT which will help to ease traffic congestion on Penang Island, and the revival of five stations on the Light Rail Transit Line 3 (LRT3) at a cost of RM4.7 billion.

Similarly, the flow of private sector jobs is also expected to continue growing as multinational corporations (MNCs) diversify their operations away from China to reduce geopolitical risks. This has created new opportunities for the construction sector, particularly in semiconductor plants and data centres.

The renewable energy (RE) sector is also anticipated to see a proliferation of projects in the year ahead backed by the government's energy transition plan to achieve 70% RE installed capacity by 2050. This has created strong demand for rooftop solar, solar farms and data centres.

SECTORAL AND REGIONAL EXPANSION

Given the increased level of activities, SunCon is cautiously optimistic of industry prospects going forward. The Group shall continue to focus on expanding its order book with all business divisions tasked to secure new value-accretive projects going forward. Leveraging the extensive and proven capabilities and strong brand name, SunCon's divisions will continue to devise and implement market oriented strategies to secure new contracts.

SunCon also aims to further develop its portfolio of projects in new non-conventional, higher value-added tech related projects. These include design and construction of data centres, semiconductor manufacturing facilities, green buildings, RE and more. The Group will leverage its vertically integrated construction capabilities ranging from turnkey, design and build, EPCC, to Private Finance Initiative (PFI) to secure conventional and non-conventional projects in Malaysia and abroad.

The Group's anticipated award of the USD2.4 billion power plant project in Hau Giang Province in Vietnam will pave the way for further regional expansion going forward. SunCon will continue to explore potentials for strengthening its position in ASEAN as well as India. These include RE projects, data centres, infrastructure projects, highways and rail projects and more.

STRATEGIC PRIORITIES AND FUTURE ORIENTATION

BUSINESS MODEL DIVERSIFICATION

Beyond typical design and build projects (which generate one-off revenues), SunCon will also explore project and asset ownership and management models which would generate recurring income streams for the Group. Such projects either based on fixed concession periods or other revenue models would reduce dependence on fees earned from project design and construction. Recurring incomes would also provide stronger visibility on future topline and earnings going forward.

The strategy to supplement the typical construction revenue model with revenues generated from project ownership and management is consistent with the Build-Own-Operate (BOO) business model of the Sunway Group. The advantages of asset ownership and operations include greater strategic control towards realising the full potential of the asset. Among assets considered for ownership include District Cooling Systems (DCS).

TALENT FOCUS

Amidst a wide range of talent challenges in construction, SunCon remains dedicated to cultivating its talent pipeline. This focus ensures sufficient human capital to meet current and future needs through recruitment, retention, remuneration, training, and wellbeing. SunCon further strengthens its approach by leveraging its 6 core businesses through vertical integration and cross-deployment of talent. This strategic initiative fosters a well-rounded workforce, prepared to tackle the evolving demands of the industry.

DECARBONISATION TOWARDS REALISING NET ZERO CARBON BY 2050

Another strategic priority for SunCon is to make notable progress in decarbonising its operations. While initially it may appear that decarbonisation is driven purely by sustainability considerations and motivations, SunCon has developed a clear business case for progressively reducing and phasing out carbon emissions across Scope 1, 2 and 3.

These include mitigating the effects of rising energy prices, notably grid sourced electricity, realising greater operational efficiency through reengineering of business processes, reducing exposure and dependence on manual labour, and eliminating wastage (which would contribute to reduced resource costs). Other benefits include potential carbon tax avoidance and strengthening internal capabilities to undertake more sustainability driven projects.

Kindly refer to pages 93 to 94 for the Group's Carbon Reduction Policy.

Sunway Medical Centre 4, Sunway City Kuala Lumpur

OUR SUSTAINABILITY JOURNEY

The annual Sustainability Statement of Sunway Construction Group Berhad (SunCon) for the financial year from 1 January 2023 to 31 December 2023 (FY2023) serves to provide a comprehensive account of SunCon's progress in driving our Environmental, Social, and Governance (ESG) agenda. This year's report continues to build upon our steadfast commitment to improving our ESG key performance indicators (KPIs) towards the attainment of our set targets.

Our focus remains two-pronged:

1st We aim to mitigate our environmental and social impacts, reinforcing our role as a responsible corporate entity in the global fight against climate change, pollution, and human rights issues, including labour rights.

2nd Our goal is to minimise business and operational risks, uncover areas for improvement, and thereby foster sustainable business and operational enhancement.

The pursuit of these goals is not only in the best interests of our stakeholders but is also integral to the growth and sustainability of SunCon. The implementation of our sustainability strategies, projects, and action plans is underpinned by our financial strength. This strength is manifested in our growing revenues, increasing profits, robust cash flow, and expanding asset base, which are all pivotal in supporting our ESG objectives. Moreover, our dedication to sustainability is also a catalyst for improved financial performance, as it drives greater operational efficiency, enhanced productivity, and cost savings, especially in the medium to long term.

At SunCon, embedding the sustainability agenda into our business strategies, operations, and organisational culture transcends mere commitment statements. It is supported by robust governance control measures and tangible time-bound targets that are meticulously measured and tracked to ensure attainment. These form the core of our organisational DNA, mirroring our natural inclination towards embracing and enacting the values and principles of sustainability consistently across all operations, at every level, and in all geographical areas where we operate.

Since 2022, we have developed and adopted the SunCon ESG Framework where our ESG initiatives have been designed in alignment with our strategic thrust to strive for low-carbon economy, encouraging inclusive growth, guaranteeing safety, and respecting ethical principles. Our framework, and the corresponding Key Performance Indicators and targets, are also crafted to support key UN Sustainable Development Goals (UNSDG) that are material to our operations. This commitment reflects the Board and Management's dedication to integrating ESG into all facets of our business, measuring our performance and success through the triple bottom line of people, planet, and profit.

While we are committed to contributing towards the attainment of all 17 UNSDGs, we have prioritised specific goals that have a direct impact on our sector and stakeholders. This approach ensures that the prioritised goals are strategically embedded into our operations, making our contributions toward a sustainable future more focused and impactful.

UNSDGs that we prioritise

SunCon will continually strive to ensure sustainability remains integral in our business approach, further refining the strategic management of identified key ESG focus areas by adopting industry best practices, innovation, and collaboration.

GROUP SUSTAINABILITY FRAMEWORK

SunCon ESG Framework

Vision	Mission
To be a leading regional construction and engineering group	Innovating to deliver value underpins our relentless efforts to drive positive and sustainable change in the way we work and operate to create value for all our stakeholders

Our Strategic Thrust

Striving in low carbon economy	Encouraging inclusive growth	Guaranteeing safety	Respecting ethical principles
Forging sustainable practices to remain competitive in the net-zero transition	Promoting inclusive growth by being a responsible employer and partnering for regional growth	Zero-accidents objective for all people working in our workplaces remains the topmost priority for the Group	Adopting strong governance framework for employees to contribute effectively in upholding the Group's core values of Integrity, Humility and Excellence

ESG Focus Areas

Environmental	Social	Governance
Climate action	Occupational safety and health	Governance and ethical business
Circular economy	Employee management	Anti-corruption and anti-bribery
Water protection	Product quality and responsibility	Responsible supply chain
Biodiversity	Fair labour practice	Risk and regulatory compliance
	Community enrichment	Data privacy and security

Key Enablers

Collaboration | Innovation | Digitalisation

Our Goals

Enabling **sustainable construction** | Investing in **fair, safe and inclusive workplace** | Ensuring **compliance and embracing transparency**

Additional information on SunCon's Material Matters and our assessment process is detailed on pages 63 to 65 of this report.

SUSTAINABILITY PERFORMANCE METRICS / BENCHMARKING ESG PERFORMANCE

SunCon continues to forge on in realising its ESG targets, which have been designed and defined based on material matters identified to provide strategic direction and momentum to our sustainability agenda. These targets act as benchmarks for our Board of Directors and Management, who maintain comprehensive oversight on overall ESG material matters. This oversight includes evaluating the effectiveness of our sustainability actions, and, where necessary, implementation of enhanced measures to deliver us from strength to strength.

Details of our key targets and the progress made are elaborated in the respective sections of this Sustainability Statement.

This year, in addition to alignment with reporting framework and standards such as the Task Force on Climate-Related Financial Disclosures (TCFD), FTSE4Good Bursa Malaysia Index (FTSE4Good), Morgan Stanley Capital International (MSCI), and the Sustainability Accounting Standards Board (SASB), SunCon has also included disclosures for common sustainability indicators which are required by Bursa Malaysia under the Enhanced Sustainability Reporting Guide (3rd Edition).

For further information, please refer to ESG Performance Data Table on pages 84, 89 and 102.

UN Global Compact Index

As SunCon evolves from a traditional brick-and-mortar contractor to embrace more technologically advanced projects like data centres, we recognise the importance of aligning our practices with broader global standards, including the UN Global Compact (UNGC). While we have not yet committed to the UNGC, we are actively preparing and strategising to meet its requirements in anticipation of future alignment.

	Global Compact Principles	Associated SunCon Material Matters	Pages
1	Businesses should support and respect the protection of internationally proclaimed human rights	• Fair Labour Practice • Responsible Supply Chain	106 to 107 87 to 88
2	Businesses should make sure that they are not complicit in human rights abuses		
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining		
4	Businesses should uphold the elimination of all forms of forced and compulsory labour		
5	Businesses should uphold the effective abolition of child labour		
6	Businesses should uphold the elimination of discrimination in respect of employment and occupation	• Employee Management	103 to 105
7	Businesses should support a precautionary approach to environmental challenges	• Climate Action • Circular Economy • Water Protection • Biodiversity	90 to 101
8	Businesses should undertake initiatives to promote greater environmental responsibility		
9	Businesses should encourage the development and diffusion of environmentally friendly technologies		
10	Businesses should work against corruption in all its forms, including extortion and bribery	• Anti-Bribery and Corruption • Risk and Regulatory Compliance	86 86 to 87

MEMBERSHIP OF ASSOCIATIONS

At SunCon, our involvement in industry associations and trade events is a crucial component of our ESG strategy. Engagement with peer organisations through these avenues provides us with vital insights into the latest trends and best practices in sustainability management for the construction sector. This knowledge not only informs our own ESG approaches but also allows us to contribute to the broader industry dialogue on sustainable development. Through this engagement, we ensure that SunCon's sustainability initiatives are both responsive to and influential in the evolving landscape of sustainable construction, including those related to climate change risks and opportunities.

Association	SunCon's Membership & Contribution
Construction Industry Development Board (CIDB)	Since the establishment of CIDB in 1995, SunCon has been actively contributing to advancing CIDB's objective to build the capacity and capability of the construction industry. Through its various policies, industry standards and programmes, SunCon has improved by leaps and bounds, especially its quality, safety, and health performance through the adoption of industry best practices and continual improvement.
Master Builders Association Malaysia (MBAM)	Our involvement with MBAM centres around collaborative efforts to enhance construction standards and workforce competencies within Malaysia. By participating in MBAM's various committees and workshops, SunCon plays an instrumental role in driving innovation and advocating for regulatory reforms that benefit the entire industry.
Human Resource Development Corporation (HRDC)	Through participation in HRDC-certified training and development programmes, SunCon contributes to fostering a skilled, knowledgeable, and future-ready construction workforce that is essential for the continued growth and sustainability of the industry and our Company.
National Institute of Occupational Safety and Health (NIOSH)	Occupational safety and health remain one of the key material issues within the Group and SunCon has continually dedicated efforts to minimise and mitigate the risks and consequences of undesirable events. Our engagement with NIOSH includes participating in safety training programmes, as well as the continual learning of our competent personnel.

SunCon's other stakeholder engagement and management approaches are outlined within the Social Capital section of the report on pages 57 to 62.

GOVERNANCE GRI 205, 206, 308, 414, 415, 418

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Integrity is a principle deeply ingrained in SunCon's DNA as part of the Sunway Group. By adhering to the highest standards of good governance, we not only fortify our reputation but also significantly enhance our brand's value by mitigating risks associated with regulatory non-compliance and its spectrum of adverse impacts. These include the loss of stakeholder trust and confidence, susceptibility to legal and financial liability, and challenges in attracting top talent.

Consequently, SunCon is steadfast in its commitment to operate in compliance with all pertinent laws, rules, and regulations, maintaining the highest ethical standards, both within Malaysia and in our international endeavours.

Material Matters Addressed

- Governance and Ethical Business
- Anti-Corruption and Anti-Bribery
- Responsible Supply Chain
- Risk and Regulatory Compliance
- Data Privacy and Security

Performance on Governance KPIs and Targets:

Sustainability Matters	Target	Bursa Indicator	2023	2022
Governance and Ethical Business	No confirmed major non-compliance to all SunCon Code of Conducts	N/A	**Zero non-compliance**	Zero non-compliance
Anti-Bribery and Corruption	Maintain 100% employees trained in compliance (including new hires)	C1(a)	**100%**	100%
	Zero confirmed bribery and corruption incidents	C1(c)	**Zero confirmed cases**	Zero confirmed cases
Data Privacy and Security	Zero confirmed incidents on breach of customer privacy and losses of customer data	C8(a)	**Zero confirmed incident**	Zero confirmed incident
Responsible Supply Chain	All active suppliers and subcontractors to complete Sustainability Risk Assessment by 2024	S6(b)	**Work in Progress**	Work in Progress
	Include ESG criteria in major suppliers' selection process by 2026	N/A	**At data compilation stage**	At data compilation stage
	Percentage of new suppliers screened using environmental criteria	S6(a)	**100%**	100%
	Percentage of new suppliers screened using social criteria		**100%**	100%
Risk and Regulatory Compliance	Zero non-compliance to all regulatory requirements and guidelines	N/A	**33 notices received from authorities. All closed**	41 notices received from authorities. All closed

GOVERNANCE AND ETHICAL BUSINESS

Our approach to governance is underpinned by a comprehensive suite of policies developed to reinforce robust corporate governance and professional conduct within SunCon. These policies provide clear guidelines on the handling of various business and operational issues and form the bedrock of our governance framework to ensure that our business practices are not only lawful but align with our commitment to ethical excellence.

Board Policies	Corporate Policies	Alignment with Sunway Berhad's Policies
Remuneration Policy for Directors and Senior Management	Code of Conduct and Business Ethics	Human Rights Policy
Policy on Selection and Assessment of the Board	Whistleblowing Policy and Procedures	Diversity and Inclusion Policy
Policy on Selection of External Auditors	Anti-Bribery and Corruption Policy	Employee Grievance Policy
Non-Audit Services Policy	Anti-Money Laundering Policy	Anti-Sexual Harassment Policy
Fit and Proper Policy	Quality, Environmental, Safety and Health Policy	Water Management Policy
		Sustainable Procurement Policy

As a subsidiary under the umbrella of Sunway Group, SunCon adheres closely to the policies set out by our parent company to ensure consistency in upholding high standards of governance. In response to the unique requirements of SunCon's role in the construction industry, the policies have been tailored by our Management and ratified by the Board to address specific challenges and contexts.

Whilst the Board and employees are obligated to abide to the streams of policies, certain policies such as the Anti-Bribery and Corruption (ABC) policy, Anti-Money Laundering policy, and Quality, Environmental, Safety and Health (QESH) policy are also applicable to our supply chain and business partners. This approach underscores our dedication to upholding integrity and ethical conduct across all facets of our operations and interactions.

Board Oversight on Governance and Sustainability

SunCon's Board of Directors plays a crucial role in upholding good governance and driving the sustainability agenda across the organisation. The Board-level Risk Management Committee advises on the adequacy and effectiveness of risk management frameworks. The Board is also supported by the Audit Committee and Risk Management Committee in ensuring the implementation of structured policies and procedures, protecting shareholders' interests, and serving as a sounding board of the Management.

Setting a strong "tone from the top", the Board ensures that ESG principles are integrated into the company's operations through the Sustainability framework and the Group's structured Governance mechanism. This includes fostering a sustainability-centric culture, with the Board actively participating in shaping and nurturing this ethos through rigorous oversight of ESG performance and aligning bonuses and performance evaluations of Board members and senior management, with ESG KPIs and targets such as Occupational Safety and Health (OSH) metrics. Plans are in place to expand the remuneration framework to cover broader ESG criteria.

Furthermore, the Board is also involved in developing adaptation strategies to address climate change, including scenario planning to align with global targets for net-zero emissions by 2050.

The Board maintains its effectiveness in managing its governance and sustainability responsibilities through a prioritisation of diversity, valuing a mix of qualifications, experiences, and backgrounds to enrich decision-making and approach sustainability matters comprehensively. This commitment is evident in its pursuit of gender diversity, aiming for at least 30% female representation on the Board, in line with Malaysian Code on Corporate Governance (MCCG) guidelines.

GOVERNANCE

Through these initiatives, SunCon's Board ensures governance and sustainability are deeply embedded in the company's strategy, promoting long-term value creation and resilience.

For more information, kindly refer to the Corporate Governance Statement on pages 140 to 141, and the Terms of Reference for the Board and Board Sustainability Committee (BSC) is accessible at https://www.sunwayconstruction.com.my/investor-relations/.

Commitment to Fair Competition

SunCon is deeply committed to fostering a fair and ethical marketplace. We unequivocally oppose all forms of anti-competitive, anti-trust, or monopoly practices, fully recognising that such behaviours are not only a violation of Malaysia's Competition Act 2010 but are detrimental to the sustainable growth of the industry and the interests of our customers.

Hence, we are dedicated to ensuring that all our business dealings and operations are conducted in a manner that respects and upholds the spirit of competition. We are proud to affirm that during the reporting period, SunCon has neither faced nor concluded any legal actions concerning violations of anti-competitive, anti-trust and monopoly legislation in our operating countries.

ANTI-BRIBERY AND CORRUPTION

At SunCon, we uphold a stringent zero-tolerance policy towards all forms of bribery and corruption in all our business interactions with stakeholders. This uncompromising stance is encapsulated in our Anti-Bribery and Corruption (ABC) policy, which has been thoroughly implemented across all subsidiary companies within both SunCon and the Sunway Group.

The policy is accessible at: https://www.sunwayconstruction.com.my/investor-relations/corporate-governance/.

Fundamentally, the ABC policy outlines the Group's commitment to preventing all acts of bribery and corruption comprehensively, in accordance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC Act 2009). We are steadfast in implementing necessary measures to ensure that our business operations remain corruption-free and in strict adherence to the amended MACC Act 2009.

Since FY2020, SunCon has designated a dedicated Anti-Bribery and Corruption Compliance Officer. This individual is responsible for the effective implementation of the ABC compliance programme and for identifying, monitoring, and controlling bribery and corruption risks.

On the communication strategy, SunCon ensured that 100% of our staff are trained on the ABC policy for FY2023, including new hires. To reinforce the message, we have also disseminated infographics to all employees via email and displayed them on notice boards throughout our workplaces. The ABC Policy is also communicated to SunCon's contractors and suppliers during the vendor registration process.

Annually, all employees are required to complete the Code of Conduct and Business Ethics (CCBE) and Anti-Bribery and Corruption declaration to reaffirm their commitment and reiterate the repercussions of any acts of violations.

Political Position and Contributions

SunCon upholds a strictly apolitical stance, ensuring that our operations and activities remain impartial and independent of political affiliations. As an organisation, we do not endorse, support, or promote the agenda of any political party, nor are we affiliated with any political organisations. In line with this position, SunCon has not made any contributions or donations to political parties.

In the course of our ESG initiatives, SunCon may occasionally engage in, support, or partner with government-organised ESG or Corporate Social Responsibility (CSR) events and programmes. These engagements are solely for the purpose of contributing to the objectives of the respective programmes and are in no way indicative of political endorsement or support for the government, the affiliated political party, or individual politicians.

RISK AND REGULATORY COMPLIANCE

Risk and Regulatory Compliance is a critical aspect of SunCon's governance ethos. In an environment where risks are inherent and regulatory landscapes are constantly evolving, robust risk and regulatory compliance mechanisms not only safeguard the company against potential legal and financial repercussions but also reinforce our reputation as a trustworthy and responsible corporate entity.

During the year under review, SunCon and our subsidiaries registered 33 cases of non-compliance, of which 10 were related to vector control. We were issued fines amounting to RM37,700 for 6 of the vector-related non-compliance. Although the remaining cases did not result in any fines or summons, SunCon has taken appropriate action to address and resolve the identified non-compliances. We will continue to ensure our operations are conducted within the ambit of the law and avoid recurrence.

Additional information on SunCon's business risks and mitigation measures are disclosed on pages 66 to 69 of this report, and in the Statement on Risk Management and Internal Control on pages 162 to 167.

GOVERNANCE

Whistleblowing Policy and Procedures

SunCon has adopted Sunway Berhad's comprehensive whistleblowing mechanism set out within the Group's Whistleblowing Policy and Procedures. This system is a cornerstone of our commitment to transparency and integrity in all aspects of our operations.

Upon the receipt of a whistleblowing report, which covers non-compliance allegations reported by internal and external stakeholders as well as members of the community, governmental bodies, professional groups, NGOs and others, the Group Internal Audit Department (GIAD) undertakes an independent investigation. Each case is thoroughly examined, and upon the conclusion of each investigation, the findings are submitted to the Chairman of the Audit Committee for review and necessary action. This process ensures that all allegations are addressed promptly and effectively.

A key tenet of our whistleblowing policy is the protection of the whistleblower's identity. Anonymity is maintained throughout the reporting, investigation, and post-investigation phases, except where disclosure is mandated by law or is necessary for legal proceedings involving the Group. Furthermore, we guarantee immunity to whistleblowers from any form of intimidation, punitive action, or reprisal, regardless of the outcome of the investigation. This assurance applies as long as the report is made in good faith.

In FY2023, SunCon received 1 report on a potential corruption incident through the whistleblowing channel. Upon thorough investigation, it was determined that there was no foundation for the corruption allegations.

RESPONSIBLE SUPPLY CHAIN

At SunCon, we are committed to fostering a responsible supply chain that aligns with our sustainability standards. Governance of the supply chain is crucial not only for ensuring the quality of suppliers and their goods and services but also for contributing to the development of a robust and compliant value chain that meets industry standards and regulatory requirements.

Our approach focuses on extending the reach and impact of our sustainability practices beyond our immediate operations, addressing potential ESG impacts that may arise within the broader supply network. Additionally, we require all suppliers to comply with relevant laws, regulations, and standards, reinforcing our dedication to responsible and sustainable supply chain management.

Since FY2022, we have been conducting sustainability risk assessments on our new suppliers and subcontractors where the assessment mainly focuses on the environmental and social practices of the organisation.

Our focus for the next 2 years is to actively engage our suppliers and subcontractors to influence, collaborate and synergise towards achieving the 3Ps of sustainability: People, Planet and Profit within the supply chain. This includes fully integrating sustainability risk assessment into our supply chain tender and selection processes and capturing a more accurate representation of our carbon footprint arising from purchased goods and services.

Assessment for Corruption Risks

As part of our ongoing Risk and Regulatory Compliance framework, SunCon has conducted a comprehensive corruption risk assessment across the Group's operations. This extensive review covered 85% of SunCon's operations and has identified six key areas of bribery and corruption risk, of which five pertains to the supply chain. The remaining bribery and corruption risk area was identified within the HR function with a high risk rating, specifically regarding "direct hiring through recommendations without proper process and direct liaison with employees". The following table outlines the bribery and corruption risk areas within SunCon's supply chain.

Supply Chain Bribery and Corruption Risk Areas	Risk Level
1. Awarding of contracts to subcontractors / suppliers / consultants	High
2. Hosting customers, clients, suppliers, and service providers	High
3. Appointment of third parties as intermediaries for liaison with authorities and service providers	High
4. Premature certification of payment to subcontractors / suppliers	High
5. Acceptance of hampers, gifts, and other tokens of appreciation from external parties	Moderate

Particularly vulnerable to these risks are the Supply Chain and Contracts Management (SCCM), Commercial, and Operations teams.

To address these risks, SunCon has put in place appropriate safeguards to ensure their effectiveness. The implementation of anti-corruption procedures in higher-risk departments is rigorously audited.

GOVERNANCE

These audits adhere to the T.R.U.S.T principles, as set forth in the Guidelines on Adequate Procedures under Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009, aiming to prevent corrupt practices and maintain the highest integrity levels.

Periodic audits are also carried out across various business units to ensure adherence to SunCon's ABC policies and procedures. These audits play a crucial role in verifying that our policies are sufficient and effective in mitigating bribery and corruption within our business operations.

For a more comprehensive overview of these efforts, please refer to the Audit Committee Report, which can be found on pages 147 to 155.

Corruption Risk Mitigation Process

Recognising Anti-Bribery and Corruption as one of the key material issues, SunCon remains steadfast in implementing stringent procedures in supply chain and contracts management. Our comprehensive due diligence process on the subcontracting process not only safeguards the reputation of the Group, but more importantly, ensures a supply chain that is free from corruption risks, thanks to the necessary checks and balances incorporated at the different stages of registration, selection, and award.

At the registration stage, potential business partners are required to provide information with regards to the business' readiness in implementing anti-bribery and corruption, anti-money laundering and economic sanction compliance best management practices.

We are continually refining our approach to the assessment and management of supply chain corruption risks, reinforcing our unwavering commitment to systematically reducing and mitigating these risks within our supply network.

Supply Chain Social and Environmental Assessment

In FY2023, SunCon conducted a social assessment on its supply chain, with participation from 475 active suppliers and contractors, achieving a 78% coverage. This assessment has been instrumental in gauging our supply chain's adherence to labour standards, particularly in areas of forced and bonded labour, human rights, and workers' accommodations.

Moving forward, SunCon has outlined several key initiatives to strengthen our supply chain's social compliance:

a. We aim to extend the assessment to achieve over 95% coverage, ensuring a comprehensive understanding of our supply chain's compliance with labour standards.

b. We plan to initiate a Supply Chain Environmental Assessment by 2024, reflecting our commitment to environmental stewardship and sustainability.

c. We intend to engage more closely with our supply chain partners through townhall sessions. These sessions will be pivotal in disseminating information about SunCon's ESG requirements, encompassing labour standards, environmental requisites, and our strategic direction.

These initiatives are not only about ensuring alignment with our ESG goals but also about enhancing the capacity and capabilities of our supply chain partners, fostering a collaborative environment where every stakeholder plays a vital role in our shared sustainable journey.

Subcontractor and Supplier Performance Evaluation Process

We conduct an annual evaluation of our subcontractors and suppliers based on a set of performance assessment criteria on product quality, cost, delivery, service quality, and safety and health. Following the assessment, these entities are assigned grades ranging from A to E, reflecting their performance and compliance with our standards. The outcomes of these evaluations are then presented to the Management Review Board (MRB) during the annual Management Review Meeting where the future engagement of subcontractors and suppliers rated D and E will be determined. This evaluation process ensures that our partnership aligns with our commitment to quality, efficiency, and ethical practices.

DATA PRIVACY AND SECURITY

At SunCon, we are committed to maintaining the highest standards of data privacy and security in compliance with the Personal Data Protection Act 2010. Our approach to handling personal information is grounded in respect for privacy and confidentiality. We ensure that any personal data collected is done so with the explicit consent of the data owner and is used strictly for business purposes.

In line with our policy, no personal information is disclosed or sold to third parties. We have established a robust IT-based data protection system to safeguard this data. Access to this sensitive information is stringently controlled and limited to selected employees who require it for legitimate business purposes.

ENVIRONMENTAL GRI 301, 302, 303, 304, 305, 306

Recognising the significant environmental impact traditionally associated with the construction industry, SunCon is committed to a paradigm shift from the conventional resource-intensive model to a more sustainable operational framework. We believe that embracing circular economy and leveraging on continual digital innovations are pivotal for us to increase consumption efficiency, reduce waste generation and curb emissions, which are critical factors in reducing our carbon footprint.

SunCon also strives to proactively work with our clients to reduce the embodied carbon stemming from materials and construction processes throughout the lifecycle of a building or infrastructure. This involves focusing on material selection, construction methodology, and energy-efficient planning.

Net-Zero Ambition

In line with the Sunway Group's objective, SunCon aims to achieve Net Zero Carbon Emissions by 2050. To steer our progress towards this long-term goal, we have established interim milestones, including short to medium-term emissions reduction targets outlined in our performance table. Initiated in 2021, these targets were designed to align with the criteria and recommendations of the Science Based Targets Initiative (SBTi). While SBTi recommends a 4.2% annual reduction for Scope 1 and 2 emissions, SunCon has set a higher target where we aspire to achieve a 5% annual reduction.

Material Matters Addressed

Climate Action | Circular Economy | Water Protection | Biodiversity

Performance on Environmental KPIs and Targets:

Sustainability Matters	Target	Interim Target 2023	Bursa Indicator	2023	2022	Legend Tracking
Climate Action	Reduce Scope 1 emission by 40% by 2030 compared with 2020 levels (FY2020: 9,713 tonnes CO_2e)	15% reduction	C11(a)	**7,440 tonnes**	7,167 tonnes	23.4% reduction from 2020 levels
	Reduce Scope 2 emission by 40% by 2030 compared with 2020 levels (FY2020: 3,724 tonnes CO_2e)[1]	15% reduction	C11(b)	**6,997 tonnes** ** 3,692 tonnes after offset*	6,007 tonnes[1]	87.9% increased from 2020 level *0.85% reduced from 2020 levels after offset*
Circular Economy	10% waste diversion from landfill by 2030 by improving Segregation strategy	4% diversion	C10(a)	**19.9%**	22.5%	Achieved
Water Protection	Reduce demand on potable water by 30% from 2020 levels by 2030 (FY2020: 392,726 m^3)	9% reduction	C9(a)	**298,366 m^3**	314,821 m^3	24% reduction from 2020 levels
	Alternate water source (rainwater harvesting / water recycling) of at least 10% of total water withdrawn by 2030	4%	N/A	**12.3%**	11.2%	Achieved
	Zero non-compliance on water discharge quality	-	N/A	**Not achieved**	Achieved	-
Biodiversity	Zero environmental incidents with severe environmental damage	-	N/A	**Achieved**	Achieved	-

Legend: Progress Tracking

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

Note:

[1] *Restate to reflect the change of grid emissions factor by Energy Commission Malaysia (2022)*

ENVIRONMENTAL

CLIMATE ACTION

In the face of escalating climate change impacts, such as rising temperatures, shifting weather patterns, water scarcity, biodiversity loss, and more frequent and severe natural disasters, SunCon acknowledges the profound effects these changes have on society, including the business sector. The implications for SunCon go beyond the direct physical impacts like inclement weather and increased meteorological events but extend as well to challenges such as the availability and price of construction materials, project disruptions due to weather-related issues, and the health and safety of our on-site workers. In response, we are actively committed to managing our energy usage and efficiency, playing our part in reducing greenhouse gas (GHG) emissions.

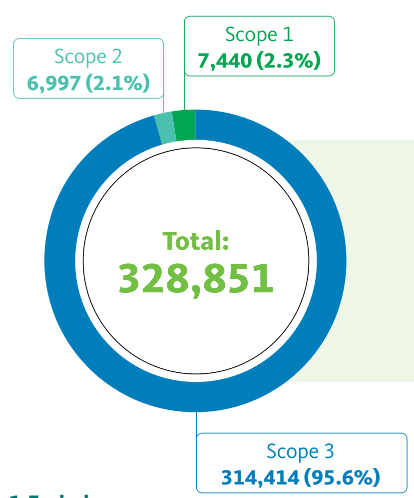
In FY2024, SunCon is set to undertake climate change scenario planning. This initiative will involve meticulously mapping out the business implications under a 2-degree scenario, aligning our strategic planning with the realities of a changing climate. It is aimed at ensuring that SunCon's business strategies are resilient and adaptable in the face of evolving climate conditions and that we continue to operate sustainably within the global effort to limit temperature rise. Plans are also underway to link the remuneration of SunCon's leadership to the achievement of climate change targets and performance to drive further improvements on this front.

Managing Our Emissions

In assessing our emissions performance, SunCon meticulously tracks emissions across Scopes 1, 2, and 3. To ensure accuracy and reliability, we derive our data using emissions factors from reputable sources, including the Department of Environment, Food & Rural Affairs (DEFRA) in the United Kingdom, and the Malaysian Green Technology and Climate Change Centre (MGTC).

Our approach to calculating our carbon footprint adheres to the globally recognised standards set by the World Business Council for Sustainable Development and the World Resources Institute's Greenhouse Gas Protocol (WBCSD / WRI GHG Protocol). This protocol is a comprehensive corporate accounting and reporting standard, enabling us to precisely measure and report our emissions, thereby ensuring transparency and accountability in our environmental performance.

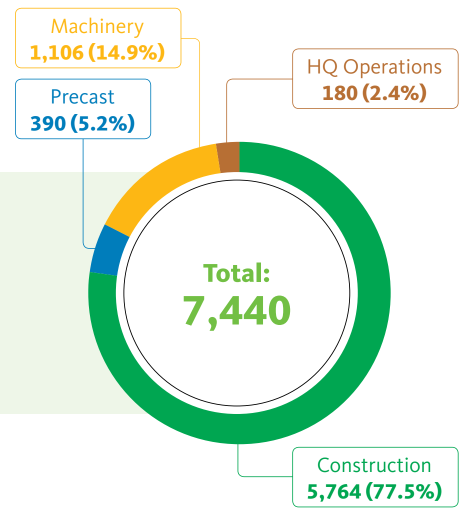
Total GHG Emissions by Scope in FY2023 (tCO_2e)



Scope 1 Emissions

Scope 1 emissions account for 2.3% of our total carbon footprint. Scope 1 emissions include all direct emissions released by our operations from fuel purchased for stationary and mobile plants and equipment at project sites and precast plants owned or controlled by SunCon.

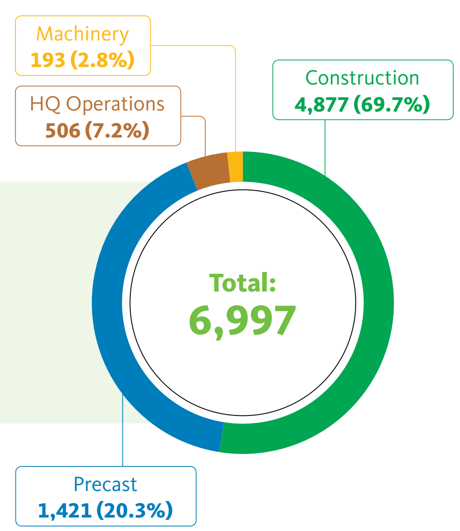
Scope 1 Emissions in FY2023 (tCO_2e)



Scope 2 Emissions

Scope 2 emissions account for 2.1% of our total emissions. Scope 2 emissions are contributed from indirect emissions from electricity purchased and consumed by SunCon's head office, project worksites, company assets and precast plants.

Scope 2 Emissions in FY2023 (tCO_2e)



ENVIRONMENTAL

Total Energy Consumption

Total Energy Consumption
37,406 MWh

Purchased Electricity
8,970 MWh

Diesel Consumption
28,079 MWh

Solar Energy
357 MWh

FY2023 Total Scope 1 and Scope 2 Emission Profile

Total: 14,437 tCO_2e

Construction	73.7%	10,641 tCO_2e
Precast	12.5%	1,811 tCO_2e
Machinery	9.0%	1,299 tCO_2e
HQ Operations	4.8%	686 tCO_2e

Scope 3 Emissions

Emissions under Scope 3 include all other indirect emissions generated across the value chain and account for 95.6% of the Group's total emissions in FY2023. This year, we have collated 4 categories under Scope 3:

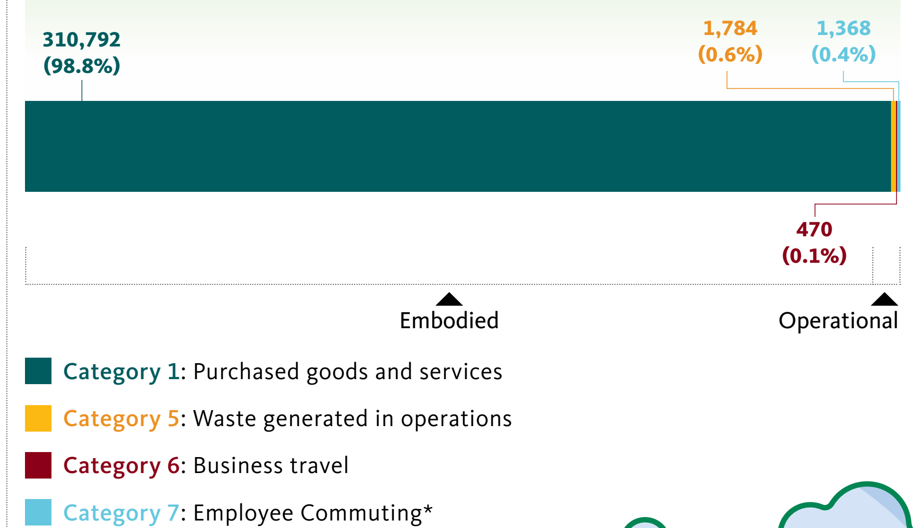
Category		Asset Boundary	Calculation Methodology
1	Purchased goods and services	- Construction - Precast	Average-data method*
5	Waste generated in operations	- Construction - Precast	Average-data method*
6	Business travel	- SunCon Group	Distance-based method*
7	Employee Commuting	- SunCon Group	Distance-based method*

Definition:

* ***Average-data method:*** *Estimating emissions for goods and services by collecting data on the mass (e.g. kilograms), or other relevant units of goods or services purchased and multiplying by the relevant secondary (e.g. industry average) emission factors (e.g. average emissions per unit of goods or services)*
* ***Distance-based method:*** *Determining the distance and mode of travel, then applying the appropriate emission factor for the mode used*

Scope 3 Emissions in FY2023 (tCO_2e)

Total: 314,414



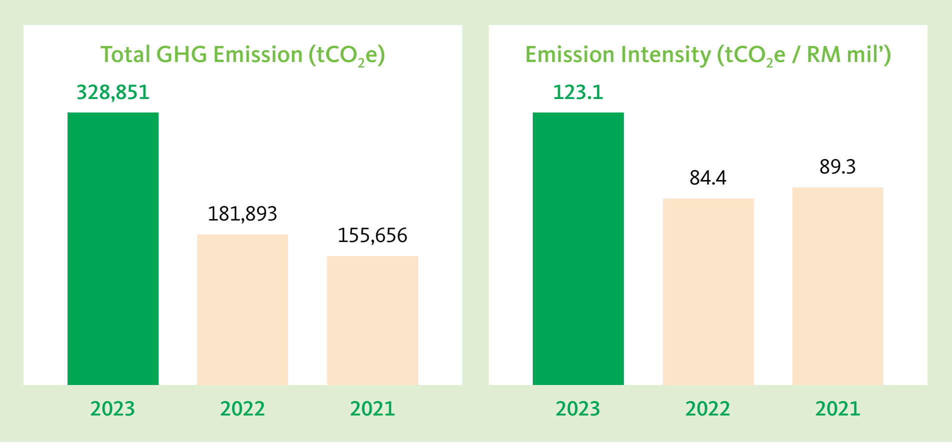
* *Data is based on 80% respondents from total workforce as at September 2023*

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

ENVIRONMENTAL

Total GHG Emissions

In FY2023, total GHG emissions by the Group was 328,851 tonnes CO_2e, an increase of 80.8% from FY2022.



Methodology, boundary, and assumptions:

1. *The FY2023 emission report has included the operations at the Integrated Construction and Prefabrication Hub (ICPH) in Singapore*
2. *Scope 2 emissions data for FY2020, FY2021 and FY2022 have been restated to reflect the change of grid emission factor published by the Energy Commission Malaysia (2022) for operations in Malaysia*

With the commencement of the ICPH facility in Singapore, emissions arising from the operations have been incorporated into our reporting boundary. The inclusion has seen a significant increase in our Scope 1, 2 and 3 emissions. Furthermore, emissions from the expanded Scope 3 categories into the reporting boundary have also contributed to the Group's total GHG emissions.

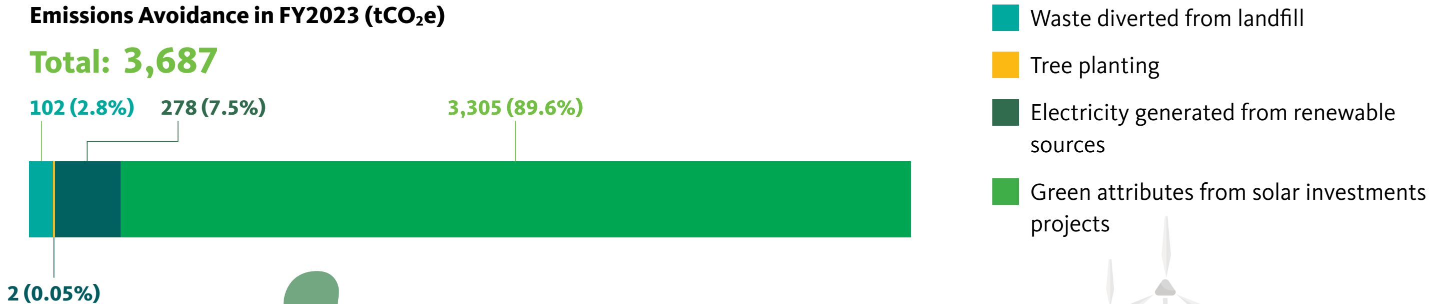
SunCon is committed to meeting its 2030 reduction targets through concerted efforts as discussed in the Carbon Reduction Policy.

Emission Avoidance

In FY2023, our carbon avoidance initiatives include renewable energy consumption, waste recycled, tree-planting and green attributes from solar investment projects. Total emissions avoidance was 3,687 tonnes CO_2e, reflecting 1.1% of the Group's total emissions.

Emissions Avoidance in FY2023 (tCO_2e)

Total: 3,687



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

ENVIRONMENTAL

Our Carbon Reduction Policy

SunCon has committed to an ambitious carbon reduction strategy, encompassing mid- and long-term plans to reduce its Scope 1, 2, and 3 emissions:

TIMEFRAME	SCOPE 1	SCOPE 2	SCOPE 3
2030: Mid-term	• Transition from diesel-powered equipment where possible • Replace aged machinery • Establish project-level KPI • Review sub-contracting strategy	• Leverage on carbon offset credits generated by solar investment projects • Explore rooftop solar at ICPH • Establish project-level KPI	• Engage major commodity supplier on managing supply chain ESG • By 2025, to complete full Scope 3 accounting and establish a viable reduction target • By 2025, to compute the carbon footprint of precast products • By 2026, to incorporate environmental and social assessment as part of the supply chain selection process • Review business strategy
2045: Long-term	• Leverage technological solutions to advanced machinery fleet • Explore alternative fuel source	• Leverage technological solutions on electricity consumption	• Leverage technological solutions to reduce emissions • Explore viable carbon credits to offset residual carbon • Promote low-carbon transportation for materials delivery and business travels

These strategic initiatives have been carefully mapped to support SunCon's four-pronged Carbon Reduction Policy centred on Energy Optimisation, Advocacy, Carbon Market and Product Stewardship, with strategies aimed at enhancing efficiency, increasing green attributes, and engaging with our supply chain to foster collective action towards carbon reduction.

Mangrove tree planting at Kuala Selangor Nature Park

Our Carbon Reduction Policy

Energy Optimisation

- Upgrade to energy-efficient equipment
- Increase renewable energy adoption in operations
- Transition from diesel-powered equipment where possible
- Explore alternative fuels
- Electrification of vehicle and machinery fleet (long term)

Advocacy

- Sustainability workshop for key project personnel and awareness training for staff
- Engage major commodities supply chain for low-carbon plans and targets
- Enhance procurement strategies to include sustainability and climate considerations
- Adopt low-carbon transportation for materials delivery

Carbon Market

- Trade of green attributes from solar investment projects and CGPP to generate income for the near-term whilst operations remain focused on enhancing energy efficiency initiatives
- Exercise carbon avoidance credits to offset residual Scope 2 emissions by 2028
- Continue to explore potential RE projects for credits trading

Product Stewardship

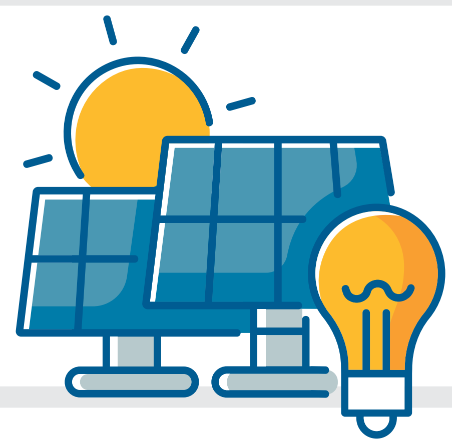
- Use of current and emerging technologies such as BIM and IBS to optimise energy and embodied carbon of projects
- Prioritise low carbon options such as products with recycled content (where we can control)
- Avoid waste generation through design and process optimisation

Scope of emissions addressed

- Energy Optimisation: Scope 1, scope 2, and operational scope 3
- Advocacy: Operational and embodied scope 3
- Carbon Market: Scope 2
- Product Stewardship: Embodied scope 3

Our Solar Investment Projects

SunCon is actively investing in solar energy projects as a key component of our carbon reduction strategy. Currently, we have three projects underway, representing a total investment of RM8.09 million. These initiatives are expected to generate green attributes of 3,305 tonnes CO_2e avoidance, potentially enabling us to reach our 2030 carbon reduction target ahead of schedule. We are continually exploring further opportunities to expand our portfolio of green attributes, reinforcing our commitment to sustainability and carbon neutrality.



Advancing in Low Carbon Economy

SunCon is committed to steering our business towards thriving within a low-carbon economy, ensuring that we remain profitable while embracing the opportunities presented by climate transition risks.

Recognising the potential for growth and innovation in this area, we leverage our resources, capacity, and capabilities to stay at the forefront of this transition. Our strategic approach involves continually enhancing our strengths to ensure that we not only meet but exceed the demands of a rapidly evolving environmental landscape, positioning SunCon as a champion in green building and a pioneer as a green energy provider.

This commitment underscores our dedication to sustainability, aligning our operations with global efforts to combat climate change while securing a competitive advantage in the marketplace.

At the Forefront of Sustainable Energy Solutions

A key facet of our environmental strategy is SunCon's role as a Renewable Energy (RE) solutions provider through our Sustainable Energy Services division. Our engagement in a variety of RE projects, particularly in the construction and installation of solar energy facilities, positions us as an active contributor towards achieving Malaysia's target of deriving 31% of its energy capacity from RE sources by 2025, as outlined in Malaysia's Energy Transition Plan 2021 – 2040.

SunCon is expanding its sustainable energy portfolio beyond solar energy, delving into the development of advanced energy infrastructure and solutions. A key achievement in this domain is the completion of the Thermal Energy Storage (TES) tank at the IOI City Mall Phase 2 project in FY2022, alongside our involvement in the District Cooling System (DCS) at the mixed development in Sunway Square, Sunway City Kuala Lumpur, in collaboration with ENGIE Southeast Asia.

Thermal energy storage, a more cost-effective alternative to electricity storage, holds great promise for integrating intermittent renewable energy sources like wind and solar. TES plays a crucial role in reducing energy costs and carbon emissions and enhancing overall energy efficiency.

Furthermore, our DCS project, set for completion by FY2024, is poised to provide an energy-efficient cooling solution. This system is designed to significantly reduce the carbon footprint, aligning with our commitment to sustainable energy use and contributing to the mitigation of climate change impacts.

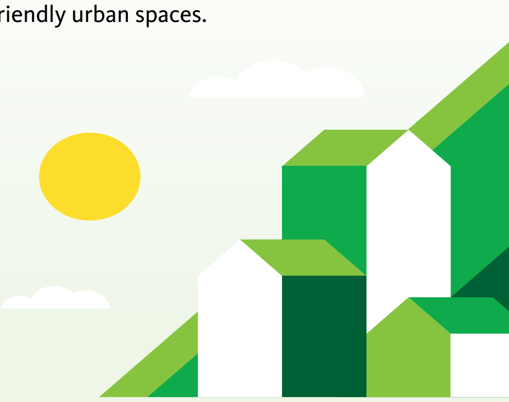
Championing Green Building

In support of Sustainable Development Goal 11 - Sustainable Cities and Communities, SunCon is utilising our extensive expertise to champion green building solutions. Currently, the Group is on track to complete 9 green buildings, which contributes 23.5% to our total revenue and reinforces our position as a leader in constructing eco-friendly structures with minimal environmental impact.

List of SunCon's Ongoing Green Building Projects

	Project	Certification
1	Sunway Velocity Two, Kuala Lumpur - Plot A, Corporate Office	GreenRE - Platinum
2	Sunway Velocity Two, Kuala Lumpur - Plot A, Service Apartment	GreenRE - Gold
3	Sunway Velocity Two, Kuala Lumpur - Plot B	GreenRE - Gold
4	Sunway Serene, Petaling Jaya	GreenRE - Gold
5	Sunway Belfield, Kuala Lumpur	GreenRE - Platinum
6	Sunway Square, Sunway City Kuala Lumpur - Tower 1	LEED - Gold, GreenRE - Platinum
7	Sunway Square, Sunway City Kuala Lumpur - Tower 2	GreenRE - Platinum
8	Sunway Flora, Bukit Jalil	GreenRE - Platinum
9	Sunway Medical Centre Velocity Phase 2 (3C4), Kuala Lumpur	GreenRE - Silver

As a committed contractor, SunCon adheres strictly to relevant building codes and standards, especially those set by designers in terms of material selection. This commitment ensures that our construction practices not only meet industry benchmarks but also contribute positively to the development of sustainable and eco-friendly urban spaces.



CIRCULAR ECONOMY

At SunCon, we recognise the significant role the construction industry plays as a major consumer of raw materials. According to the World Economic Forum's 2016 report, "Shaping the Future of Construction: A Breakthrough in Mindset and Technology", the construction sector accounts for approximately 50% of global steel production and consumes over 3 billion tons of raw materials annually. With the majority of these materials being finite, the looming challenge of resource scarcity is set to impact our operations, potentially leading to increased material costs and project delays due to material availability.

Hence, SunCon is firmly committed to aligning our practices with the United Nations Sustainable Development Goal 12: Responsible Consumption and Production. We place special emphasis on targets 12.4, which focuses on the Responsible Management of Chemicals and Waste, and 12.5, which aims at the Reduction of Waste Generation. These targets are particularly pertinent to our industry, and we are dedicated to integrating these objectives into our operations to ensure sustainable and responsible resource usage.

In line with our QESH policy, SunCon is dedicated to preventing environmental pollution, effectively managing waste, and conservatively using natural resources. This commitment involves rigorous environmental impact assessments and the implementation of control measures. Our focus is particularly honed in on two key areas: material management and waste management.

Materials Management

Within our operations, the top five commodities utilised include steel bars, cement, sand, ready-mixed concrete, and quarry products. By carefully managing these resources, we aim to reduce our environmental footprint while maintaining the high quality of our construction projects.

Through the adoption of circular economy principles, we are focused on reducing material consumption and enhancing consumption efficiency by maximising the functionality and extending the lifecycle of our resources to support the attainment of these targets. Moreover, SunCon is progressively adopting sustainable material alternatives where feasible. We are leveraging our expertise in Virtual Design and Construction (VDC) to optimise resource use, thereby reducing the quantities required for our projects. This approach not only conserves resources but also minimises environmental impact.

A key part of our strategy involves implementing best practices in materials management. This ensures that all materials are delivered, handled, and stored in a manner that is both efficient and effective, thereby reducing unnecessary waste generation. Other materials management best practices include:

- Doing the right things the first time and every time
- Procurement of materials based on work programme to minimise premature delivery of materials
- First-In-First-Out (FIFO) practices
- 5-S System

Continuing our focus on resource efficiency, SunCon recognises its importance not only for promoting sustainable practices but also for driving cost and production efficiencies, which in turn contribute to improved financial performance. In the construction industry, where the consumption of natural resources and the generation of waste are inherent, adopting a circular economy mindset is crucial.

By integrating circular economy principles with good design, building, and procurement practices, we aim to minimise the generation of absolute waste that ends up in landfills. This approach is not just about waste reduction; it's about rethinking how we use resources to create more sustainable, efficient processes.

Lifecycle Perspective

Lifecycle mapping is integral to our QESH management system. Through life cycle mapping, we are able to identify potential environmental impacts at each stage and implement measures to mitigate them effectively. This approach allows us to integrate practices that not only reduce our environmental footprint but also contribute significantly to environmental preservation.

The majority of SunCon and its subsidiaries adhere to the ISO 14001:2015 Environmental Management System (EMS), which includes an environmental aspect and requires impact assessment to be conducted as an essential step preceding any construction activity.

Embracing Recycled and Eco-Friendly Building Materials

At SunCon, adherence to design codes and specifications set by our clients is paramount. Within these parameters, we actively incorporate eco-friendly materials with recycled content in our construction projects. A notable example is the use of eco concrete, which includes Pulverised Fuel Ash (PFA) and Ground Granulated Blast-furnace Slag (GGBS) in the concrete mix. These materials not only enhance the sustainability of the concrete but also contribute to the reduction of environmental impact.

Additionally, Autoclaved Aerated Concrete (AAC) blocks are increasingly employed as an environmentally friendly alternative to conventional building materials. AAC blocks can be used for walls, floors, and roofs, offering benefits such as good workability, efficiency, and a reduced environmental footprint.

ENVIRONMENTAL

Our commitment to sustainable building extends to the adoption of innovative green materials as specified by our clients. For instance, the use of Star Bars, an alternative to conventional steel rebars, in one of our projects, exemplifies this approach. Star bars, a material published in GreenPages Malaysia by the Malaysia Green Building Council (malaysiaGBC), supports an 18% reduction in embodied carbon emissions associated with manufactured products, and offers enhanced recyclability and reusability. They have been recognised with a Cradle to Gate Carbon Footprint Analysis report from SIRIM and have earned Green Building Index (GBI) points for product publication in GreenPages Malaysia by the malaysiaGBC.

Reducing Material Wastage

We have established specific targets for controlling material usage in our business operations, with a particular focus on ready-mixed concrete and steel bars, as they represent major commodities in our construction projects. These targets are set to ensure that wastage levels do not exceed a predetermined percentage and are tailored to the specific material and the project's nature, underscoring our commitment to strategic resource planning to ensure efficient resource utilisation and minimise waste.

	Target	% Project sites achieved target in FY2023
Ready-mix concrete foundation		
Piling Works	25.0%	100%
Basement Works	15.0%	100%
Ready-mix concrete		
Building Works	5.0%	100%
Civil Works	8.0%	100%
Steel Bars		
Geotechnical Works	10.0%	100%
Building Works	8.0%	100%
Civil Works	8.0%	100%
Building works		
Bricks	7.0%	100%
Tiles	8.0%	100%

Waste Management

At SunCon, waste generated is meticulously categorised at construction sites into hazardous and non-hazardous categories. Hazardous waste typically includes scheduled waste, regulated under the Environmental Quality (Scheduled Wastes) Regulations 2007, while non-hazardous waste primarily consists of construction and domestic waste.

We are acutely conscious of the potential consequences of improper waste disposal, including emissions and discharges, which can lead to legal repercussions and environmental pollution. Furthermore, non-compliance with environmental regulatory requirements can adversely affect our company's reputation and brand image.

SunCon's Waste Management Process

Waste Segregation

Segregated into:
- Hazardous Waste
- Non-Hazardous Waste

Waste Storage

- Hazardous Waste
- Reusable and Recyclable Waste
- Domestic Waste
- Construction Waste

Waste Transport

- Waste are transported by appointed licensed waste collectors to approved landfills or recovery centers

Waste Treatment

- Recovery of Waste Stream
- Recycling Facilities

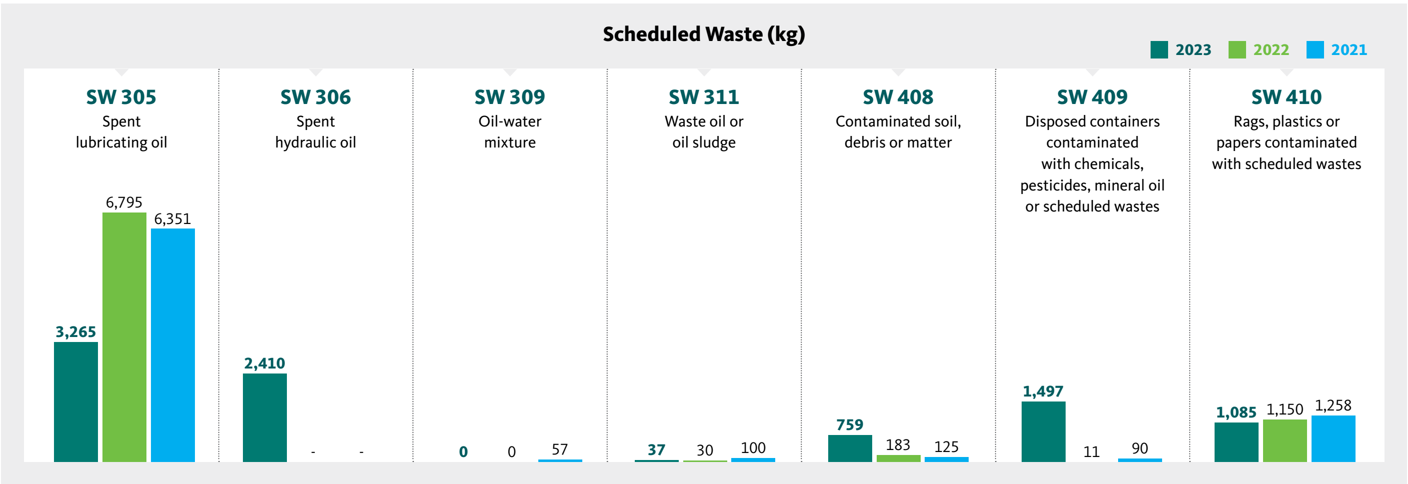
Waste Disposal

- Incineration
- Landfill

ENVIRONMENTAL

Hazardous Waste Management

We manage hazardous waste strictly in accordance with regulatory requirements. Our hazardous waste is securely stored in designated scheduled waste storage areas on-site, meticulously monitored, and disposed of by licensed waste collectors at approved disposal facilities.



Non-Hazardous Waste Diversion

We are committed to diverting non-hazardous waste away from landfills as much as possible. This includes construction materials like timber, concrete, and steel, as well as domestic waste such as food, paper, plastic, and aluminium. We recognise that waste sent to landfills contributes to our Scope 3 emissions; therefore, reducing and diverting waste is a crucial part of our strategy to lower our indirect emissions.

19.9%
Waste Diverted from Landfill in FY2023

Concrete waste is reused as crusher run for the temporary internal access roads within a project site

Steel bars are sent to mills or foundries for recycling

Timber waste is mainly reused for signage, storage facilities and other site facilities

Recyclable waste from domestic waste is sent to recycling centres for further processing

Adhering to 3R Principles

Guided by our QESH Policy, SunCon is progressively integrating circular economy methodologies into our operations. Our ultimate aim is to achieve zero waste to landfill, reflecting our dedication to environmental sustainability and efficient resource management.

In line with this goal, SunCon adopts the 3R approach to reduce, reuse, and recycle wherever possible. Our focus is on minimising waste generation, repurposing materials where possible, and recycling as much as we can. Sending waste to landfills is considered a last resort. This 3R strategy not only ensures responsible disposal but also aids in conserving natural resources.

ENVIRONMENTAL

WATER PROTECTION

In the construction industry, water is a vital resource, consumed in substantial quantities for diverse applications on-site. These include uses such as machinery wheel washing, sanitation, construction works, irrigation, testing and commissioning, dust suppression, and road-cleaning works. The significant volume of water utilised and discharged in these processes underscores the importance of water protection as a key environmental concern for SunCon.

As such, SunCon is committed to implementing effective water management strategies that minimise water waste and promote safe discharge of wastewater, ensuring that our operations are in harmony with environmental preservation and resource sustainability.

Water Protection Initiatives

Innovative Wastewater Recycling at Sunway Concrete Products

At our Sunway Concrete Products facility, SunCon has implemented a wastewater recycling system. This system is designed to treat wastewater generated from batching plant operations, enabling its reuse for non-potable applications. The facility successfully produces over 111 m³ of recycled water daily, demonstrating our commitment to sustainable water management.

Rainwater Harvesting at Sunway Enterprise Park

In addition, at the Sunway Enterprise Park, our Machinery Division has taken a significant step towards sustainability by installing a rainwater harvesting system with a capacity of 6 m³. This initiative not only optimises water usage but also aligns with our environmental conservation goals, reducing our reliance on municipal water supply and contributing to efficient resource management.

ENVIRONMENTAL

Water Withdrawal and Consumption

SunCon's approach to water usage encompasses sourcing from local utility providers, coupled with sustainable practices like rainwater harvesting and recycling water wherever feasible. Our objective is to minimise reliance on municipal water sources and increase the use of recycled water, particularly for non-potable applications. To this end, we have implemented various methods, including rainwater harvesting and controlling water pressure at most of our construction sites.

According to the Water and Sewerage Fact Book 2021 by Suruhanjaya Perkhidmatan Air Negara (SPAN), 16 out of 20 of our work sites under direct SunCon operation maintain healthy reserve margins of 15% to 20%. However, four sites located in the Johor region have a reserve margin of 11.5%, which falls below the desired level.

In recognition of the challenges posed by water scarcity and the importance of reducing water consumption, we are actively exploring alternative water sources for non-potable uses to decrease our dependence on municipal water supplies. Current initiatives include utilising water from silt traps and reusing water from wheel-washing bays. These efforts are not only crucial for sustainable water management but also vital for ensuring the resilience of our operations against potential water shortages.

FY2023: Water Consumption (m^3)

Municipal Potable Water	Recycled Water	Harvested Rainwater	Total Water Consumption
298,366 m^3	41,570 m^3	146 m^3	340,082 m^3

Note: FY2023 water consumption data has included operations at ICPH in Singapore

Pollution and Wastewater Management

SunCon is acutely aware that pollutants from our business operations and activities can have detrimental effects on both the environment and the communities where we operate. As a construction company, while the quantity of water discharge is not within our control, it is our responsibility to ensure the quality of our water discharges are in compliance with relevant regulatory requirements. Key pollution concerns include untreated effluent discharges, air emissions, and noise that exceed regulatory thresholds.

We are dedicated to upholding the standards set by the Department of Environment (DOE), Malaysia, particularly concerning air and water quality, and noise control. Air emissions, noise levels, and water parameters are rigorously monitored across all construction sites to ensure adherence to DOE's performance parameters and their equivalents in other regions we operate in.

Wastewater generated at construction sites falls into two primary categories: wastewater from construction-related activities and wastewater from non-construction activities.

ENVIRONMENTAL

In managing non-construction-related wastewater, SunCon employs service providers to routinely maintain the sewage storage tanks of portable and temporary toilets. For waste originating from canteen operations, we have installed grease traps at sink outlets. The grease collected in these traps is then disposed of separately, ensuring responsible waste management and preventing environmental contamination.

In managing construction activities-related wastewater, we have established comprehensive Best Management Practices (BMPs) to effectively manage our discharges. Our approach includes the use of silt fences, silt traps, temporary perimeter drainage, check dams, and slope protection measures. These practices are designed to prevent surface runoff and sediments from contaminating water bodies located adjacent to or near our construction sites.

We diligently monitor all water discharge points at regular intervals to ensure compliance with the DOE standards. Immediate corrective actions are taken if Total Suspended Solids (TSS) levels exceed permissible limits. While SunCon has experienced several incidents of non-compliance based on river water monitoring results, these were mostly attributed to external factors and not directly related to our operations.

Additional information on SunCon's wastewater and pollution monitoring indicators are disclosed in the Key Performance Data section on pages 286 to 298.

BIODIVERSITY

SunCon recognises the critical importance of biodiversity in maintaining food security, supporting the livelihoods of indigenous communities, preserving local cultures, and ensuring habitat conservation. The loss of biodiversity can have far-reaching consequences, disrupting food chains, affecting water bodies and natural environments, biodegradation, and impacting individuals and societies in various ways, with effects varying in magnitude across different populations.

As a construction company, our role primarily involves working on sites owned by others. Therefore, the responsibility for conducting environmental impact assessments, biodiversity assessments, audits, and their equivalents typically falls under the jurisdiction of the project owner. SunCon, to the best of our knowledge, does not operate in or near areas classified as high conservation value (HCV).

Despite this, SunCon remains committed to taking all necessary measures to preserve the environment. This includes minimising the environmental impacts of our construction activities and ensuring they remain within the limits set by the DOE and other regulatory authorities. We are committed to playing our part in preventing pollution of water, air, and soil, thereby protecting the flora and fauna, and ensuring that our operations are conducted within the confines of the law and in accordance with client requirements.

Our operations are governed by our Quality, Environmental, Safety, and Health (QESH) Policy and Management System, which guides our approach to environmental management and preservation. In FY2023, 71% of our operations are certified with ISO 14001:2015.

SunCon strictly complies with the Environmental Quality Act (EQA) 1974 and adheres to the DOE's Environmental Impact Assessment (EIA) Conditions of Approval (COA). The Group did not receive any environmental fines or penalties related to environmental non-compliance in FY2023.

SOCIAL

In the construction industry where SunCon is a key player, the social aspect of our operations is of paramount importance. This sector is intrinsically connected to a range of crucial social topics, including the development of local talents, adherence to human and labour rights, impacts on local communities, and Occupational Safety and Health (OSH).

Contrary to traditional perspectives, the modern construction business model has evolved to place a higher priority on stakeholders, particularly workers within the supply chain and the communities surrounding our projects. This shift has led to numerous positive outcomes, such as enhancements in local infrastructure, the creation of meaningful employment with fair wages, commercial opportunities for local suppliers, and significant improvements in health and safety standards.

At SunCon, we are dedicated to fostering a mutually beneficial relationship between the construction sector and society. Our approach is grounded in a commitment to safeguarding human rights, improving working conditions, offering better remuneration and benefits, and enhancing the overall quality of life. Through our business model, we aim to contribute positively to employee management, fair labour practices, occupational safety and health, product quality and responsibility, and community enrichment.

Material Matters Addressed

Employee Management	Fair Labour Practice	Occupational Safety and Health	Product Quality and Responsibility	Community Enrichment

Performance on Social KPIs and Targets:

Sustainability Matters	Target	Bursa Indicator	2023	2022
Employee Management	Increase average Learning and Development (L&D) hours to 40 hours per employee by 2030	C6(a)	**35.7 hours**	23.8 hours
Fair Labour Practice	Maintain 100% engagement with direct workers annually on matters related to terms of employment	N/A	**100%**	100%
	Zero confirmed incidents on human rights violation	C6(d)	**Zero incident**	Zero incident
Occupational Safety and Health	Zero fatalities in all activities for employees and subcontractors	C5(a)	**1**	1
	Lost Time Injury Rate (LTIR) less than 0.3 by 2030	C5(b)	**0.15**	0.44
	All employees to be trained on safety and health standards	C5(c)	**100%**	100%
Product Quality and Responsibility	Zero incidents of non-compliance with regulations concerning quality of our products and services	S3(b)	**Zero incident**	Zero incident
	Achieved overall average satisfaction score of 70% and above	N/A	**80.8%**	78.8%
	QLASSIC score: 83% and above for all relevant building projects	N/A	**Average score 82.3% (3 projects assessed)**	Average score 82% (4 projects assessed)
Community Enrichment	Supports communities through social impact projects and initiatives in encouraging inclusive growth	C2(a) & C2(b)	**RM2.63 million distributed**	RM2.09 million distributed

SOCIAL

EMPLOYEE MANAGEMENT

SunCon's approach to employee management extends beyond conventional human resource strategies to embrace and champion diversity and inclusion in the workplace. We are committed to cultivating a culture that respects and values individual differences, promotes equality, and fosters an environment where all employees are encouraged to grow and realise their full potential.

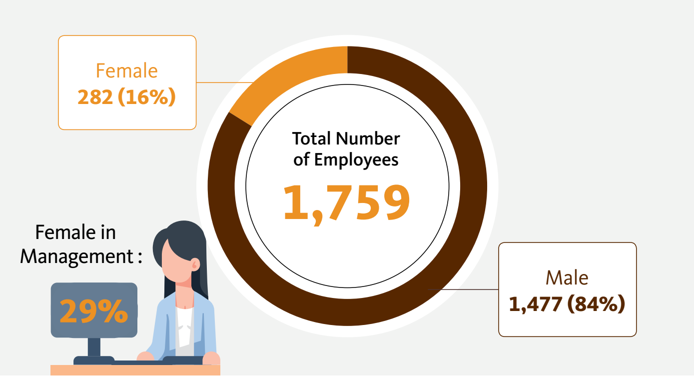
Diversity and Inclusivity

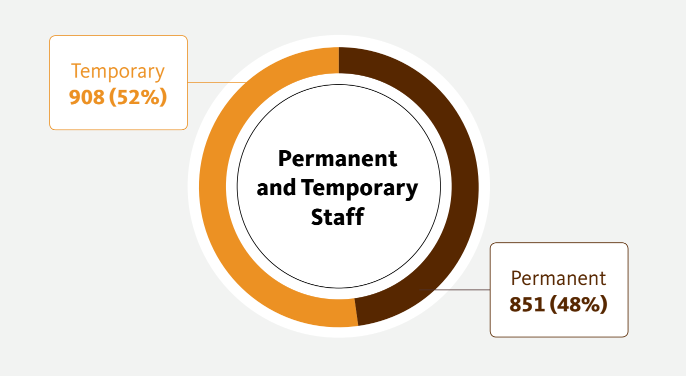
We pride ourselves on having a diverse group of employees from various demographic segments and social backgrounds represented at every level of our organisation, reflecting the rich cultural tapestry of Malaysia. This diversity is integral to our strength and success, bringing a wide range of perspectives and insights to our business operations.

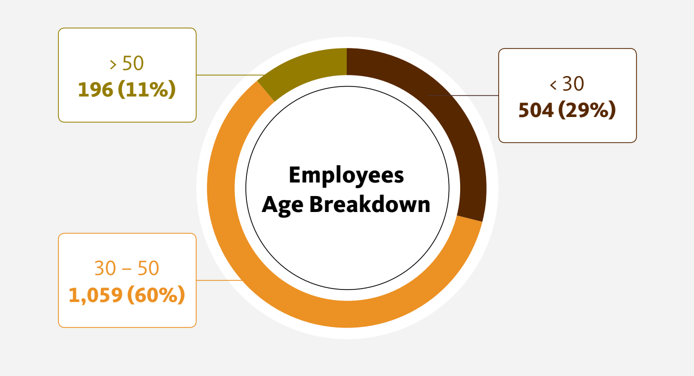
We firmly uphold the principles of diversity and inclusivity, maintaining a strict zero-tolerance policy towards discrimination of any kind. This commitment extends to all socio-demographic characteristics, including age, gender, ethnicity, religion, nationality and disability. Our non-discriminatory approach is embedded in every facet of talent management, encompassing hiring, promotion, remuneration, and professional development of our staff.

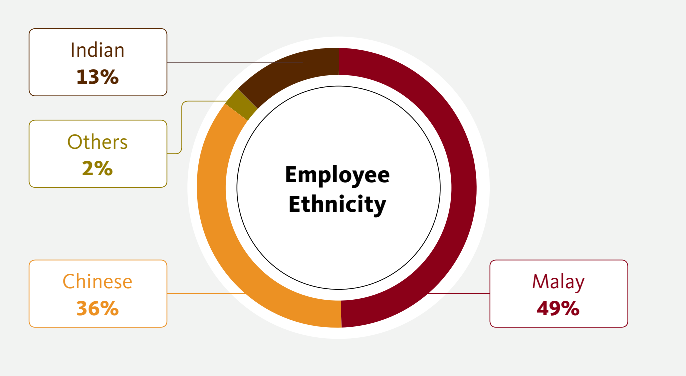
We ensure that all company events, programmes, and activities are inclusive, allowing active participation from employees regardless of their race, culture, religion, or gender. SunCon is dedicated to creating and maintaining a workplace that is not only free from physical, psychological, or verbal abuse and the threat of abuse but also from sexual or other forms of harassment. Our working environment is characterised by equality, respect, and a supportive atmosphere that fosters a sense of belonging and mutual respect.

2023









Additional information on SunCon's employee demography are disclosed in the Key Performance Data section on pages 286 to 298.

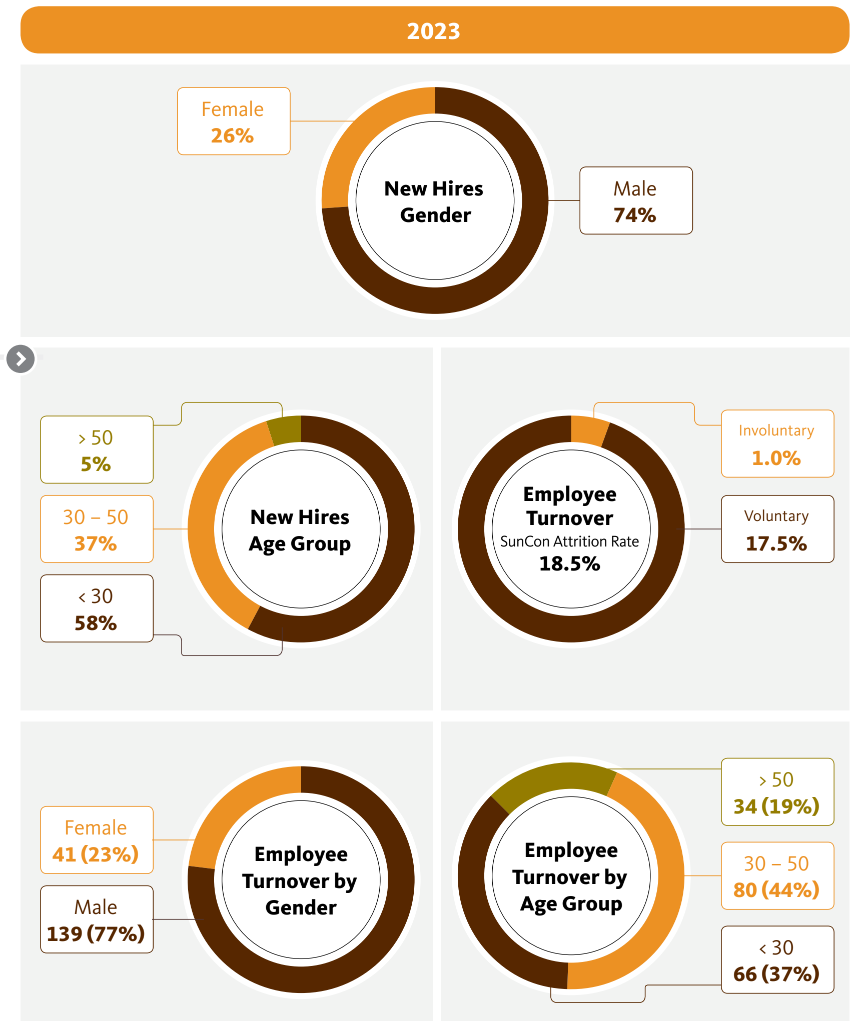
SOCIAL

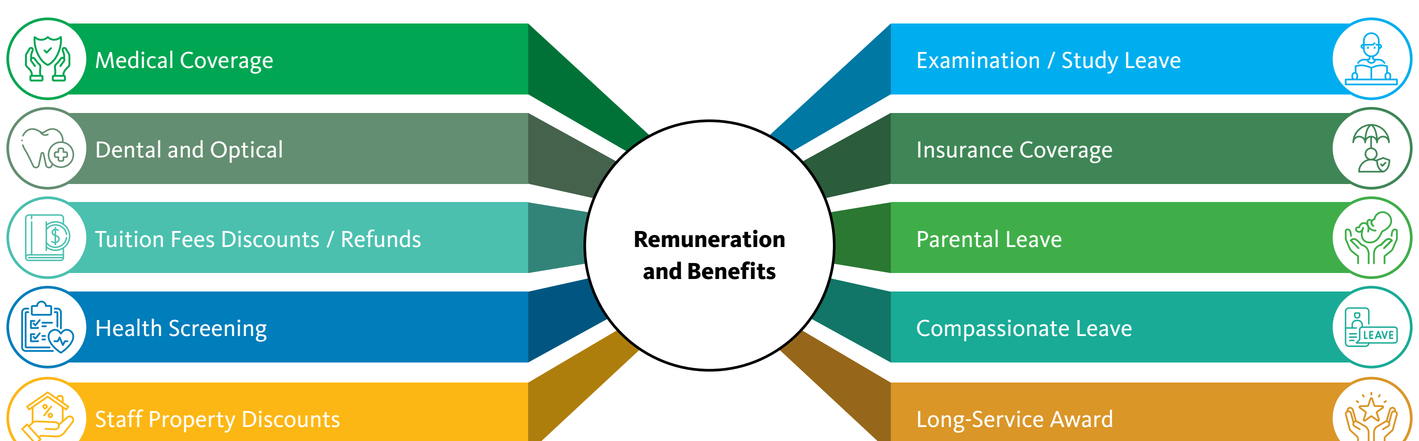
Recruitment, Retention and Remuneration

Our recruitment process leverages a broad range of channels to source for candidates. All new hires are thoroughly informed about their rights as employees under the laws of the country and are provided with an induction session to help them acclimate to our work environment and organisational culture. Typically, new hires undergo a probation period, based on performance, which does not exceed six months, during which they receive extensive support and assistance.

In our approach to talent management, we practice the spirit of meritocracy and diversity. Decisions regarding hiring, rewarding, and promotions are based on an employee's competencies, experience, professional contributions, and qualifications, with no consideration given to socio-demographic factors like age, gender, culture, or ethnicity. Training and professional development opportunities are allocated based on competency gaps or organisational requirements, ensuring equitable professional growth.

SunCon is committed to offering competitive compensation packages, aligned with industry standards and based on skills, competencies, seniority, tenure, and achievement of job KPIs, as well as the overall performance of the Group. We comply with the Minimum Wage Order 2022 and the Employment (Amendment) Act 2022, which mandates overtime payments for employees earning RM4,000 per month and below.





In FY2023, 100%* of our workforce, encompassing staff across employment grades NE00 - EG15, are entitled to a range of non-compensation benefits. These benefits are designed to support the overall wellbeing and professional growth of our employees.

** Note: All staff are entitled for at least one or more non-compensation benefits listed above.*

SOCIAL

Empowering the Underrepresented

Guided by the principles of meritocracy and equal opportunity, our Human Resources (HR) team actively considers candidates with disabilities for roles within the Group where their talents are best suited. Moreover, SunCon values on-the-job competencies over formal qualifications when hiring for manual roles on construction sites as well as office positions. As a result, we have successfully employed individuals who, despite lacking academic qualifications, have demonstrated exceptional performance and aptitude. We are committed to fostering an inclusive work environment that provides opportunities for professional advancement, enabling these individuals to contribute to and grow with the company.

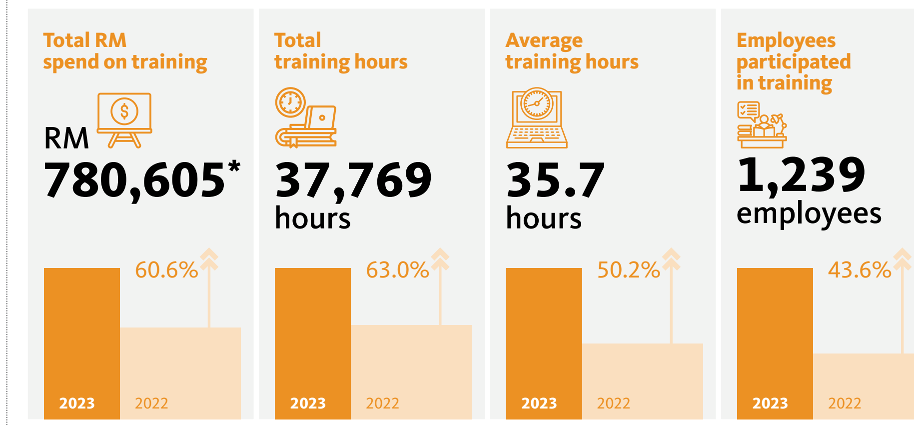
Talent Development

SunCon provides equal access to growth, offering training opportunities to all employees, whether they're on permanent or contract terms. We are cognisant that investing in talent development extends beyond improving competencies and skills. It introduces our local talent to new technologies, knowledge, and methodologies, ensuring they continually upskill and reskill to stay relevant in a rapidly evolving marketplace. This commitment not only enhances employability but also empowers our employees to ascend the value chain, achieving better wages and contributing significantly to their professional and personal development.

Continual personal development of our employees' competencies and skills through targeted training is a cornerstone of our talent management strategy. Training needs are identified through several avenues, including formal training needs analysis where recommendations from line managers are taken into consideration. Additionally, employees are encouraged to request training informally, identifying programmes or courses relevant to their job roles or for their professional growth.

Training and capacity building modules provided by SunCon include:

- Leadership Training
- On-the-Job Training
- Coaching and Mentoring
- Technical, Functional and Managerial Skills
- Quality Assurance
- Environmental, Safety and Health (ESH)



Training by Employee Category in 2023 (Hours)			
Senior Management	Management	Executive	Non-Executive
689	7,036	22,360	7,684

** Total spent on training include foreign workers.*

Internship Placement

SunCon is committed to nurturing young talent through our robust internship programme. We provide interns with valuable cross-functional job experiences and exposure, allowing them to work across various departments and business units. This approach offers them a comprehensive range of practical, on-the-job employment experiences, laying a solid foundation for their future careers.

In FY2023, we were pleased to offer internship opportunities to 113 individuals, enabling them to gain firsthand insights into the construction industry and professional work environments.

A collaboration with UM Student Chapters together with other participating universities across Malaysia with more than 100 undergraduates joining together to pitch innovative ideas to drive sustainable construction in the industry

SOCIAL

FAIR LABOUR PRACTICE

SunCon places a high priority on overseeing human and labour rights, not just within our organisation but our supply chain as well. We recognise that potential lapses in commitment and practices from subcontractors, suppliers, vendors, and others could lead to non-compliance with human and labour rights regulations.

SunCon adheres to the Sunway Group Human Rights Policy, which aligns with local legislation and reflects the UN Global Compact's 10 Principles. The Policy extends to our supply chain, obligating all suppliers to adhere to these standards. The policy strictly prohibits the use of child and forced labour, ensuring that our business operations and those of our partners are conducted ethically and responsibly. We are in the midst of developing a Supplier Code of Conduct to ensure our supply chain understands SunCon's expectations on ethical labour practices. Any non-compliance in these areas can be reported through the Group's whistleblowing channel.

Ensuring Workers' Rights and Welfare

We are committed to safeguarding the rights and welfare of all workers, including foreign and third-party workers at our sites. Our approach is guided by several key commitments to ensure a responsible and ethical work environment:

Safe Working and Living Conditions

We provide safe working conditions and ensure that workers' accommodations are established in accordance with the Workers' Minimum Standards of Housing, Accommodations and Amenities (Amendment) Act 2019 (Act 446). Inspections are conducted periodically and randomly on the conditions of living quarters and we monitor the status of Certificate of Accommodation (CFA) applications submitted by our contractors.

Fair Compensation

We ensure fair compensation for all our workers, exceeding Malaysia's Minimum Wage Order 2022 requirements and providing equitable pay for overtime hours. SunCon is in full compliance with the labour standards of the countries where we operate.

Excessive Working Hours

We are in compliance with the overtime and working hours as stipulated in the amended Employment Act. This was communicated to our staff and direct foreign workers through engagement sessions.

Freedom of Access

SunCon is committed to the prevention of forced labour and the exploitation of migrant workers. Workers maintain the right to retain possession of their personal identification documents, including passports. Additionally, foreign workers have the right to return to their countries of origin upon the expiry of their contracts, and to apply leave for holidays during their contracts.

Bonded Labour

We do not withhold our direct workers' wages and we do not make them pay any upfront employment fees or agent fees. All recruitment fees are borne by the Company, including their FOMEMA check-ups and yearly permit renewal fees, which include levy payment.

Child Labour

Child labour is strictly prohibited within our workplaces. This is enforced through our site requirements, whereby all workers entering our project site must possess a valid work permit and a CIDB Green Card, both of which require age verification.

Collective Bargaining

We uphold the right of employees to form unions of their choice, without fear of reprisal or harassment. To date, SunCon has not received any request to establish a trade union. However, in the absence of a union, our HR department liaison with foreign workers conducts engagement sessions with them regularly.

In FY2023, we have engaged more than 600 foreign workers directly hired by SunCon through townhall sessions held at 28 active project worksites to brief workers on company policies that affect them, as well as their benefits and career progression plans. The townhall sessions also address any grievances with regard to working conditions or employment terms.

Freedom of Association

We respect and support our employees' right to join or affiliate with any legal political party, non-governmental organisation (NGO), trade, or professional association.

SOCIAL

Minimum Notice Period for Operational Changes

We have established structured protocols regarding notice periods for various operational changes. This includes formal probationary periods for new employees and defined minimum notice periods for employee resignations. Additionally, for most HR-related announcements, such as claim submissions, we provide employees with a specific notice period to respond appropriately.

However, there are instances, particularly those related to health and safety, where immediate action may be necessary, such as quarantine notices during the COVID-19 pandemic. In such cases, advance notice periods may not be feasible due to the urgency of the situation.

SunCon is committed to ensuring, wherever possible, that all employees are given advance notice of any changes that could affect their employment conditions, work environment, work location, or working hours. This approach is part of our commitment to maintaining transparent and respectful communication with our employees, ensuring they are well informed and prepared for any operational changes.

Harassment Management

SunCon adheres to the Sunway Group Anti-Sexual Harassment Policy to protect our employees from harassment. Our HR staff, trained in managing complaints of sexual harassment, serve as the focal point for any reports from our employees. This approach ensures that those experiencing harassment have access to trained personnel who can handle their complaints appropriately and effectively, contributing to ensuring the creation of a safe and respectful work environment.

Grievance Mechanism

SunCon is committed to the professional management of grievances, particularly those related to employees. We align with the Sunway Group's Employee Grievance Policy, ensuring that all employee concerns are handled with the utmost seriousness and care. Key aspects of this policy include:

- All grievances reported through our mechanism are treated seriously, given due consideration, and investigated if necessary.
- All parties involved in a grievance are given a fair opportunity to express their views, ensuring due process is followed.
- Grievances are managed with objectivity and impartiality, guaranteeing fair judgments.

Employees are regularly informed about the availability of this grievance mechanism. They can submit their grievances to their immediate superiors, respective Department Heads, or to the Human Resources (HR) department. While we encourage employees to resolve issues through the existing management hierarchy or informal channels, such as dialogues, they are free to use the grievance mechanism whenever they choose.

Aside from the whistleblowing channel, foreign workers can report grievances through WhatsApp for direct communication with designated HR officers, offering a quicker and more personal response. Grievances reported are promptly logged with solutions detailed, ensuring effective and transparent resolution.

There were no human or labour rights incidents reported through the whistleblowing channel, no incidences of non-compliance with labour laws, and no parts of our operation were at risk of child labour in FY2023. Additionally, there were no reports made through the grievance mechanism in FY2023.

Employee Satisfaction

At SunCon, our Employee Engagement Survey (EES) is a vital tool for assessing employee satisfaction. Conducted biennially, the most recent EES was conducted in FY2022, with the next scheduled for FY2024.

The FY2022 EES saw a 99% participation rate, with an engagement score of 63%. The survey facilitated transparent discussions about various workplace dimensions, including Leadership, Diversity & Inclusion, Work-Life Balance, Career Development, and Rewards & Recognition. These insights into our employees' motivations, aspirations, and concerns are invaluable for shaping a responsive and supportive workplace culture.

Following the FY2022 survey, SunCon's Human Resources Department has actively engaged with our workforce through more than 10 employee experience sessions, involving over 100 employees. These sessions have been instrumental in providing deeper insights into employees' feedback. They enable us to address and resolve immediate workplace issues effectively. For more complex concerns that require a broader approach, we are committed to implementing company-wide policy changes and improvements. These actions reflect our dedication to continually enhancing our work environment and ensuring employee satisfaction.

By integrating feedback from both the EES and the subsequent employee experience sessions, SunCon is better positioned to foster an environment where each employee feels valued and equipped to achieve their professional best. This ongoing engagement underscores our commitment to not just measuring but actively enhancing employee satisfaction and wellbeing at SunCon.

OCCUPATIONAL SAFETY AND HEALTH

SunCon prioritises the safety, health, and welfare of our workforce and the public in all our business operations. Beyond the potential injury and loss of life, we recognise the severe implications that serious Occupational Safety and Health (OSH) incidents can have on our business, including site closures, project delays, and erosion of stakeholder confidence that will impact SunCon's competitiveness during project bidding.

Guided by our integrated Quality, Environmental, Safety, and Health (QESH) Policy, we adopt a no-compromise approach to OSH management. We are committed to providing safe and healthy workplaces for those who work for us, with us, and around us, focusing on accident prevention and continual improvement through systematic assessment of environmental, safety, and health risks that may arise in our daily operations.

Additionally, compliance with all legal requirements is integral to our operations. Our procedures and processes comply with the Occupational Safety and Health Act 1994 (OSHA 1994), Factories and Machinery Act 1967 (FMA 1967), Construction Industry Development Board Act 520 (CIDB Act 520) and all related legal requirements.

These regulations serve as our guiding principles to ensure all operations are conducted safely, healthily, and in an environmentally friendly manner.

OSH Oversight and Management Responsibility

The governance of safety, health and welfare is a top priority at SunCon, led by our Group Managing Director (GMD). With the support of senior management, the GMD holds overarching responsibility and accountability for preventing occupational injuries and health issues, ensuring and promoting continual improvement, as well as leading the SunCon OSH culture that accentuates "*Every worker has the right to go home safe and healthy every day*". Whilst we have a centralised QESH Management System, we ensure that OSH responsibilities are effectively decentralised at the site level, entrusting each Project Manager with the accountability for OSH oversight on their respective projects.

Matters relating to OSH are reported to the Board Sustainability Committee (BSC), which bears the responsibility for overseeing the execution of SunCon's ESG framework, including the management of safety and health risks.

In the case of major OSH incidents, detailed investigation reports, including recommendations and preventive measures implemented, are presented at Board meetings. To ensure comprehensive management of safety and health risks across the company, the Board may also invite relevant parties for further investigations. This structure of oversight and responsibility underscores SunCon's commitment to maintaining the highest standards of occupational safety and health across all its operations.

OSH Strategy and Management

1. SunCon Integrated Management System

SunCon's OSH management ethos is anchored in its ISO 45001:2018 aligned Integrated Management System, which sets out key guidelines and standard operating procedures that aim to drive our operations in a safe and systematic manner. This includes:

- the SunCon ESH Minimum Requirement (SCMR) for essential controls;
- Safe Work Method Statements (SWMS) for hazard identification and risk management before a construction activity begins;
- the Risk and Opportunity Register (ROR) for identifying, managing, and documenting project specific other risks and opportunities; and
- critical management procedures such as emergency response, accident reporting and investigation, training, and inspection and auditing.

In FY2023, 71% of our operations are certified with ISO 45001 OSH Management System.

2. OSH Performance Linked KPI

Our Group-wide OSH objectives and targets are based on measurable key performance indicators (KPIs), which consist of leading (non-zero) and lagging indicators. The defined remuneration linked to OSH performance targets is as follows:

Our OSH KPIs include, but are not limited to:

- **Zero Life Loss**
- **Average Sunway Safety Merit System (SSMS) score of 80% and above**
- **U-SEE-U-ACT (UCUA)**

  Launched in 2019, the U-See-U-Act (UCUA) programme employs a digital solution, the UCUA ChatBot, to proactively identify and mitigate unsafe acts or conditions, preventing potential hazards. It encourages a culture of prevention by setting a target of one UCUA submission per 750 manhours worked from both SunCon employees and contractors. In FY2023, we have achieved 431 manhours to 1 UCUA submission, with a total of 18,763 UCUAs identified. Since its inception, the programme has successfully averted 52,624 potential incidents through UCUA intervention.

3. Monitoring and Evaluation

To ensure we are operating within the ambit of law, we have conducted the following checks in FY2023:

- 197 internal monthly Sunway Safety Merit System inspections with a Group-wide average score of 84.6%
- External audits by certification bodies at the Construction segment with track record of zero Non-Conformance Request (NCR) for more than 10 years
- 2 Safety and Health Assessment System in Construction (SHASSIC) at Sunway Belfield and Sunway Medical Sunway Damansara (SMCD) project site. Sunway Belfield is rated 5-star with a score of 94.79% whilst SMCD is rated 4-star with a score of 83.24%

4. Training and Communications

Safety and Health trainings are provided regularly for all our employees and contractors' workers to equip them with the awareness, knowledge, and skills to carry out their responsibilities safely and handling of emergencies and critical situations. Recognising that learning does not only happen within the classroom, on-the-job training and campaigns are carried out to ensure the information is externalized and made relevant to our workers.

FY2023 OSH Training Achievements

- **On-the-job training conducted for employees and contractors' workers:** working at heights, safe lifting, chemical management, electrical safety, and any work-specific safety training
- **100% employees trained in safety and health standards**
- **More than 10,700 hours clocked on OSH training**
- **Organised 5 ESH awareness campaigns company-wide**

5. Continual Improvement

We recognise that the active involvement of our workforce is key to maintaining safe and healthy working environments. This is exemplified by the establishment of Environmental, Safety, and Health (ESH) Committees at operational sites. These committees, which have participation from our employees and contractors' employees, play a crucial role in ensuring compliance with local legislations and the effective implementation of SunCon's policies and Standard Operating Procedures (SOPs) at all operational sites. These committees also serve as a platform for workers to raise their concerns to drive continual improvement on our OSH standards.

As of FY2023, a total of 228 SunCon employees and 331 employee representatives, including workers' representatives, have been actively engaged in formal ESH Committees.

SOCIAL

Collaboration with Department of Occupational Safety and Health (DOSH) Selangor in organising Fall Prevention Awareness Campaign for Construction Industry

Collaboration with PKD Sepang in organising Mental Health Awareness Programme at Sunway Enterprise Park

Prioritising Contractor Safety

Our commitment to safety, health, and welfare extends beyond our employees to include the workers of our contractors, as we bear the responsibility of being the client on-site.

As part of the onboarding process, we communicated our QESH Policy, ESH objectives and targets, and generic ESH requirements during the contractor's kick-off meeting and Site Safety Induction programme. This also signifies that the requirements within the policy, as well as the Group's ESH targets, training requirements, and OSH standard operating procedures, are applicable to contractors' operations at our workplaces.

OSH Performance

SunCon places a great emphasis on the accuracy and reliability of our OSH data, which is meticulously tracked through monthly reports, encompassing site ESH committee meetings, departmental ESH meetings, and management review meetings, and independently verified by SIRIM QAS International Sdn Bhd.

In FY2023, we benchmarked our OSH performance against industry standards, specifically the CIDB Malaysia Safety and Health Assessment System in Construction (SHASSIC) national industry average score. Our average score is 89%, whilst the industry average is at 86.8%.

In addition, we have also benchmarked our fatality rates against both local and international standards to ensure we meet and exceed industry norms. In FY2022, we recorded a fatality rate of 14.82 per 100,000 workers, as compared to the Malaysia construction industry's rate of 6.15 in 2022, Singapore's rate of 2.9 in 2022, and the United Kingdom's rate of 1.72 in 2022.

As the industry benchmark data for 2023 is not available at the time of this report, we will provide a comparative analysis of our performance against these benchmarks in the Integrated Annual Report 2024. We are committed to continual enhancement of our standards, implementations, training, and programmes to maintain the highest levels of safety and health in all our operations.

Occupational Health and Safety	2023	2022	2021
Worked Man-hours	**16,156,813**	17,393,348	17,869,038
Fatal accidents			
Employee[1]	**0**	0	0
Temporary Employee[2]	**0**	0	0
Contractor Employee[3]	**1**	1	0
Lost Time Injury Accidents			
Employee	**0**	1	0
Temporary Employee	**0**	1	1
Contractor Employee	**0**	0	0
Total No. of Reportable Accidents[4]	**2**	3	1
Lost Time Incident Rate[5] (LTIR) / Accident Rate (AR)	**0.15**	0.44	0.16
Accident Frequency Rate[6] (AFR)	**0.06**	0.17	0.06

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

SOCIAL

Despite the Group's best efforts in ensuring the safety and health of our workforce, regretfully, we recorded one fatal accident at our worksite in FY2023 involving a contractor's worker. Following a thorough investigation into the accident, inadequate controls in the system of work were determined as the root cause. In response, our actions included strengthening existing safety procedures on-site, townhall sessions conducted at sit level, and reinforcing safety requirements on-site. The investigation outcome was reviewed by our Senior Management and lessons learnt were shared across the company to prevent recurrence.

PRODUCT QUALITY AND RESPONSIBILITY

At SunCon, delivering quality is fundamental to maintaining our brand credibility and customer trust, especially in this highly competitive industry. The confidence of both new and existing customers in our commitment to delivering quality products and services is paramount. Conversely, failing to meet these quality standards and receiving unsatisfactory feedback can significantly impact our business's prospects.

SunCon is dedicated to delivering products and services of the highest quality on all our projects, thereby achieving a high level of customer satisfaction. Our efforts are in keeping with the strategic objectives of the National Construction Policy 2030 (NCP 2030), particularly its Thrust 1 which focuses on strengthening quality and safety in project performance, ensuring that we not only meet but exceed the expectations and standards of quality in the Malaysian construction sector. This alignment with the NCP 2030 also supports the broader Sustainable Development Goals (SDGs).

At SunCon, the no-compromise approach is also applicable to product quality management. SunCon's Total Quality Management (TQM) strategy was developed based on the commitment to do the right things right the first time and every time, as well as to continually improve and innovate to achieve the highest standards of work quality and service excellence.

6 Key Focus Areas of SunCon's TQM Strategy

Innovation
Creating greater value and setting a benchmark for businesses

Continual Improvement
Continually improving work processes to ensure optimum productivity and eliminating wastage

Employee
Ensuring total involvement and employee satisfaction

Customer
Striving to satisfy customers' needs and expectations

Products and Services
Passionately ensuring the highest standards in products and services

Corporate Social Responsibility
Enriching the community and preserving the environment

The SunCon integrated QESH management system, which is also ISO 9001:2015 certified, serves as a compass that guides our business operations to meet excellence at every construction stage, including design, administrative processes, procurement, project execution, and handing-over activities.

SOCIAL

Comprehensive Quality Assessments

Our approach to quality is structured around three key quality management assessments, which are essential for facilitating feedback and driving continual improvement in our operations and services:

SQMS (Sunway Quality Merit System)

Our internal system is focused on continual quality improvement in our operations.

CSS (Client / Consultant Satisfaction Survey)

This gauges client and consultant satisfaction, providing crucial feedback on our performance.

QLASSIC (Quality Assessment System in Construction)

This system evaluates the quality of our construction work based on established standards.

This integrated approach ensures that we consistently deliver high-quality projects, meeting and exceeding both customer expectations and industry benchmarks. To guarantee accountability across all employee levels, SQMS and CSS scores are incorporated into our KPIs. The allocation of these KPIs reflects the importance of these standards, with the GMD accountable for 5%, both DMDs for 10%, and employees based at project sites bearing the highest at 25%, equal to the emphasis placed on safety measures.

Sunway Quality Merit System (SQMS)

Our commitment to quality is further supported by our Sunway Quality Merit System (SQMS), which provides evaluations based on the following assessment categories:

- Document and Record Management
- Product Workmanship
- Inspection and Test
- Site Arrangements
- Response to Client's Complaints

In FY2023, our average SQMS score is 80.3%.

Client / Consultant Satisfaction (CSS)

We employ client / consultant satisfaction (CSS) surveys as a key tool to evaluate our performance and the quality of our products and services. These surveys are instrumental in capturing the perspectives of our customers, acknowledging that different customers have varying requirements and objectives.

Assessment Areas Covered in CSS

- Quality of Work
- Resources
- Planning
- Environment, Safety and Health
- Job Knowledge
- Communication
- Timely Completion
- Subcontractor Performance
- Responsiveness
- Overall Performance

Survey Criteria	Minimum Benchmark	2023	2022	2021
Response Rate	75%	**100%**	100%	97.5%
Satisfaction of Products and Services	90%	**100%**	95.6%	92.2%
Overall Average Score	70%	**80.8%**	78.8%	78.7%

In FY2023, we recorded 100% on satisfaction of products and services criteria, as well as an improvement in the overall average score. This excellent score reflects the high quality of our products and services, and we are committed to maintaining this standard and striving for further improvements to enhance our brand image and value.

SOCIAL

QLASSIC Benchmark

Our commitment to maintaining high-quality standards is further reinforced by benchmarking against industry standards. Since 2009, SunCon has been utilising the Construction Industry Development Board's (CIDB) QLASSIC (Quality Assessment System in Construction) as an objective tool for evaluating the quality of our completed projects.

We aimed to achieve a minimum QLASSIC score of 83% for all applicable building projects in the year. In the last three years, our average scores have remained above 81%, well above the national average of 76%.

Project	QLASSIC Score
Sunway Medical Center Phase 4	85%
Sunway Serene	79%
Sunway Velocity 2 Plot A	83%
Average:	**82.3%**

Notably, in 2023, we achieved an average score of 82.3% – our highest ever for years with two or more projects assessed. An additional testament to our commitment to quality is the QLASSIC Excellence Award received by our SMCSJ project in the Private Project - Commercial Building category. This recognition not only highlights our dedication to maintaining superior quality standards but also reinforces SunCon's position as a leader in delivering exceptional construction quality.

CIDB QLASSIC Award of Excellence 2023, Private Commercial Building Category – Sunway Medical Centre Seberang Jaya, Penang

COMMUNITY ENRICHMENT

Community enrichment is a fundamental aspect of SunCon's value creation framework. We are dedicated to enhancing community services, infrastructure, and various programmes and initiatives, striving to serve as a force for good.

Our involvement in large-scale infrastructure projects like the MRT and LRT exemplifies this commitment. These projects not only facilitate connectivity and accessibility for commuters but also contribute to environmental sustainability by reducing carbon emissions and driving socio-economic growth. Our focus on developing sustainable infrastructure, such as district cooling systems and thermal energy storage, also serves to support sustainable living for larger communities.

Additionally, SunCon's business activities generate a net positive socioeconomic impact to the communities where we operate. This includes generating employment and entrepreneurship opportunities, facilitating skills and knowledge transfer, fostering the development of local supply chains, and making various other socio-economic contributions.

In effect, SunCon's business model generates a range of both direct and indirect economic values for a broad spectrum of stakeholders, including shareholders, local communities, financiers and investors, and the government. The generation of financial values in particularly, customarily reflected as revenue and profits, is also imperative to supporting SunCon's continued resilience as a business entity, and our vision for sustainable development.

Please see pages 48 to 49 for more information on our Value Creation Model.

SOCIAL

Supporting Local Economy through Procurement

SunCon recognises the significant benefits of local procurement and the use of local supply chains. This strategy is crucial not only for reducing our environmental footprint, particularly our Scope 3 emissions but also for bolstering local employment and entrepreneurship. By procuring locally, we minimise risks associated with material unavailability and transportation delays due to climate risks, while ensuring the quality of products delivered.

SunCon is committed to maximising local procurement wherever feasible, understanding that our actions help create jobs and foster the growth of local businesses. This leads to a cascade of socio-economic multiplier effects that positively impact local communities.

In FY2023, 99% of our engaged suppliers were local, yet only 61% of our total expenditure on goods and services was with local suppliers. This discrepancy is attributed to a significant increase in solar panel purchases, sourced from overseas due to better price competitiveness and availability. Our procurement of solar panels has risen more than 12.7 times compared to FY2022, driven by the expansion of Large-Scale Solar (LSS) projects and rooftop solar initiatives.

Community Engagement

SunCon Hotline

Snap a picture and tell us about it

T: (019) 358 2739

E: enquirysuncon@sunway.com.my

SunCon proactively engages with local communities potentially affected by construction activities through dialogue and engagement sessions, communicating project details and soliciting feedback. This feedback is evaluated by the project team and integrated into the site's OSH management strategy as appropriate. Additionally, the public can submit feedback via the SunCon Hotline on our corporate website, ensuring swift response and resolution by our team.

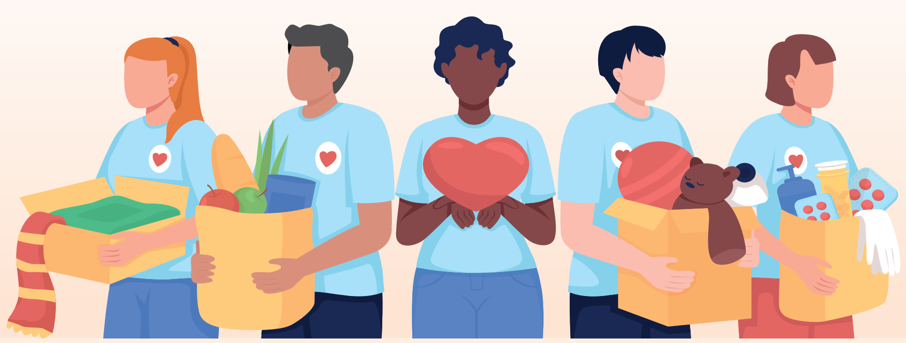
In FY2023, we are pleased to report that there were no major safety and health incidents involving the public. However, we did receive 3 feedback through our hotline, which were promptly addressed and resolved.

Community Contribution

SunCon is deeply committed to positively impacting local communities, not only through our construction projects but also by supporting a variety of Corporate Social Responsibility (CSR) programmes and initiatives.

Our approach to community support is guided by stringent criteria to ensure that all contributions are made to legitimate organisations and are utilised effectively for the intended CSR purposes. We maintain a clear trail of accountability and ensure that all sponsorships, donations, and political contributions are accurately recorded in our accounting books, in compliance with the applicable laws.

In FY2023, SunCon's contributions exceeded RM2.63 million, channelled through the Jeffrey Cheah Foundation and various community initiatives, including the SunCon Social Club (SSC), reaching out to more than 18,350 beneficiaries through various organisations.



THE STRENGTH OF OUR LEADERSHIP

ORGANISATION STRUCTURE

BOARD OF DIRECTORS

- AUDIT COMMITTEE
- RISK MANAGEMENT COMMITTEE
- NOMINATION AND REMUNERATION COMMITTEE
- BOARD SUSTAINABILITY COMMITTEE

GROUP MANAGING DIRECTOR

Core Operation Services
- Building
- Civil / Infrastructure
- Foundation & Geotechnics
- Mechanical, Electrical and Plumbing
- Precast
- Sustainable Energy

Operation Support Services
- Supply Chain & Contracts Management
- Total Quality Management
- Environment, Safety & Health
- VDC
- Machinery
- Land Survey
- Private Finance Initiative

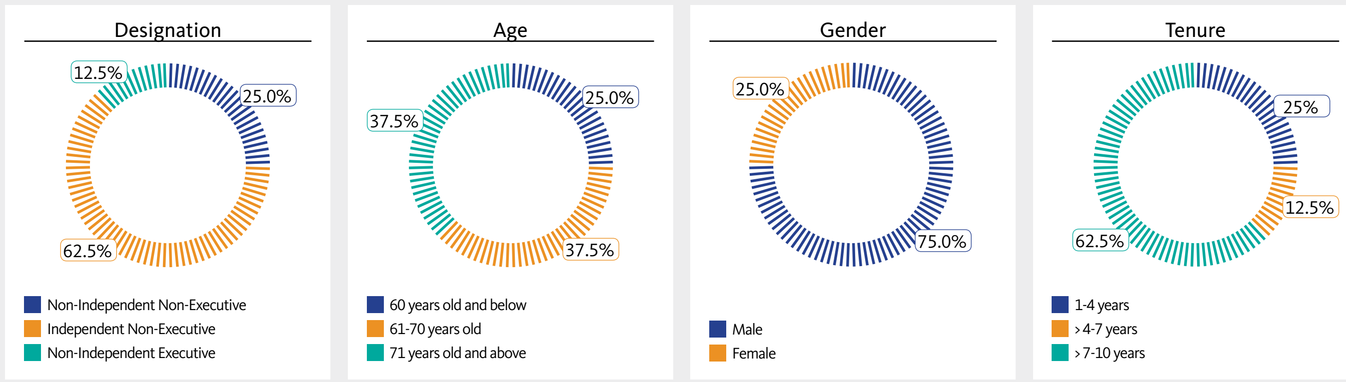
International Ventures
- India - Highway Infrastructure

Corporate Sustainability, Governance & Organisational Development
- Finance & Administration
- Human Resources
- Legal

BOARD SKILL MATRIX - Skills / Competencies

Engineering	50%
Civil	50%
Industry Experience	75%
Accounting and Financial Reporting	75%
Corporate Planning Development	87.5%
Economics	87.5%
Information Technology (IT)	62.5%
Commercial / Marketing	87.5%
Operations and Quality Management	75%
Human Capital / Talent Management	62.5%
Legal and Regulatory Requirements	87.5%
Corporation Governance, Risk Management and Internal Controls	100%
Environment, Social and Governance / Sustainability	100%

OUR BOARD



BOARD OF DIRECTORS

BOARD OF DIRECTORS

1 **DATO' TAN KIA LOKE**
Alternate Director to Mr Evan Cheah Yean Shin

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

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

4 **DATO' SIOW KIM LUN**
Independent Non-Executive Director

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

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

7 **DATO' DR JOHARI BIN BASRI**
Senior Independent Non-Executive Director

8 **TAN LER CHIN**
Independent Non-Executive Director

9 **EVAN CHEAH YEAN SHIN**
Non-Independent Non-Executive Director

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

PROFILE OF BOARD OF DIRECTORS

DATO' IR GOH CHYE KOON

Chairman & Independent Non-Executive Director

74 M

Date Appointed to the Board:
17 October 2014 (9.5 years)

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

Membership of Board Committees:
- Risk Management Committee

Directorships of Other Public Companies and Listed Issuers:
- Nil

Working Experience and Expertise

Dato' Ir Goh began his career as an engineer in the Ministry of Works, where he served for 11 years rising to the position of Superintending Engineer prior to joining IJM Corporation Berhad as a Senior Engineer in 1984. He was promoted as General Manager (Central Region) in 1986 and subsequently appointed as Alternate Director in 1995 before assuming the position of Deputy Group Managing Director in 1997. He was redesignated Deputy Chief Executive Officer and Deputy Managing Director in 2004 and upon his retirement in 2008, Dato' Ir Goh continued to serve as Executive Director of IJM Corporation Berhad until June 2009 and thereafter as Non-Executive from July 2009 until June 2013.

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

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

LIEW KOK WING

Group Managing Director & Non-Independent Executive Director

55 M

Date Appointed to the Board:
1 April 2022 (2.1 years)

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

Membership of Board Committees:
- Board Sustainability Committee

Directorships of Other Public Companies and Listed Issuers:
- Nil

Working Experience and Expertise

Mr Liew began his career with L&M Geotechnic in Singapore in 1993, as a Project Engineer at various construction projects in Singapore. In 1996, he was transferred to L&M Systems, Thailand, as Project Manager in charge of infrastructure works for a low-rise luxury housing project in Bangkok. In the same year, he left to join Taylor Woodrow Projects (M) Bhd before joining Sunway Construction Sdn Bhd (SCSB) as Senior Geotechnical Engineer from 1996 to 1998. Thereafter, he joined Nishimatsu Construction Company Singapore.

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

He has more than 30 years of experience in the construction industry.

PROFILE OF BOARD OF DIRECTORS

DATO' DR JOHARI BIN BASRI

Senior Independent Non-Executive Director

69 M

Date Appointed to the Board:
17 October 2014 (9.5 years)

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

Membership of Board Committees:
- Nomination and Remuneration Committee (Chairman)
- Board Sustainability Committee (Chairman)
- Audit Committee
- Risk Management Committee

Directorships of Other Public Companies and Listed Issuers:
- Nil

Working Experience and Expertise

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

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

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

DATO' SIOW KIM LUN

Independent Non-Executive Director

73 M

Date Appointed to the Board:
17 October 2014 (9.5 years)

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

Membership of Board Committees:
- Audit Committee (Chairman)
- Nomination and Remuneration Committee
- Risk Management Committee

Directorships of Other Public Companies and Listed Issuers:
- EITA Resources Berhad
- Eco World International Berhad
- Radiant Globaltech Berhad
- RHB Investment Bank Berhad
- Malaysian Trustees Berhad
- RHB Trustees Berhad

Working Experience and Expertise

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

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

PROFILE OF BOARD OF DIRECTORS

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

67 F

Date Appointed to the Board:
1 March 2018 (6.1 years)

Qualifications:
- PhD. in Financial Economics from University Putra Malaysia
- Masters in Economics from George Washington University

Membership of Board Committees:
- Risk Management Committee (Chairperson)
- Audit Committee
- Nomination and Remuneration Committee

Directorships of Other Public Companies and Listed Issuers:
- Nil

Working Experience and Expertise

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

In MOF, she was involved in the raising of Federal Government loans from the international capital and bond markets, debt management and privatisation projects. Her portfolio in MITI included the World Trade Organisation (WTO), Strategic Planning and Free Trade Agreements (FTAs) Policy and Negotiations. She was also the lead negotiator for Services for Malaysia's first Bilateral FTA.

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

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

Dr Sarinder was a Council Member of Climate Governance Malaysia (2019 – 2023).

TAN LER CHIN
Independent Non-Executive Director

64 F

Date Appointed to the Board:
15 September 2021 (2.6 years)

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

Membership of Board Committees:
- Audit Committee
- Risk Management Committee
- Nomination and Remuneration Committee
- Board Sustainability Committee

Directorships of Other Public Companies and Listed Issuers:
- Affin Islamic Bank Berhad
- Bursa Malaysia Berhad
- Senheng New Retail Berhad

Working Experience and Expertise

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

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

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

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

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

PROFILE OF BOARD OF DIRECTORS

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

78 M

Date Appointed to the Board:
17 October 2014 (9.5 years)

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

Membership of Board Committees:
- Nomination and Remuneration Committee

Directorships of Other Public Companies and Listed Issuers:
- Sunway Berhad
- Gopeng Berhad

Working Experience and Expertise

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

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

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

EVAN CHEAH YEAN SHIN
Non-Independent Non-Executive Director

44 M

Date Appointed to the Board:
18 September 2014 (9.6 years)

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

Membership of Board Committees:
- Risk Management Committee

Directorships of Other Public Companies and Listed Issuers:
- Sunway Berhad [*Alternate Director to Tan Sri Sir Dr Jeffrey Cheah Fook Ling KBE AO (Tan Sri Sir Dr Jeffrey Cheah)*]

Working Experience and Expertise

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

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

Prior to his current role, he was the CEO of Sunway Group's China operations responsible for its China Corporate Office. Concurrently, he was the Executive Vice President – President's Office, driving new business growth and synergies for Sunway Group. He was also a Non-Independent Non-Executive Director of Elite Commercial REIT Management Pte Ltd, the Manager for Elite Commercial REIT, a real estate investment trust listed on Singapore Exchange Securities Trading Limited from January 2020 to January 2024.

Mr Evan Cheah sits on the Board of Sunway Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad, as an Alternate Director to Tan Sri Sir Dr Jeffrey Cheah. He is currently also on the boards of various private operating companies including as Chairman of the Board for Credit Bureau Malaysia Sdn Bhd, Sunway Money Sdn Bhd, Multicare Health Pharmacy Sdn Bhd and Tianjin Eco-City Sunway Property Development Co Ltd.

PROFILE OF BOARD OF DIRECTORS

DATO' TAN KIA LOKE

Alternate Director to Mr Evan Cheah Yean Shin

74 M

Date Appointed to the Board:
29 October 2021 (2.5 years)

Qualifications:
- Bachelor of Science (Honours) Degree in Civil Engineering, University of Strathclyde, United Kingdom

Directorships of Other Public Companies and Listed Issuers:
- Malaysian South-South Corporation Berhad (MASSCORP)
- Malaysian Industry-Government Group for High Technology (MIGHT) *(Alternate Director to Tan Sri Sir Dr Jeffrey Cheah)*
- Sunway Lagoon Club Berhad

Working Experience and Expertise

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

During his 35-year tenure at the helm of SunCon Group, he was instrumental in growing the construction arm until his retirement from SunCon Group in 2015 as Senior Managing Director. He has, however, continued serving Sunway Group in the capacity of Senior Managing Director in the Chairman's Office. His remit includes supporting the Chairman in new business ventures, strategic partnerships and collaborations.

Dato' Tan is currently an EXCO member of Malaysia South-South Association (MASSA) and a Board Member of MASSCORP. He also serves as an Alternate Director in the Board of MIGHT.

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

Dato' Tan was awarded the Prestigious CEO of the year by the Construction Industry Development Board (CIDB) in 2006. In 2007, he was appointed as a Special Member to the Board of CIDB by the Minister of Works for a two-year tenure. He was conferred an Honorary Builder by Master Builders Association Malaysia (MBAM) in 2022.

WONG KWAN SONG, RICHARD

Alternate Director to Liew Kok Wing & Group Deputy Managing Director

59 M

Date Appointed to the Board:
1 April 2022 (2.1 years)

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

Directorships of Other Public Companies and Listed Issuers:
- Nil

Working Experience and Expertise

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

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

Mr Wong held various positions in SunCon Group during his 24-year tenure with SunCon Group.

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

PROFILE OF BOARD OF DIRECTORS

DIRECTORS

FAMILY RELATIONSHIP WITH DIRECTOR AND / OR MAJOR SHAREHOLDER

Mr Evan Cheah Yean Shin (Mr Evan Cheah) who is a Non-Independent Non-Executive Director and major shareholder of SunCon, is the son of Tan Sri Sir Dr Jeffrey Cheah Fook Ling KBE AO (Tan Sri Sir Dr Jeffrey Cheah) and brother of Ms Sarena Cheah Yean Tih (Ms Sarena Cheah) and Mr Adrian Cheah Yean Sun (Mr Adrian Cheah). Tan Sri Sir Dr Jeffrey Cheah, Ms Sarena Cheah and Mr Adrian Cheah are the major shareholders of SunCon. Tan Sri Sir Dr Jeffrey Cheah and Ms Sarena Cheah are also the directors of Sunway Berhad, which are the major shareholders of SunCon. Mr Evan Cheah is currently the alternate director to Tan Sri Sir Dr Jeffrey Cheah in Sunway Berhad.

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

CONFLICT OF INTEREST

None of the Directors has any conflict of interest or potential conflict of interest, including interest in any competing business with SunCon Group.

CONVICTION FOR OFFENCES

None of the Directors has any conviction for offences (other than traffic offences, if any) within the past 5 years nor public sanctions or penalties imposed by any relevant regulatory bodies during the financial year 2023.

ATTENDANCE OF BOARD MEETINGS

The attendance of the Directors at Board and Board Committees' Meetings held during the financial year ended 31 December 2023 is disclosed in the "Corporate Governance Overview Statement".

PROFILE OF KEY MANAGEMENT

ERIC TAN CHEE HIN

Group Deputy Managing Director

52 M

Qualifications:

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

Skills, Working Experience and Expertise

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

In 2000, he joined Sunway Engineering Sdn Bhd and has held various positions in the company during his tenure of 23 years within the company. He has been heading the Mechanical, Electrical and Plumbing division since 1 November 2014 and is currently the head of the Sustainable Energy and Civil Divisions.

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

ELAINE LAI EE-LING

Chief Financial Officer

35 F

Qualifications:

- Chartered Accountant, Malaysian Institute of Accountants
- Certified Practicing Accountant, CPA Australia
- Bachelor of Commerce, Majoring in Accounting and Finance, University of South Australia

Skills, Working Experience and Expertise

Ms Elaine started her career as a management trainee under the Sunway Managerial Advancement for Recruited Talents (SMART) programme in 2011. As part of the programme, she was deployed to various finance function within Sunway Group which includes Group Finance, Group Internal Audit Department and a short stint in Property Development division on an assignment basis.

Thereafter, she was deployed to SunCon where she was then rotated through the full financial cycle including Treasury and Cash Management, Group Consolidation and Reporting, Project Management, Tax and Investor Relations. She was overseeing the Group Consolidation and Treasury, leading the finance function for Mechanical, Electrical and Plumbing and Sustainable Energy divisions as well as assuming the role of Investor Relations Officer for SunCon.

Ms Elaine was appointed to her current position as Chief Financial Officer of SunCon on 1 July 2022.

PROFILE OF KEY MANAGEMENT

LIM VIN TZE

Executive Director, Operations

48 M

Qualifications:

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

Skills, Working Experience and Expertise

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

In 2005, he joined Sunway Engineering Sdn Bhd and has held various positions in the company during his tenure of 18 years within the company. He has been heading the Mechanical, Electrical and Plumbing division since 2019.

Mr Lim was appointed as an Executive Director – Operations on 1 July 2021.

SUBBA RAO A/L V SEMENCHALAM

Country Director – India

56 M

Qualifications:

- Current Education

  Executive Bachelor in Construction Management, Open University Malaysia

Skills, Working Experience and Expertise

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

He has held various positions in SunCon during his 34-year tenure with the Group. Within his tenure, he was also posted to India for 12 years, where he was involved in 7 major highway projects ranging from 40 to 80 kilometres in length each.

Mr Rao was appointed as a General Manager of the Civil Division on 1 January 2016 and he was appointed as a Country Director – India on 1 July 2021.

PROFILE OF KEY MANAGEMENT

KWONG TZYY EN

Executive Director, Precast Division

65 M

Qualifications:

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

Skills, Working Experience and Expertise

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

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

He joined Sunway Concrete Products (S) Pte Ltd in 2001 and has held various positions based primarily in Singapore during his tenure of 22 years with SunCon Group.

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

YIP LAI HUN

Director, Supply Chain & Contracts Management

58 F

Qualifications:

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

Skills, Working Experience and Expertise

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

She joined SunCon in 1993 and has held various positions during her 30-year tenure with SunCon Group.

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

PROFILE OF KEY MANAGEMENT

HEAD OF DEPARTMENT

Name	Designation
Tan In Tuan	Director – Virtual Design and Construction
Tan Kim Yoke	Senior General Manager – Commercial / Business Development
Lee Yoong Wai	Machinery Division Lead
Mau Che Pean	General Manager – Land Survey
Mohd Faudzi Bin Hanafiah	General Manager – Total Quality Management
Steven Shee Boo Cheong	General Manager – Legal
Kalaiselvan Selvaraja	General Manager – Environmental, Safety and Health
Ewe Teng Joon	Head of Human Resources

FAMILY RELATIONSHIP WITH DIRECTOR AND / OR MAJOR SHAREHOLDER

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

CONFLICT OF INTEREST

None of the Key Management has any conflict of interest or potential conflict of interest, including interest in any competing business with SunCon Group.

CONVICTION FOR OFFENCES

None of the Key Management has any conviction for offences (other than traffic offences, if any) within the past 5 years nor public sanctions or penalties imposed by any relevant regulatory bodies during the financial year 2023.

DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED ISSUERS

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (Board) of Sunway Construction Group Berhad (SunCon or Company) recognises sound and effective corporate governance practices are fundamental for SunCon to consistently achieve top quartile performance and build systems and processes that support its strategy and execution.

In addition, the Company and its group of subsidiaries (Group) are committed to fulfilling the United Nations 17 Sustainable Development Goals (SDG) by aligning their business strategies to meet the needs of their communities in line with the SDG agenda. The Group's commitment to Environment, Social and Good Governance (ESG) practices is embedded throughout the organisation, from its corporate objectives, policies and working culture as well as social impact initiatives to day-to-day operations so that it delivers enduring growth for thriving communities with minimal adverse impact on its operating environment.

The Board is pleased to present this Corporate Governance Overview Statement (CG Overview) to provide shareholders and investors with an overview of the corporate governance framework and practices of the Group during the financial year ended 31 December 2023 (FY2023). The CG Overview takes guidance from the three key Corporate Governance Principles as set out in the Malaysian Code on Corporate Governance (MCCG) as well as key focus areas and future priorities in relation to corporate governance:

1. Board Leadership and Effectiveness
2. Effective Audit and Risk Management
3. Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

The CG Overview should be read together with the Corporate Governance Report (CG Report) which elaborates further on the detailed application for each practice as set out in the MCCG.

The CG Report is available on the Company's website, https://www.sunwayconstruction.com.my/investor-relations/corporate-governance/.

PRINCIPLE 1 BOARD LEADERSHIP AND EFFECTIVENESS

The Board

The Board is collectively responsible for leading and governing the Group. It is responsible for curating the Group's business vision, strategic objectives, strategies, governance policies and objectives as well as corporate values and culture to achieve long-term sustainability of the businesses, for the benefit of shareholders, customers, suppliers and the communities in which we operate. The Board also reviews and monitors the Group's exposure to key business risks, internal control mechanism, the direction of individual business units, their annual budgets and their progress compared against agreed key performance indicators (KPIs) and management succession. In discharging its responsibilities, the Board is supported by its management and specialised committees.

Board Composition

The Board comprised an Independent Non-Executive Chairman, the Group Managing Director (Group MD) and Non-Independent Executive Director, a Senior Independent Non-Executive Director, three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. A majority of the Board are Independent Non-Executive Directors and amongst the members are two (2) women Directors. Descriptions of each Director's background are presented of each Director are presented in the respective Profile of Directors in this Integrated Annual Report 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

With the current composition of the Board, the Company has complied with Paragraph 15.02 of the Main Market Listing Requirements (Listing Requirements) of Bursa Malaysia Securities Berhad (Bursa Securities) which stipulates that at least two (2) Directors or one-third (1/3) of the Board, whichever is the higher, are Independent Directors and one (1) Director must be a woman.

The Board believes in adhering to good corporate governance by encouraging fresh, innovative, diverse perspectives, openness to new ideas and independent thinking by its members. Regular systematic succession and renewal of the members of the Board will help to ensure this, while retaining adequate expertise. An orderly succession and renewal of the Board requires that the continuity and experience of longer, established Directors support the transition process. A Board Renewal Policy was established in FY2023 to ensure an orderly renewal of its members. Dato' Dr Johari Bin Basri, a Senior Independent Non-Executive Director will retire at the coming Annual General Meeting of the Company.

Roles and Responsibilities of the Board

The Board is guided by its Board Charter and has delegated the day-to-day management of the Group to the Group MD which is further cascaded by the Group MD to his management team. Nevertheless, the Group MD and the management team remain accountable to the Board for authority that is delegated and for the performance of the Group. The Board Charter is reviewed and updated annually by the Board. The last review was undertaken on 20 November 2023 and is accessible via the Company's website.

The principal functions and responsibilities of the Board include, but are not limited to the following:

i. Providing leadership by setting the vision, mission, objectives, goals and strategic plans for the Group to maximise shareholders' value as well as ensuring the long- term sustainability of the Group.

ii. Monitoring and overseeing the conduct of the Group's businesses.

iii. Identifying and monitoring the Group's principal risks and ensuring the implementation of appropriate plans and systems to mitigate and manage these risks.

iv. Ensuring that the senior management has the necessary skills, competencies and relevant experience to execute the Group's strategic plans. Provide oversight over orderly key management succession and ensuring board renewal to meet the industry challenges.

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

vi. Promoting good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour.

vii. Ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy, encouraging effective participation at general meetings and, through its Chairman, being the key interface between the Company and its shareholders.

viii. Ensuring that the Group's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Segregation of Roles between Chairman and Group MD

The Chairman has a separate role and responsibility from the Group MD. The Chairman of the Board is an Independent Non-Executive Director and is not part of the Management team.

The respective roles of the Chairman and the Group MD are clearly defined, so as to ensure accountability as well as required check and balance. The separation of the roles and responsibilities of the Chairman and the Group MD also ensures appropriate balance of power and authority between the Board and the Management.

The Chairman is responsible for the proper functioning of the Board to ensure effectiveness of the governance process by providing Board leadership and guidance. He leads the Board and Management in setting the long-term objectives of the Group to achieve sustainable returns and growth. He also sets the agenda of the Board and promotes open debate so that all Directors' opinions, ideas and recommendations are taken into account in the decision making process.

The Group MD has the overall responsibility over the performance of each businesses, day-to-day management, implementation of the Group's strategies and policies, with all powers, and delegations properly authorised, from time to time, by the Board. There is a Management's limits of authority and reserved matters set by the Board, in which beyond certain threshold limits, Management needs the Board's prior approval.

A short summary of the roles and responsibilities of the Chairman, Group MD, Senior Independent Director and Non-Executive Independent Directors are as below:

ROLES AND RESPONSIBILITIES

Chairman

- Providing leadership to the Board and ensuring the Board's effectiveness in discharging its fiduciary duties.
- Setting the Board agenda and ensuring the provision of accurate, timely and clear information to the Directors.
- Chairing shareholders' meetings and ensuring appropriate steps are taken to provide effective communication with stakeholders to ensure their views are communicated to the Board as a whole.
- Promoting consultative and respectful relations between the Board members and between the Board and the Management.

Group MD

- Acting as the conduit between the Board and the Management.
- Responsible for the day-to-day operation of the Company's business and the execution of the agreed business policies and directions set by the Board and of all operational decisions in managing the Group.

Senior Independent Director

- Acting as a sounding Board for the Chairman and serves as an intermediary for other Directors, if needed.
- Acting as the point of contact for shareholders and other stakeholders.
- Providing leadership support and advice to the Board in the event the Board undergoes a period of stress.
- Together with the Nomination and Remuneration Committee (NRC), to lead the succession planning and appointment of new Board members.

Independent Director

- Providing independent judgement, experience and objectivity without being subordinate to operational considerations.
- Ensuring that the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that relevant issues are subjected to objective and impartial consideration by the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Main Activities of the Board During the Financial Year

The Board reviews and updates at each meeting a rolling calendar of all key matters to ensure they are allocated adequate time for discussion during each year. A summary of the principal matters considered by the Board in FY2023 is as below:

A FINANCIAL

- 2022 Business Performance Review
- Group's 2023 Business Plan and Budget *(including key digitalisation transformation initiatives)*
- Unaudited quarterly results and audited financial statements for FY2022
- Dividend declaration
- Approval of audit and non-audit fees
- Audit Planning Memorandum for FY2023
- Company's solvency statement for purpose of Share Buy-Back
- Financing options for major projects

B GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROLS

- Integrated Annual Report 2022 including CG Overview Statement, AC Report, Statement on Risk Management and Internal Control, Sustainability Statement, Management Discussion and Analysis and Chairman's Statement
- Corporate Governance Report 2022
- Shareholders' mandate for recurrent related party transactions of a revenue or trading nature and renewal of share buy-back authority
- Review and update Terms of Reference (TOR) of the respective Board Committees and Board Charter
- Keeping abreast on regulatory / statutory requirements and pronouncements as well as report on any breaches of the Listing Requirements as well as the Capital Markets and Services Act
- Directors' and the Principal Officers' disclosures of dealings in the shares of SunCon
- Risk management and internal control systems
- Convening of the Ninth Annual General Meeting (AGM)
- Recommendation for the re-appointment of BDO PLT as External Auditors of the Company for FY2023
- Board and board effectiveness (BDEE) annual evaluation exercise
- Assess and recommend for re-election of retiring Directors at the AGM
- Review of Independent Non-Executive Directors' independence
- Deliberate on the gap analysis of the 2022 BDEE findings and improvement plan
- Discussion on the directors' Continuing Education Programme
- Reports from the Chairman / Chairperson of the Board Committees on the committees' meeting proceedings
- Review on the allocation of power between the Management and the Board as delineated in the Management Limits of Authority
- Donations to non-profit organisation(s) in support as part of the Group's corporate social responsibility
- Approval of fees and benefits payable to the Non-Executive Directors
- Review of the size, structure, composition and gender diversity of the Board and Board Committees
- Review and approve remuneration package for key senior management, i.e. Group MD, CFO and Group Deputy Managing Directors (Group Deputy MDs) of Sunway Construction Sdn Bhd (SCSB)
- Review performance scorecards and performance appraisal as well as the adjustment proposals of the key results areas to the performance scorecards of the Group MD, CFO and Group Deputy MDs of SCSB
- Approval of revised guidelines for material contract and litigations
- Discuss and review the findings of the MCCG Monitor 2022 Report issued by the Securities Commission Malaysia
- Approval of Board Renewal Policy

CORPORATE GOVERNANCE OVERVIEW STATEMENT

C

SUSTAINABILITY

- Deliberate on the Group's ESG and sustainability agendas for 2023
- Discuss the Group's Stakeholder Engagement 2022's results
- Identify and deliberate on key sustainability matters

D

BUSINESS DEVELOPMENT & STRATEGY

- Strategic transformation plan to grow revenue and PBT by 3 times by 2030
- Review and monitor quarterly performance of the Group
- Approval of new investment opportunities, as well as major new project tenders by the Group
- Approval of joint ventures for submission of pre-qualification applications / bids for new projects
- Approval of investment in Virtual Power Purchase Agreement (VPPA)

E

PEOPLE & CULTURE

- Endorsing key Senior Management succession and talent development plans
- HR strategies and planning
- Board succession planning to recruit suitably qualified directors to replace the retiring ones

Key Focus Areas and Future Priorities

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

KEY FOCUS AREAS

Achieve Net Zero Carbon Emissions by 2050

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

Emerging trends and sustainability

The Board will shape the agenda and focus on emerging trends that affect the Group's line of business, and integrate sustainability considerations and ESG-related goals and targets into the Group's operations.

Business diversification and new business opportunities

The Board will continue to assess business diversification and explore new business opportunities in order to ensure the Group's long-term sustainability growth.

Board diversity and succession planning

As an integral part of the Board renewal plan, the Board will consistently look for suitable candidates to enable a smooth transition of the long standing Independent Directors who are approaching the end of their 12-year term in 2026, so that an appropriate balance of experience, expertise, diversity and innovative perspectives can be maintained.

The ongoing prioritisation of the search for suitable women candidate(s) remains a key focus of the Board. The Board is working towards this target.

Stakeholder engagement

The Board will periodically assess the effectiveness of the communication approach and channels to ensure effective and regular communication with its stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Diversity

The Board recognises that diversity, in all dimensions, across an organisation, including at Board level, is important to support innovation, strategic development and operational efficiency. The proportion of women Directors sitting on the Board currently stands at 25% (two out of eight).

The Board will regularly review its balance and composition, taking into account the recommendation(s) of the MCCG, which advocates greater participation of women on Board.

Board Committees

As part of the efforts to ensure the effective discharge of its duties, the Board has delegated certain responsibilities to the Board Committees. There are four standing committees, each operating within defined TOR, to assist the Board in discharging its responsibilities.

The minutes of proceedings of each committee meeting are circulated to all Board members so that all Directors are aware of the deliberations and resolutions made. Where applicable, committees report their decisions to the Board and present their recommendations for the Board's approval.

Audit Committee (AC)

Members of Committee		Key Function
Dato' Siow Kim Lun (Chairman)	Dato' Dr Johari Bin Basri (Member)	Provides critical oversight of the Group's financial reporting and auditing processes, and plays a key role in assessing the internal control framework of the Group.
Dr Sarinder Kumari A/P Oam Parkash (Dr Sarinder Kumari) (Member)	Tan Ler Chin (Member)	

Nomination and Remuneration Committee (NRC)

Members of Committee		Key Function
Dato' Dr Johari Bin Basri (Chairman)		Ensures the Board and its committees have the balance of skills, relevant knowledge and experiences and that adequate succession plans are in place.
Dato' Siow Kim Lun (Member)	Dr Sarinder Kumari (Member)	Reviews the size and composition of the Board to ensure that it consists of the best mix of talents. The NRC is also tasked with reviewing the Group's Remuneration Policy for Directors and Senior Management and ensuring that there is a clear link between performance and remuneration.
Tan Ler Chin (Member)	Tan Sri Dato' (Dr) Chew Chee Kin (Member)	

Risk Management Committee (RMC)

Members of Committee		Key Function
Dr Sarinder Kumari (Chairperson)	Dato' Ir Goh Chye Koon (Member)	Establishes risk tolerance level for each key risk areas.
Dato' Dr Johari Bin Basri (Member)	Dato' Siow Kim Lun (Member)	Reviews and monitors the Group's principal and emerging risks and the effectiveness of the Group's risk management systems.
Evan Cheah Yean Shin (Member)	Tan Ler Chin (Member)	

Board Sustainability Committee (BSC)

Members of Committee		Key Function
Dato' Dr Johari Bin Basri (Chairman)		Reviews, supervises and recommends the Group's sustainability strategies and initiatives, key ESG targets, measurements and performance. Monitors progress and performance scorecard to advance the Group's sustainability leadership.
Tan Ler Chin (Member)	Liew Kok Wing (Member)	

Board Meetings and Attendance

The Board meets at least once every quarter to facilitate the discharge of their responsibilities. Additional meetings will be convened as and when necessary for special matters. In order to ensure all the Directors are able to attend the Board and Board Committees' meetings, the meetings for each financial year are scheduled before the end of the preceding financial year to ensure sufficient time is given to the Directors to plan their schedules and enable them to attend the meetings.

During FY2023, a total of eight (8) Board meetings were held. The Board meetings were normally held one day after the Audit Committee meetings. The Board is satisfied with the level of time commitment given by the Board towards fulfilling their roles and responsibilities as Directors of the Company. A summary of the attendance of the Directors for the Board and Board Committees' meetings is as below:

Name of Directors	Board	AC	NRC	RMC	BSC
Dato' Ir Goh Chye Koon *(Independent Non-Executive Chairman)*	8/8	-	-	5/5	-
Dato' Dr Johari Bin Basri *(Senior Independent Non-Executive Director)*	8/8	5/5	4/4	5/5	2/2
Dato' Siow Kim Lun *(Independent Non-Executive Director)*	8/8	5/5	3/4	5/5	-
Dr Sarinder Kumari *(Independent Non-Executive Director)*	8/8	5/5	4/4	5/5	-
Tan Ler Chin *(Independent Non-Executive Director)*	8/8	5/5	4/4	5/5	2/2
Tan Sri Dato' (Dr) Chew Chee Kin *(Non-Independent Non-Executive Director)*	8/8	-	4/4	-	-
Evan Cheah Yean Shin *(Non-Independent Non-Executive Director)*	8/8	-	-	5/5	-
Liew Kok Wing *(Group MD & Non-Independent Executive Director)*	8/8	-	-	-	2/2

Board papers were distributed via a secured digital portal at least one week prior to the meetings to allow the Directors to have sufficient time to review and obtain further clarification, if necessary. All reports are presented in a clear and concise manner, to allow the Board to analyse and discharge its duties effectively. The Board papers include, amongst others, the following:

- Financial reports, economic updates, business plan and budget;
- Progress report on the Group's projects;
- Risk management and internal control reports;
- Human capital reports;
- Minutes of meetings of Board and Board committees;
- Regulatory / statutory updates;
- ESG and sustainability reports;
- Executive Committee reports; and
- Other operational reports.

There was constructive deliberation during the meetings. All proceedings of the meetings and deliberations were duly recorded in the minutes. Management attends Board meetings to present and provide additional information on matters being discussed and to respond to any queries that the Directors may have.

A short meeting prior to the Board meeting in January 2023 was also scheduled for the Independent Directors without the presence of Management, Company Secretaries and Non-Independent Non-Executive Directors. This exclusive session serves to discuss matters relating to strategy, corporate governance and operational considerations in depth to further promote integrity and open dynamics.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

List of Directorships

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

List of Directorships for Malaysian companies

Dato' Ir Goh Chye Koon

- Sunway Construction Group Berhad

Dato' Dr Johari Bin Basri

- Sunway Construction Group Berhad

Dato' Siow Kim Lun

- Sunway Construction Group Berhad
- EITA Resources Berhad
- Eco World International Berhad
- Radiant Globaltech Berhad
- HLA Holdings Sdn Bhd
- RHB Investment Bank Berhad
- Malaysian Trustees Berhad
- RHB Trustees Berhad

Dr Sarinder Kumari

- Sunway Construction Group Berhad

Tan Ler Chin

- Sunway Construction Group Berhad
- Bursa Malaysia Berhad
- Senheng New Retail Berhad
- Affin Islamic Bank Berhad

Tan Sri Dato' (Dr) Chew Chee Kin

- Sunway Berhad
- Sunway Construction Group Berhad
- Gopeng Berhad
- Sunway Quarry Industries Sdn Bhd
- Sunway Quarry (Kuala Kangsar) Sdn Bhd
- Sunway Quarry Industries (Taiping) Sdn Bhd
- Sunway Quarry Industries (Melaka) Sdn Bhd
- Sunway Eastwood Sdn Bhd
- Sunway Iskandar Development Sdn Bhd *(Alternate Director to Tan Sri Sir Dr Jeffrey Cheah Fook Ling KBE AO)*
- Sunway Iskandar Sdn Bhd *(Alternate Director to Tan Sri Sir Dr Jeffrey Cheah Fook Ling KBE AO)*
- Sunway Integrated Properties Sdn Bhd
- Sunway Holdings Sdn Bhd
- Sunway Winstar Sdn Bhd
- Blacktop Industries Sdn Bhd
- Can Technical Services Sdn Bhd
- TKM Sdn Bhd
- Sunway Treasury Sdn Bhd
- Sunway Treasury Sukuk Sdn Bhd
- Sunway Healthcare Holdings Sdn Bhd
- Sunway City Sdn Bhd
- Sunway Medical Centre Sdn Bhd
- Sunway Medical Centre Penang Sdn Bhd
- SunMed Velocity Sdn Bhd
- Sunway College (KL) Sdn Bhd
- Sunway Education Group Sdn Bhd
- Asian Strategy & Leadership Incorporated Sdn Bhd
- Sunway University Sdn Bhd

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Evan Cheah Yean Shin

- Sunway Berhad
  (Alternate Director to Tan Sri Sir Dr Jeffrey Cheah Fook Ling KBE AO)
- Sunway Construction Group Berhad
- Sunway Construction Sdn Bhd
- Sunway PALs Loyalty Sdn Bhd
- Sunway Ventures Sdn Bhd
- Sunway Marketing Sdn Bhd
- Sunway Management Sdn Bhd
- Sunway Winstar Sdn Bhd
- Sunway Pharma Sdn Bhd
- Sunway PopBox Sdn Bhd
- Sunway Money Sdn Bhd
- Sunway iLabs Ventures Sdn Bhd
  (f.k.a. Sunway Corporate Venture Capital Sdn Bhd)
- Sunway iLabs Accelerator Sdn Bhd
- Sunway Management Services Sdn Bhd
- Sunway iLabs Ventures I Sdn Bhd
  (f.k.a. Sunway Corporate Venture Capital I Sdn Bhd)
- Sunway SCF Sdn Bhd
- Credit Bureau Malaysia Sdn Bhd
- Sunway iLabs Ventures II Sdn Bhd
  (f.k.a. Prestamin Sdn Bhd)
- Sunway Innovation Sdn Bhd
- Sunway XFarms Sdn Bhd
- Bnature Health Sdn Bhd
- World Medicare Supplies Sdn Bhd
- Multicare Health Pharmacy Sdn Bhd
- Monumental Productions Sdn Bhd
- Sunway Healthcare Holdings Sdn Bhd
  (Alternate Director to Tan Sri Dato' (Dr) Chew Chee Kin)
- Active Equity Sdn Bhd
- Jef-San Enterprise Sdn Bhd
- PRK Builders Sdn Bhd
- Sungei Way Corporation Sendirian Berhad
- Timah Menderang Sdn Bhd
- Sungei Way Properties Sdn Bhd
- Sunway Systems Sdn Bhd
- Sunway Technology Sdn Bhd
- Sunway Digital Wave Sdn Bhd
- Sunway MSC Sdn Bhd
- Hitachi Sunway Information Systems Sdn Bhd
- Pasir Mas Holdings Sdn Bhd
- Viablewin (M) Sdn Bhd

Liew Kok Wing

- Sunway Construction Group Berhad
- Sunway Construction Sdn Bhd
- Sunway Builders Sdn Bhd
- Sunway Concrete Products (M) Sdn Bhd
- Sunway Geotechnics (M) Sdn Bhd
- Sunway Industrial Products Sdn Bhd
- Sunway Innopave Sdn Bhd
- Sunway Machineries Services Sdn Bhd
- Sunway Machinery Sdn Bhd
- Sunway Precast Industries Sdn Bhd
- Sunway SK Sdn Bhd
- Sunway Visioneering Sdn Bhd
- Sunway RE Sdn Bhd
- ENGIE-SUNWAY DCS Sdn Bhd

Dato' Tan Kia Loke *(Alternate Director)*

- Malaysian Industry-Government Group for High Technology
  (Alternate Director to Tan Sri Sir Dr Jeffrey Cheah Fook Ling KBE AO)
- Sunway Construction Group Berhad
  (Alternate Director to Evan Cheah Yean Shin)
- Sunway Iskandar Development Sdn Bhd
- Malaysian South-South Corporation Berhad
- Sunway Black Tap Sdn Bhd
- Sunway Lagoon Club Berhad

Wong Kwan Song *(Alternate Director)*

- Sunway Construction Group Berhad
  (Alternate Director to Liew Kok Wing)
- Sunway Construction Sdn Bhd
- Sunway Innopave Sdn Bhd
- Sunway Machinery Sdn Bhd
- Sunway Industrial Products Sdn Bhd
- Sunway Machineries Services Sdn Bhd
- Sunway Precast Industries Sdn Bhd
- Sunway SK Sdn Bhd
- Sunway Builders Sdn Bhd
- Sunway Concrete Products (M) Sdn Bhd
- Sunway RE Sdn Bhd

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Nomination and Remuneration Committee Statement

The NRC comprises exclusively Independent Non-Executive Directors. The Chairman of NRC for FY2023 was Dato' Dr Johari Bin Basri. The other members of the Committee were Dato' Siow Kim Lun, Dr Sarinder Kumari, Ms Tan Ler Chin and Tan Sri Dato' (Dr) Chew Chee Kin.

The NRC is responsible for reviewing the Board's composition, size, diversity and balance. It ensures that the Board comprises directors with appropriate qualifications, knowledge, expertise and experience as well as having a proper balance between Executive Directors and Independent Non-Executive Directors. It is also responsible for advising the Board on matters relating to the remuneration of the Board and senior management in order to retain and attract the best talents in the market.

It regularly reviews the criteria to be used in the Board recruitment process. The NRC will assess the suitability of potential candidate based on pre-determined criteria to augment the existing strength of the Board, including candidate's time commitment. Prospective candidates would have to meet the "Fit and Proper" criterion. In the case of candidate proposed for appointment as Independent Non-Executive Director, the NRC would assess the candidate's independence in accordance with Paragraph 1.01 and Practice Note 13 of the Listing Requirements of Bursa Securities. The NRC has the option of sourcing for candidates from various channels including using external recruitment agency.

The process for the appointment of new director is summarised in the diagram below:

Analyse Needs for New Director

- Arising from resignation / retirement
- Through assessment of context and size of current Board
- Skill and expertise gap identified through Board Evaluation
- Needs for Board diversity
- Part of Board succession planning

Search for Potential Candidate

- Through nominations from Directors and major shareholders
- Through professional bodies
- Through independent search firms

Selection Criteria

- Gather all relevant information such as academic achievements, detailed working experience, etc. for evaluation
- Conduct legal and other background verification checks
- Check interview with the shortlisted candidate
- If suitable, NRC to recommend to Board for approval

Approval Process

- Board to deliberate and decide on the new appointment
- If the proposed appointment is approved, invitation or offer to be made to the proposed candidate to join the Board

The NRC also undertakes and facilitates the annual assessment of the Board and Board Committees. In addition, it is responsible for the succession planning of the Board and senior management.

The duties and responsibilities of the NRC are set out in the TOR of the NRC which is available on the Company's website at https://www.sunwayconstruction.com.my/investor-relations/corporate-governance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Activities of the NRC

During the financial year, four (4) meetings were held to deliberate on the following matters:

- Assessment and endorsement of the final performance appraisals of the Group MD and the CFO of the Company, as well as the Group Deputy MDs of SCSB for financial year 2022.
- Based on the performance appraisal scorecards, the NRC together with Group Human Resource determined the total performance bonus, incentives and annual salary increments of the Group MD and CFO of the Company as well as the Group Deputy MDs of SCSB.
- Discussed and setting the performance scorecards (KPIs) of the Group MD and CFO of the Company as well as the Group Deputy MDs of SCSB for financial year 2023 (FY2023).
- Having evaluated the existing size, structure and composition of the Board and Board Committees, NRC was satisfied that the Board and Board Committees' sizes and composition were appropriate and effective.
- Assessed the competencies, independence and time commitment of Directors based on the Board Effectiveness Evaluation process.
- Reviewed and confirmed the Independent Directors continued independence in accordance with the Bursa Securities Listing Requirements.
- Reviewed and discussed the Directors' training needs and continuing education.
- Assessed the performances / contributions of the retiring Directors and recommending them for re-election at the forthcoming AGM.
- Reviewed and approved the internal assessment methodology for evaluation of the effectiveness of the Board, Board Committees, Directors' Peer Review and the assessment of the Independent Non-Executive Directors for FY2023.
- Reviewed and approved the Key Senior Management succession plan.
- Reviewed and approved Board Renewal Policy.
- Approved the revised TOR of NRC to ensure the scope of duties and responsibilities remained relevant and updated in line with latest developments.
- Reviewed and discussed the achievements of mid-year key KPIs and mid-year performance appraisals of the Group MD and CFO of the Company as well as Group Deputy MDs of SCSB.
- Reviewed and discussed the revised and updated performance appraisal of the Group MD of the Company and Group Deputy MDs of SCSB regarding the change in assessment for one of the key results areas (KRA), i.e. Construction Profit After Taxation and Minority Interests (Construction PATMI).
- Reviewed and discussed the revised and updated performance scorecard of the Group MD of the Company and Group Deputy MDs of SCSB regarding the Key Performance Indicator (KPI) ratings for Construction PATMI and Construction Return on Capital Employed.
- Reviewed and discussed the revised and updated performance scorecard of the CFO of the Company for FY2023 regarding the KPI rating for awards and recognition (branding).
- Reviewed and approved the budget allocation for training and development of the Directors for financial year 2024.
- Endorsement of the NRC Statement which formed part of the Company's Integrated Annual Report 2022.
- Discussed the initial key insights from the recent survey conducted by Bursa Malaysia Berhad and ICDM supported by WTW on Board Remuneration Practices of public listed companies.

Tenure of Independent Directorship

The Board operates in a manner that ensures that the Directors exercise independent judgement and the interests of shareholders are always paramount when the Board makes important decisions.

The Board has adopted a policy whereby the tenure of an Independent Non-Executive Director shall not exceed a cumulative term limit of twelve (12) years in accordance with Paragraph 1.01 of the Listing Requirements (Definition of Independence Director).

The Board is of the view that the ability of long serving Independent Directors to remain independent and to discharge their duties with integrity and competency should not be measured solely by tenure of service. The Board is also of the view that their length of service does not in any way interfere with their exercise of independent judgement and ability to act in the best interests of the Group. They will continue to provide necessary checks and balances in the best interests of the Group and all stakeholders. A term limit of twelve (12) years cumulatively also allows for orderly refreshment of the Board.

During the financial year under review, none of the Independent Non-Executive Directors has reached the twelve (12) years tenure.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Annual Board and Board Committees Evaluation

An annual performance evaluation is carried out to ensure the Board and its Committee are effective. In addition, each Director is assessed on their participation in the board discussion, contribution and time commitment in discharging his / her respective roles and responsibility effectively.

The Board has a Fit and Proper Policy to guide the NRC and the Board in reviewing and assessing potential candidate(s) to be appointed to the Board. This policy also applies to Directors seeking for re-election. The key criteria assessed are character and integrity, conflict of interest, experience and competence, time and commitment. Annual re-election of a retiring Director is contingent upon satisfactory rating from the evaluation of the Director's performance and contribution to the Board.

The NRC reviews the results of the evaluation and makes recommendations to the Board on areas which requires improvements.

In 2023, the evaluation process was conducted internally and facilitated by the Company Secretaries. Based on the evaluation, the results were tabulated and reported to the NRC. All assessments carried out by the NRC were properly documented, summarised and reported to the Board. The results of the survey and recommendations of the NRC were taken where necessary with a view to enhancing its effectiveness.

The assessment criteria and outcome are summarised as follows:

Board Evaluation	Board Committee Evaluation	Director's Peer Evaluation	Independent Directors' Self-Assessment
Assessment Criteria			
Board mix, composition and development, Board dynamic and effectiveness, conduct of board meetings, roles and responsibilities, company performance, performance of Chairman, performance of Group MD, Board sustainability matters, stakeholder engagement.	Committee composition, quality, skill and competencies, roles and responsibilities, effective communication, qualification of chairman / chairperson.	Director's fit and proper criteria, contribution and performance, individual competencies and personality, understanding of roles.	The criteria set under paragraph 1.01 of the Listing Requirements of Bursa Securities.

OUTCOME AND NEXT STEPS

The Directors were satisfied with the effective functioning of the Board as a whole. The Board comprised majority Independent Directors who had demonstrated their independence, boldness in voicing their opinions and maintaining impartiality at all times.

The Director's peer review affirmed that each director had performed their respective roles and functions effectively and responsibly. Each member was satisfied with each other's contribution in sharing their ideas and insights. They were involved in active participation in Board and Board Committees' deliberations. There was no risk of group think as each Director had freedom to express their own views. All the Board Committees were assessed to be effective in discharging their roles and responsibilities in accordance to the approved TORs.

The Board members had shown their time commitment by attending all their meetings. In line with MCCG's best practice of ensuring a periodic externally-facilitated Board evaluation by a professional independent consultant, the Board planned to engage independent expects to facilitate its annual assessment once every three (3) years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Looking Ahead to FY2024

Some of the future priorities of NRC will be as follows:

1. Annual Board renewal
2. Focused talent management and succession planning
3. Keeping track of governance trends as well as business disruptions and threats

Board Sustainability Committee Statement

The Group has in place a Board Sustainability Committee (BSC) to assist the Board in sustainability initiatives and climate change issues. The BSC is chaired by Dato' Dr Johari Bin Basri and the other members of the committee were Ms Tan Ler Chin and Mr Liew Kok Wing.

The key functions of BSC included:

- oversee the Group's sustainability strategy;
- consider and approve proposals from the Sustainability Working Team and recommend them to the Board for adoption;
- consider and recommend to the Board on the Group's position pertaining to emerging sustainability issues; and
- consider any other matters relevant to sustainability or ESG matters that are referred to the BSC by Board.

The duties and responsibilities of BSC are set out in the TOR of BSC which is available on the Company's website at https://www.sunwayconstruction.com.my/investor-relations/corporate-governance.

During the financial year, the BSC met two (2) times to deliberate on the following matters:

On the BSC meeting held on 20 March 2023, the BSC reviewed and discussed the following matters:

- Results of Stakeholder Engagement 2022, which engaged a broad spectrum of stakeholders including the Directors, top management, employees, investors, financiers, analysts, clients, suppliers and sub-contractors, media and non-governmental organisations, government agencies, and regulators. Upon recommendation by Senior Management, BSC approved the adoption of all 14 material topics surveyed as stated below, recognising their critical role in driving the Group's business model and fostering value creation:

Environmental, Social and Governance (ESG) Focus Areas

Environmental
- Climate action
- Circular economy
- Water protection
- Biodiversity

Social
- Occupational safety and health
- Employee management
- Product quality and responsibility
- Fair labour practice
- Community enrichment

Governance
- Governance and ethical business
- Anti-corruption and anti-bribery
- Responsible supply chain
- Risk and regulatory compliance
- Data privacy and security

- ESG Performance 2022; and
- Update on employee health screening programme.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

At the BSC meeting held on 25 July 2023, the BSC reviewed and discussed the following sustainability initiatives:

- Emission Reduction Targets
- Implementation of green practices
- Environmental and social programmes and activities

Directors' Onboarding, Training and Development

The Company has a structured onboarding programme that is tailored for all newly appointed Directors. This includes, where appropriate, meetings with members of the senior management and visits to the business divisions and their respective management teams in each of the Company's business sectors. Ongoing training and development beyond the on-boarding process is encouraged.

Each new Director receives background information on the Group immediately upon confirmation of appointment. Onboarding programme would be arranged where each new Director receives information on all aspects of the Group's business operations.

In view of the increasingly demanding, complex and multi-dimensional role of a director, the Board recognises the importance of continuous training and professional development to keep abreast of changing operating environments and disruptive trends.

During the FY2023, all members of the Board attended various development / training programmes to broaden their knowledge and to keep abreast of the general economic, industry and technical developments as well as changes in law and regulations relevant to the business operations.

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

Name of Directors	Title of Seminar / Workshop Attended	Name of Organiser	Date of Attendance
Dato' Ir Goh Chye Koon	Sunway Leaders Conference 2023	Sunway	9 Jan 2023
	Mandatory Accreditation Programme Part II: Leading for Impact	Institute of Corporate Directors Malaysia (ICDM)	13 & 14 Sep 2023
Dato' Dr Johari Bin Basri	Sunway Leaders Conference 2023	Sunway	9 Jan 2023
	Mandatory Accreditation Programme Part II: Leading for Impact	ICDM	19 Sep 2023 & 14 Dec 2023
Dato' Siow Kim Lun	Sunway Leaders Conference 2023	Sunway	9 Jan 2023
	Can America Stop China's Rise? Will ASEAN be Damaged?	FIDE Forum	12 Jan 2023
	Keeping the Board Out of Trouble	Asia School of Business: Iclif Executive Education Center	7 Mar 2023
	Key Updates on Malaysian Taxation	Ernst & Young and RHB Bank	24 Mar 2023
	Bond & Sukuk Trustees Forum 2023	Securities Commission Malaysia	12 May 2023
	Cyber Resilience – Boards' Top 3 Must Knows	ICDM	25 May 2023
	SC Guidelines on Conduct for Capital Markets Intermediaries for Good Business Conduct and Corporate Culture	Securities Industry Development Corporation	5 Jul 2023
	ASB CEO Fireside Chat Series	Asia School of Business: Iclif Executive Education Center	21 Jul 2023
	Governance & Risk Management	Asia School of Business: Iclif Executive Education Center / Bursa Intermediaries Programme	3 Aug 2023
	Top & Emerging Risks – Training for Board Members	RHB Bank and Bain & Co	12 Sep 2023
	Audit Committee Conference 2023 - Audit Committees: Catalysts of Change	The Institute of Internal Auditors Malaysia and Malaysian Institute of Accountants	14 Sep 2023
	Anti-Money Laundering and Combating the Financing of Terrorism	Hong Leong Assurance	15 Nov 2023
	Audit Oversight Board (AOB) Conversation with Audit Committees	AOB Securities Commission Malaysia	27 Nov 2023
	Mandatory Accreditation Programme Part II: Leading for Impact	ICDM	29 & 30 Nov 2023

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name of Directors	Title of Seminar / Workshop Attended	Name of Organiser	Date of Attendance
Dr Sarinder Kumari	Sunway Leaders Conference 2023	Sunway	9 Jan 2023
	A 60-Minute Crisis Management - A Guide For Board Members	ICDM	22 Mar 2023
	Carbon Emissions Webinar	Academy of ESG and Sustainability Sdn Bhd	19 Apr 2023
	Chairperson Masterclass Series: Concept of Double Materiality	Climate Governance Malaysia (CGM)	3 Aug 2023
	National Climate Governance Summit 2023	CGM and Companies Commission of Malaysia	5 Sep 2023
	Climate Governance Workshops for SMEs	CGM, Kementerian Pembangunan Usahawan dan Koperasi and SME Corporation Malaysia	7 Sep 2023
	Mandatory Accreditation Programme Part II: Leading for Impact	ICDM	8 & 9 Nov 2023
	Chairperson Masterclass Series: Managing Scope 3 Emissions	CGM	28 Nov 2023
Tan Ler Chin	Sunway Leaders Conference 2023	Sunway	9 Jan 2023
	A 60-Minute Crisis Management - A Guide For Board Members	ICDM	22 Mar 2023
	A Dialogue with Bursa Malaysia - FTSE4GOOD ESG Rating for All PLCs	ICDM	14 Apr 2023
	Mandatory Accreditation Programme Part II: Leading for Impact	ICDM	6 & 7 Nov 2023
Tan Sri Dato' (Dr) Chew Chee Kin	Sunway Leaders Conference 2023	Sunway	9 Jan 2023
	Mandatory Accreditation Programme Part II: Leading for Impact	ICDM	25 & 26 Oct 2023
	The ASLI Banking & Finance Summit 2023: The Future of Financing and Financing The Sustainable Development Goals	Asian Strategy & Leadership Institute (ASLI)	14 Nov 2023
Evan Cheah Yean Shin	Sunway Leaders Conference 2023	Sunway	9 Jan 2023
	Mandatory Accreditation Programme Part II: Leading for Impact	ICDM	19 & 20 Sep 2023
Liew Kok Wing	Sunway Leaders Conference 2023	Sunway	9 Jan 2023
	MIDA Hydrogen Economy Seminar	Malaysian Investment Development Authority	21 Mar 2023
	Mandatory Accreditation Programme Part II: Leading for Impact	ICDM	4 - 7 Sep 2023
Dato' Tan Kia Loke *(Alternate Director)*	Sunway Leaders Conference 2023	Sunway	9 Jan 2023
	Mandatory Accreditation Programme Part II: Leading for Impact	ICDM	4 - 7 Sep 2023
Wong Kwan Song *(Alternate Director)*	Sunway Leaders Conference 2023	Sunway	9 Jan 2023
	42nd International Federation of Asian and Western Pacific Contractors' Associations (IFAWPCA) Mid-Term Executive Board Meeting	Mongolian National Construction Association	12 - 17 Jun 2023
	Certified Construction Project Manager (CCPM) Accreditation Programme: Level 6	KLIA Training and Research Centre Sdn Bhd and Master Builders Association Malaysia	1 & 8 Jul 2023
	Mandatory Accreditation Programme Part II: Leading for Impact	ICDM	13 & 14 Nov 2023

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors' Remuneration

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

The remuneration of the Non-Executive Directors is reviewed by the Board as a whole, to ensure that it is aligned to market and to their duties and responsibilities. The remuneration of the Non-Executive Directors consists of fixed annual directors' fees and meeting allowance for each Board or Board Committees meeting attended. The fees and allowance payable to Non-Executive Directors are subject to the shareholders' approval at the AGM based on the recommendation of the Board.

In addition to the directors' fees, the Chairman and members of the AC are entitled to AC's fees in respect of their governance and oversight responsibilities over financial reporting, internal control system, risk management system, internal and external audit function. The AC's fees are subject to the shareholders' approval at the AGM and will be reviewed as and when the need arises. The AC fees are payable annually together with the payment of the directors' fees.

Board Chairman	Non-Executive Director	Meeting allowance	AC Chairman	AC Member
RM180,000 per year	**RM100,000** per year	**RM500** per meeting	**RM6,000** per year	**RM3,000** per year

The details of the Directors' remuneration for the FY2023 are disclosed in the CG Report, which is available on the Company's website https://www.sunwayconstruction.com.my/investor-relations/corporate-governance.

Access to Management & Independent Professional Advice

All Directors have direct access to the advice and services of the Company Secretaries. The Company Secretaries attend all the Board meetings and are accountable directly to the Board, through the Chairman of the Board, on all matters to do with the proper functioning of the Board, including compliance with the Company's Constitution, CA 2016, Listing Requirements of Bursa Securities, the Securities Commission Guidelines, etc. The Company Secretaries are associate members of the Malaysian Institute of Chartered Secretaries and Administrators and are licensed by the Companies Commission of Malaysia.

The appointment and the removal of the Company Secretaries are subject to approval of the Board. All Directors, whether as a full Board or in their individual capacity, have the authority to obtain independent professional advice, when necessary, at the Company's expense.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Conflicts of Interest

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

In respect to mandated recurrent related party transactions (RRPT mandate), the Board was satisfied that all transactions were independently scrutinised and reviewed by the AC to ensure that they had complied with the Listing Requirements of Bursa Securities and the terms of the shareholders' mandate. The Company had obtained a renewal of its RRPT mandate from the shareholders on 19 June 2023.

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

Notices on the closed periods for dealings in the shares of the Company are circulated to all Directors and principal officers of the Company in order for them to make the necessary disclosure to the Company in advance of whenever the closed period is applicable.

Sustainability Practices

The Group believes that doing business in a sustainable manner goes hand-in-hand with corporate responsibility and both are integral in generating and sustaining short and long-term value for its stakeholders. As such, the Board is committed to promoting business sustainability strategies via continuous balanced assessment and development of its operations, whilst simultaneously conserving and improving the environment, and uplifting the socio-economic conditions of its employees and local communities.

Details of the sustainability programmes and initiatives are set out in the Sustainability Statement in pages 80 to 114 of this Integrated Annual Report.

Code of Conduct and Business Ethics & Whistleblowing Policy

The Board promotes good business conduct and healthy corporate governance culture that emulates integrity, transparency and fairness in line with the Company's Code of Conduct and Business Ethics (Code). The Code sets out the principles and standards of business ethics and conduct of the Group and is to be observed by all employees, officers and Directors of the Group.

The Company also has in place a Whistleblowing Policy and Procedures. The objective of this policy and procedures is to provide a mechanism for all levels of employees and stakeholders of the Group to report concerns about any suspected wrongdoing, inappropriate behavior or misconduct relating to fraud, corrupt practices and / or abuse at the earliest opportunity for expeditious investigation.

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

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

Whistleblowing Hotlines:

(603) 5639 8025	whistleblowing@sunway.com.my

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

Further details of the Code, Whistleblowing Policy and Procedures, ABC Policy and the AML Policy are set out in the CG Report.

The Code, Whistleblowing Policy and Procedures, ABC Policy, AML Policy as well as the CG Report are available at the Company's website at https://www.sunwayconstruction.com.my/investor-relations/corporate-governance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE 2 EFFECTIVE AUDIT AND RISK MANAGEMENT ACCOUNTABILITY

The Board remains committed towards maintaining a sound risk management and internal control systems and policies to safeguard the shareholders' interest. The Group maintains an adequate and effective system of risk management and internal controls addressing material financial, operational, regulatory, compliance and information technology risks to safeguard the stakeholders' interests.

The Board supported by the AC and the RMC, recognises that the risk management and internal control systems established can provide only reasonable assurance that the Group will not be significantly affected by any event that can be reasonably foreseen or anticipated. There are no systems of risk management and internal controls that can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

The Board through the AC and RMC, has overall responsibility for the governance of risk and oversees the Management in the design, implementation and monitoring of the risk management and internal controls systems. The RMC oversees the adequacy and effectiveness of the risk management framework, systems and policies of the Group. The AC is tasked with the responsibility of evaluating the reliability, adequacy and effectiveness of the Group's risk management and internal control systems, including whether there is prompt and accurate recording of transactions and proper safeguarding of assets. The IAD which is in-charge of the internal audit function, assists the AC in reviewing, evaluating and monitoring the effectiveness of the Group's governance, risk management and internal control processes.

The RMC is assisted by the Risk Working Committee (RWC) at the operational level. The RWC identifies, mitigates and monitors the critical risks highlighted by each Business Divisions. The Board through the RWC, has received assurances from the Group MD and the CFO that the risk management framework and internal controls system of the Group are operating adequately and effectively.

Regular assessments on the adequacy and integrity of the internal controls and monitoring of compliance with policies and procedures are also carried out through internal audit exercises. The risk-based internal audit plan that includes internal audit coverage and scope of work were presented to the AC for its consideration and approval annually. Internal audit reports encompassing the audit findings together with recommendations thereon are presented to the AC on a quarterly basis. The internal auditors and Management are tasked to ensure management action plans are carried out effectively and regular follow-up audits are performed to monitor the continued compliance.

Having reviewed the adequacy and effectiveness of the Group's risk management and internal control system for the year under review, the Board is of the view that the risk management and internal control system is satisfactory and there were no material losses incurred during the year under review as a result of internal control weakness or adverse compliance events.

Details of the Risk Management Framework and internal controls system of the Group are as set out in the Statement on Risk Management and Internal Control section on pages 162 to 167 of this Integrated Annual Report.

Risk Management Committee

The RMC has oversight on the Group's risk management framework and all its related policies. The RMC comprised exclusively Non-Executive Directors and was headed by Dr Sarinder Kumari, with Dato' Ir Goh Chye Koon, Dato' Siow Kim Lun, Dato' Dr Johari Bin Basri, Mr Evan Cheah Yean Shin and Ms Tan Ler Chin as members.

The Group's overall risk management processes is the responsibility of the Board undertaken through the RMC. The RMC supports the Board and Management in setting the tone from the top so as to embed and maintain appropriate risk culture. It guides the development of and recommends for the Board's approval, the risk appetite of various risks identified. It exercises oversight on how this is operationalised into individual risk appetite limits.

The RMC is governed by its TOR, which is available on the Company's website at https://www.sunwayconstruction.com.my/investor-relations/corporate-governance.

The RMC, with the assistance of the RWC:

- Evaluates and determines the nature and extent of the risks the Board is ready to endorse in pursuit of the Group's strategic objectives;
- Ensures an appropriate and effective risk management framework is established and maintained;
- Monitors the design and implementation of the risk management framework;
- Oversees management of risk identification, reporting and mitigation efforts. The risk management review is reported to the RMC on a quarterly basis for review and discussion; and
- Reviews and approves the Statement on Risk Management and Internal Control.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the FY2023, five (5) meetings were held to deliberate on the following matters:

(i)	Reviewed the risk category and risk appetite of the Group;
(ii)	Deliberated on the quarterly risk reports highlighting the identified principal risks at operational levels, the corresponding rating for each risk as well as the control and mitigation action plans taken;
(iii)	Reviewed and endorsed the Statement on Risk Management and Internal Control to be included in the Company's Integrated Annual Report 2022;
(iv)	Reviewed and recommended changes to the RMC's TOR;
(v)	Reviewed and deliberated on the Anti-Bribery and Corruption (ABC) and Anti-Money Laundering Anti-Terrorism Financing Compliance Report presented by the Anti-Bribery and Compliance Officer;
(vi)	Reviewed the ABC Risk Assessment Report presented by the Anti-Bribery and Compliance Officer;
(vii)	Reviewed and deliberated the crisis management strategy of the Group. It was approved that the Group MD would continue to serve as the official spokesperson for crisis management in the event of any crisis incidents; and
(viii)	Reviewed and deliberated the cyber security system and practices of the Group.

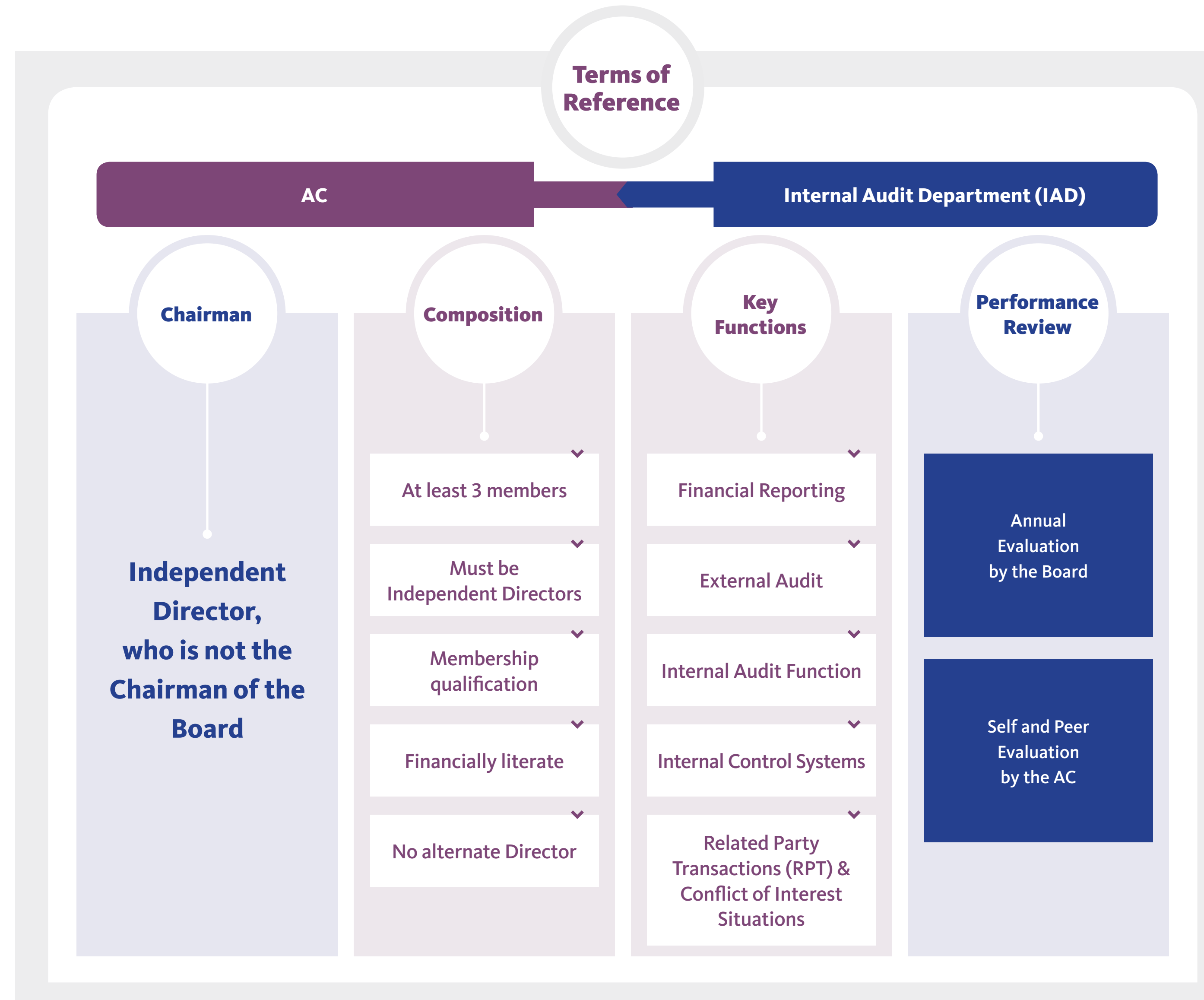
During the year under review, the RMC discussed the findings and the impact of the following potential risks:

(i)	Bribery and corruption risk;
(ii)	Delay in project delivery resulting in legal and reputational risk;
(iii)	Cost overrun;
(iv)	Lack of return on investment of machineries / assets and idling machines;
(v)	Reliability of sub-contractors;
(vi)	Legal workers;
(vii)	Scarcity of construction projects in the market;
(viii)	COVID-19 pandemic outbreak;
(ix)	Collection risk; and
(x)	Relocation of precast plant in Johor due to the compulsory land acquisition by the Johor Bahru Land Office.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

AUDIT COMMITTEE REPORT

The Board of SunCon is pleased to present the AC Report which provides insights into the manner in which the AC discharged its oversight functions during the FY2023.



TERMS OF REFERENCE

The TOR established the authority, duties and responsibilities of the AC.

The TOR is available on the Company's website at www.sunwayconstruction.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The AC assists the Board in ensuring effective governance over the Company and the Group financial reporting, including the adequacy of related disclosures, the performance of both the internal audit function and the external auditors, and the oversight over the Group's systems of internal controls, RPT as well as any potential conflict of interest matters.

COMPOSITION

The AC comprised of four (4) members, all of whom were independent Non-Executive Directors (NEDs) during the FY2023. Members of the AC comprised the following Directors:

Members	Status of Directorship
1. Dato' Siow Kim Lun (Chairman)	Independent Non-Executive Director
2. Dato' Dr Johari Bin Basri (Member)	Senior Independent Non-Executive Director
3. Dr Sarinder Kumari (Member)	Independent Non-Executive Director
4. Ms Tan Ler Chin (Member)	Independent Non-Executive Director

The composition of the AC complied with paragraphs 15.09(1)(a) and (b) of the Listing Requirements and the principles and practices set out in the MCCG, including the 'Step-up' requirement that all members should be independent NEDs.

Dato' Siow Kim Lun, the Chairman of the AC, has been approved and recognised by the Bursa Securities as a person qualified for the purpose of paragraph 15.09(1)(c)(iii) of the Listing Requirements.

PERFORMANCE OF AC

The Board, through its NRC, reviewed annually the terms of office of the AC. The NRC also assessed the performance of the AC as well as its members' financial literacy, skills set, experiences and competencies through an annual evaluation process. Additional areas of assessment included time commitment, ability to probe, understand and deal with complex issues confidently, working closely with external and internal auditors as well as monitoring related party transactions and conflict of interest situations. The AC members also undertook a Self and Peer Evaluation to assess whether the AC members have the competencies to discharge their duties and responsibilities in accordance with its TOR. These assessments were facilitated by the Company Secretary.

Based on the outcome of the annual assessment for 2023, the Board was satisfied with the performance and time commitment of the AC and its members and concluded that they have effectively discharged their functions, duties and responsibilities in accordance with its TOR.

MEETINGS AND ATTENDANCE

A total of five (5) AC meetings were held during the financial year under review. The AC meetings for the year under review were pre-scheduled to allow the Directors to plan ahead and incorporate the meeting dates into their respective schedules. The members of the AC and their meetings attendance record are as follows:

Name of AC Member	Membership	Number of Meetings Attended	Percentage of Attendance
Dato' Siow Kim Lun	Chairman	5/5	100%
Dato' Dr Johari Bin Basri	Member	5/5	100%
Dr Sarinder Kumari	Member	5/5	100%
Tan Ler Chin	Member	5/5	100%

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The following parties were invited to attend the AC meetings:

Invitees	Frequency of attendance	Purpose
Group MD, CFO, Group Deputy MD of main subsidiary, SCSB	All meetings	To provide explanation and to address audit and internal control issues relating to the Group's finance and business operations as well as to report on the Group's financial performance.
Head of IAD and team members	All meetings	To present and respond to questions raised relating to the internal audit (IA) reports, annual audit plan, training plans, department budgets, investigation reports and to update the AC on new relevant governance and compliance matters.
External Auditors, Messrs BDO PLT (External Auditors or BDO)	3 meetings	To present to the AC and respond to questions raised regarding the audit plan, the audit findings, the independent auditors' report and draft audited financial statements as well as any other matters in respect of the Company considered important for the AC's attention.
Senior Management Officers	As and when necessary	To brief the AC on specific issues involving their respective areas of responsibilities arising from the internal audit reports or any matters of interest.

The minutes of each AC meeting were recorded and tabled for its confirmation at subsequent meetings. All meeting minutes, including agenda papers deliberated were properly documented. The Chairman of the AC (AC Chairman) reported the recommendations and remedial actions (if any) to the Board for its consideration and implementation. Significant matters and recommendations were highlighted and monitored by the AC at its immediate subsequent meeting. The AC reports to the Board every quarter on matters falling within its TOR.

SUMMARY OF WORK OF THE AC

During the FY2023, the AC carried out the following activities in the discharge of its functions and duties:

1. FINANCIAL REPORTING

(a) Quarterly Financial Results

At its quarterly meetings held on 20 February 2023, 22 May 2023, 21 August 2023 and 20 November 2023, it had reviewed and discussed with the Management the quarterly management accounts and the financial reports to be released to Bursa Securities. Attention were focused on ensuring that the necessary processes and controls were in place in the preparation of accurate financial reports.

At each of the meetings, the CFO presented the quarterly 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 2023;

(ii) There were no significant and unusual issues other than those reported in the financial statements;

(iii) The Company and the Group continued to operate as going concerns; and

(iv) The accounting standards, regulatory and other legal requirements had been complied with in preparation of the financial statements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The AC scrutinised the quarterly financial results with Management to ensure appropriateness of the accounting treatment and the accuracy of the reported financial figures. The CFO highlighted the material transactions, accounting adjustments and provisions made. Explanations to material variances or movements during the relevant quarters were highlighted and explained.

The AC, at all its quarterly meetings, also reviewed the implementation status of the corrective actions arising from the audit recommendations to ensure that any key risks and control lapses were addressed in a timely manner. It also ensured that adequate resources and talents were available in preparing the financial reports.

Having reviewed the quarterly financial results, the AC was satisfied that the unaudited quarterly financial results had been prepared in accordance with the Listing Requirements and the relevant approved accounting standards so as to give a true and fair view of the financial position of the Company and of its financial performance and cashflows for each quarter.

The AC's recommendations of the quarterly financial results were presented to the Board for approval at each subsequent Board meetings for release to Bursa Securities.

(b) Audited Financial Statements

On 29 March 2023, the AC together with the External Auditors and Management reviewed and deliberated on the annual audited financial statements for the financial year ended 2022 (AFS2022).

The AC was briefed on the significant audit findings, key audit matter (KAM) raised by the External Auditors and summary of misstatements, as well as the disclosures required in the Independent Auditors' Report (IA Report) of the AFS2022.

At the aforesaid meeting, the Management and External Auditors confirmed to the AC that the AFS2022 was prepared in accordance with the relevant accounting standards and statutory requirements. On the recommendation of the AC, the Board subsequently approved the release of the AFS2022 to Bursa Securities.

(c) Accounting Standards and Other Relevant Regulatory Requirements

On 29 March 2023, the AC was briefed on the revised Malaysian Government Budget 2023 tabled in February and its impact on the Group.

The AC was also briefed on the amendments to the relevant legislations, accounting standards and other relevant regulatory requirements that could have financial effect on the Group.

On 24 May 2023, the CFO updated on the following two new accounting standards:

MFRS 17	MFRS 112
Insurance Contracts	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

On 20 November 2023, the AC was updated by the External Auditors on the ESG financial reporting standard and Bursa Securities pronouncement:

(a) The exposure drafts on IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate related Disclosure* which were published by The International Sustainability Standards Board (ISSB) on 31 March 2022; and

(b) Amendments to Listing Requirements of Bursa Securities in relation to the Enhanced Sustainability Reporting Framework (Enhanced Sustainability Framework).

The External Auditors also informed the AC that BDO has prepared its Transparency Report 31 December 2022 pursuant to the requirement of the Audit Oversight Board and paragraph 33(d)(ii) of International Standard on Quality Management (ISQM).

The Transparency Report 2022 is available on BDO's website at https://www.bdo.my/en-gb/insights/featured-insights/bdo-plt-transparencyreport-31-december-2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2. EXTERNAL AUDIT

(a) The AC met with the External Auditors on the following dates:

- The AC on 20 February 2023 reviewed and deliberated with the Management and the External Auditors the Audit Report by the External Auditors in respect of their audit for financial year ended 2022 (FY2022).

  The External Auditors had confirmed their professional independence in relation to the audit engagement for FY2022. They also reported on their audit status vis-a-vis the audit plan which outlined the scope of work, audit strategy and approach. The AC was briefed on the audit findings on areas of significant auditors' attention, summary of misstatements, key audit matter (KAM), etc. which they had identified during the course of their audit and the justifications provided by the Management.

  The External Auditors had subsequently confirmed that they were not aware of any non-compliance of laws and regulations, as well as any material litigations and claims against the Group other than those brought forward from prior financial years.

  The AC and Management had also confirmed that they were not aware of any non-compliance of laws and regulations or any significant fraud related matters.

- The AC, on 29 March 2023, had discussed with the External Auditors the final draft of the AFS2022. It was noted that there was no material deviation between the audited financial results for FY2022 and the unaudited fourth quarter results for the period ended 31 December 2022.

  The External Auditors were of the opinion that the Company's AFS2022 provided a true and fair view of the financial position of the Company and of its group in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016.

  Based on its annual audit, the External Auditors reported the following KAM and its audit response in its Independent Auditors' Report for the financial year 2022:

  Revenue recognition from construction contracts

  It requires management to exercise significant judgements in estimating the progress towards complete satisfaction of performance obligations and determining whether there is any exposure to liquidated ascertained damages (LAD). The progress towards complete satisfaction of performance obligations is measured using the output method, which is based on the contract work certified to date over the estimated total contract sum.

- The AC had also reviewed and discussed with the External Auditors and Management the Audit Planning Memorandum for financial year 31 December 2023 which outlined the External Auditors' engagement and reporting responsibilities, audit approach, materiality and performance materiality, areas of significant auditor attention, engagement team, reporting and deliverables.

(b) The AC had two (2) private sessions with the External Auditors during the financial year to discuss any issues as well as any concerns arising from their audit without the presence of Management and the Non-Independent Non-Executive Directors on 20 February 2023 and 29 March 2023. No major concerns were highlighted and the External Auditors had also confirmed that they had received full cooperation from the Management and had unrestricted access to all the Company's records. Furthermore, BDO was satisfied with the competencies of the various project finance teams who were able to provide timely information and supporting documents.

(c) The AC had at its meeting held on 29 March 2023 reviewed the audit and non-audit fees for the FY2022.

The details of the nature of non-audit services rendered by the External Auditors and / or its affiliates for the FY2022 are set out as follows:

Fees paid and / or payable to External Auditors or its affiliates	FY2022	
	Company (RM'000)	Group (RM'000)
Statutory audit and related fees	19	602
Non-audit fees	6	51
Total	**25**	**653**

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The AC having considered the nature, scope and amount of non-audit fees, was satisfied that there was no conflict of interest and it would not impair the independence of the External Auditors. The non-audit fees did not comprise more than 50% of the total fees paid to the External Auditors. The AC subsequently recommended the audit and non-audit fees for the Board's approval.

(d) The AC had also undertaken an annual assessment on the performance, suitability and independence of the External Auditors based on the following criteria:

- Audit performance;
- Quality of communication;
- Independence;
- Objectivity;
- Professionalism; and
- Adequacy of resources.

The assessment was carried out by the AC members, the CFO office and the IAD. The results of the evaluation were tabled at the AC meeting held on 20 February 2023. Based on the assessment, the AC and Management were satisfied with the External Auditors' independence, performance and their audit quality for the FY2022.

As part of the independence review process, the External Auditors had also provided its written confirmation on its independence and the measures undertaken to control the quality of its audit work.

As such, the AC had subsequently recommended to the Board that the External Auditors be re-appointed for the next financial year subject to the shareholders' approval at the Company's 2023 Annual General Meeting.

3. INTERNAL AUDIT

(a) The IAD's 2023 Internal Audit Plan (IA Plan) was presented at AC meeting held on 20 February 2023. The IA Plan was developed using a risk-based audit approach and complied with the best practices of the International Standard for the Professional Practice of Internal Auditing (SPPIA) issued by the Institute of Internal Auditors (IIA). The audit planning processes included developing an audit universe and assessing the risks based on various parameters.

The AC ensured that the IA Plan was adequate and the audit scope selected was relevant and resources allocated was sufficient to implement it.

The IA Plan and its proposed audit timetable and the budgeted man-hours were subsequently approved by the AC. The IA Plan was also reviewed on a quarterly basis taking into account any developments which would have a major impact on the audit coverage.

The IAD's planned and ad-hoc audit assignments for 2023 were mainly carried out in the following areas:

- Review of processes for tendering and awarding of contracts to subcontractors to ensure internal controls were adequate and effective and complied with the Group's existing policies and procedures. Contracts reviewed during the year included key trade packages such as structural, mechanical and electrical engineering and architectural for all major on-going projects;
- Review of project performances and processes over budgetary control, major materials management, site payments and resources management to ensure internal controls were adequate and effective and complied with existing policy and procedures;
- Review of key processes for precast division and audit visits to the new Integrated Construction and Prefabrication Hub (ICPH) in Singapore;
- Review of the adequacy and effectiveness of risk management and internal controls for current projects in India;
- Review of Information Security Management System (ISMS) implemented by IT service provider for compliance with ISO / IEC 27001:2013 ISMS standards and followed up on issues highlighted in the previous year;
- Review of the adequacy of IT security controls for applications hosted on dedicated cloud platforms;
- Review of the adequacy of Enterprise Risk Management framework and processes;
- Conducted compliance and governance reviews on the following areas:
  - › Review of the adequacy and effectiveness of internal controls over the data collections and reporting process for SunCon Sustainability Statement.
  - › Anti-Bribery and Corruption (ABC) framework - assessed compliance to SunCon's ABC policies and procedures by business units and ensuring that these policies continue to be adequate and effective in the conduct of business. A follow-up audit was performed on the management actions taken for issues raised in the previous audit. Audit on compliance to ABC policies has been carried out on a yearly basis since the implementation of the ABC policies and procedures in 2020. The audits are carried out on the rotational basis covering all business units during the year and will be carried out at least once in every 3 years.
  - › Conflict of Interest - assessed the adequacy of the Conflict of Interest Declarations procedures for reviewing, monitoring and managing conflicts to ensure business integrity, transparency and compliance to SunCon's Code of Conduct and Business Ethics (CCBE) policy. These audits were carried out on all business units on a yearly basis.
  - › Recurrent Related Party Transactions (RRPTs) - compliance to procedures established by the shareholders' RRPT Mandate.
- Performed ad-hoc reviews and investigations; and
- Follow-up audits on previous audit findings ensuring that corrective actions were properly and timely implemented by management.

(b) The AC had reviewed the results of audit engagements carried out by IAD at every quarterly meeting and discussed the major findings and audit recommendations. The AC also reviewed the status of implementation of corrective actions taken by Management to ensure appropriate remedial actions were taken on a timely basis to address all areas of risk and internal control issues. In addition, the Head of IAD updated the AC on the progress of the IA Plan and results of ad-hoc assignments including audit investigations.

(c) At the meeting held on 20 February 2023, the IA Function Evaluation Report was tabled to the AC with regard to the assessment of the performance of the IAD. The AC assessed the effectiveness of the internal audit function in terms of scope and compliance with relevant regulatory standards as well as their collaboration with the External Auditors. The AC also assessed the adequacy of resources within the IAD, as well as the core skills and competencies of the IAD's staff.

The AC was satisfied with the performance of the IAD in 2022 and was of the opinion that the internal audit function was appropriate to its size and the nature and scope of its activities.

(d) At the meeting held on 29 March 2023, the Head of IAD confirmed to the AC that all the internal auditors had signed a self-declaration that they were and had been independent, objective and free from any relationships or conflicts of interest which could impair their objectivity and independence. The internal auditors also declared that they were in compliance with the Code of Conduct and Business Ethics and Conflict of Interest Policies of the Company and the IIA's Code of Ethics while carrying out their duties as internal auditors.

(e) At the AC meeting held on 22 May 2023, the Head of IAD presented the Internal Quality Assessment On-Going Monitoring Report on its internal quality assessment.

(f) At the meeting held on 20 November 2023, the AC met with the Head and core team members of the IAD without the presence of the Management and Executive Board members to facilitate discussions on additional matters in relation to audit issues and internal control weaknesses noted in the course of their audit.

(g) The AC had also reviewed the IAD budget and training plan as well as IA key performance indicator for 2023.

4. REVIEWING RELATED PARTY TRANSACTIONS & CONFLICT OF INTEREST SITUATIONS

(a) The AC had at its meetings held on 20 February 2023, 22 May 2023, 21 August 2023 and 20 November 2023 deliberated on any potential Management's conflict of interest, related party transactions and recurring related party transactions.

The review on all related party transactions and recurring related party transactions was to ensure that the transactions were in the best interest of SunCon and were fair, reasonable, and on the Company's normal commercial terms, and not detrimental to the interest of the minority shareholders of SunCon.

With the assistance of the IAD, the AC in its review had satisfied itself that processes and procedures on RPTs / RRPTs were adequate and appropriately identified as well as they had complied with the Company's Act 2016 and the Listing Requirements. The review also ensured that RPTs were declared, approved and reported appropriately.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The AC took note that there was no management conflict of interest situations for operational matters (including any transaction, procedure or course of conduct) as reported by the Group MD at its quarterly meetings.

(b) On 20 February 2023, the AC reviewed and recommended to the Board for approval the Circular to Shareholders in respect of the proposed renewal of existing shareholders' mandate for RRPTs and proposed new shareholders' mandate for RRPTs (RRPT Mandate) as well as the statements made by the AC in respect of the RRPT Mandate.

5. INTERNAL CONTROL

(a) The AC had reviewed the effectiveness of the system of internal control together with the Internal Auditors on a quarterly basis. It was reasonably assured that the same were operating adequately and effectively. The key operational processes reviewed included:

- Tender and Award – tender submissions, comparison of quotations, evaluation of tenderers, approval of awards;
- Award of contracts to subcontractors, certification and payments;
- Resource Management – major materials, labour, plant & machineries;
- Project budget assessment;
- Production, procurement and inventory management of the precast business unit; and
- Risk assessment, project performance and project delivery monitoring for key projects.

(b) The AC also received assurances from the Group MD and the CFO that the Company's risk management and internal control system were operating adequately and effectively, in all material aspects.

6. OTHER MATTERS

(a) The AC was briefed by the Company Secretary at its quarterly meetings on the following developments in regulations and laws:

(i) Amendments to the Listing Requirements in relation to Conflict of Interest and other areas via Bursa Malaysia Berhad (Bursa Malaysia)'s letter dated 26 May 2023; and

(ii) Amendments to Listing Requirements in relation to Sustainability Training for Directors via Bursa Malaysia's letter dated 6 June 2023.

(b) On 29 March 2023, the AC reviewed and recommended for the Board's approval, the Corporate Governance Overview Statement, AC Report and Statement on Risk Management and Internal Control for inclusion in the Company's Integrated Report 2022.

The AC also reviewed and recommended for the Board's approval, the Integrated Report 2022 of the Company and the Corporate Governance Report.

(c) The AC conducted its annual review of its TOR. The TOR was amended to be in line with recent applicable rules and regulations.

(d) The AC was satisfied that there were no breaches of the Listing Requirements of Bursa Securities as reported by the Company Secretary at its quarterly meetings during the financial year.

CONTINUING EDUCATION

During the year, AC members attended various conferences, seminars and training programmes to enhance their knowledge to maintain high level of financial competencies, and generally keep themselves abreast of changes and updates.

The details of training programmes and seminars attended by each AC member during the financial year ended 31 December 2023 are set out in the Corporate Governance Overview Statement under "Director Development and Training".

OTHER

The AC and the Head of IAD have also been given the responsibility by the Board to monitor the implementation of the Whistleblowing Policy and Procedures, whilst duties relating to the day-to-day administration of the policy were performed by the Head of IAD. During the financial year under review, there was one case reported through the whistleblowing channel. IAD had taken the necessary steps to conduct an investigation on the complaints received. The outcome of the investigation was reported to the AC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

IA FUNCTION AND SUMMARY OF ACTIVITIES

The IA function is an integral part of the assurance framework and it is performed in-house and undertaken by IAD. The mission of IAD is to enhance and protect the Group's organisational value by providing independent and objective assurance, advice and insight. IAD helps the Group accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls and governance processes. IAD reports functionally to the AC and administratively to the Group MD.

The AC reviews and approves the IAD's manpower requirements to ensure the function is adequately resourced with competent and proficient internal auditors.

The IAD is headed by Ms Celia Lee Kat Li who is a Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA). The IAD has 5 auditors and most of the IAD staff have professional qualifications and are members of the Malaysian Institute of Accountants (MIA). The Head of IAD and the audit executives have confirmed that they are free from any relationships or conflicts of interest which could impair their objectivity and independence in their audit assignments.

The IAD is a member of the Malaysian Chapter of the Institute of Internal Auditors (IIA) and carries out its function based on IIA Standards laid down in the International Professional Practices Framework (IPPF) issued by the IIA. The IAD successfully completed its external Quality Assessment Review in 2022 and continues to meet the IIA Standards in all key aspects.

The IAD had performed its activities based on a risk-based annual audit plan approved by the AC. In ensuring that the responsibilities of the IAD are fully discharged, the AC reviews annually the adequacy of the scope of the audit assignments.

During the year, the AC had reviewed and deliberated on internal audit reports together with the audit recommendations made by IAD and the Management responses to those recommendations. The Head of the IAD has unrestricted access to the AC and reports directly to the AC Chairman. In its current structure, the IAD 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.

During the FY2023 and as at the date of this report, the IAD carried out the following activities:

(a) Prepared and presented the risk-based annual internal audit plan encompassing key business segments within the Group for the approval of the AC;

(b) Performed audit engagements which covered reviews of internal control systems, accounting and management information systems, risk management and governance practices;

(c) Issued internal audit reports to the AC and Management highlighting results of the assessments of internal controls identifying key areas of concerns as well as providing recommendations for improvements and follow-up audits;

(d) Acted on suggestions made by the AC and / or Management on concerns over operations or controls and significant issues pertinent to the Company and of the Group;

(e) Performed investigative audits on allegations of mismanagement or improper acts reported through the whistleblowing procedures and / or other channels;

(f) Tabled to the AC for review of the succession planning, training plan and departmental budget for IAD;

(g) Tabled to the AC for review of the IA key performance indicators for 2023;

(h) Reported to the AC on the review of the adequacy, appropriateness and compliance with the procedures established to monitor RRPTs; and

(i) Reported to the AC on the review of the Anti-Bribery and Corruption Programmes and the effectiveness of the Anti-Bribery and Corruption Policy and procedures.

The costs incurred for the internal audit function in respect of the financial year ended 31 December 2023 including staff payroll costs and overheads amounted to RM1.25 million (The cost incurred in the previous year was RM969,000).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE 3 INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Board recognises the importance of maintaining accountability to the shareholders of the Company, and promoting consistent, effective and fair communication with shareholders and all stakeholders. Its commitment, both in principle and practice, is to maximise transparency consistent with good corporate governance, except where commercial confidentiality dictates otherwise.

The Board has in place a Corporate Disclosure Policy which details out the Company's approach towards the determination and timely dissemination of material information, as well as the circumstances which warrant such disclosures.

The platform and channels used in the Company's engagement and where information is available for its stakeholders to access include:

(a) Up-to-date information on the Company's website;

(b) An investor relations team;

(c) Announcements to Bursa Securities via Bursa LINK;

(d) Annual reports;

(e) General Meetings;

(f) Investors, analysts and media briefings;

(g) Domestic and overseas roadshows and investors conference; and

(h) Investor Relations Mobile Application.

The Company maintains a corporate website, https://www.sunwayconstruction.com.my/ to disseminate information and enhance its investor relations. All disclosures, press release, material information and announcements made to Bursa Securities via Bursa LINK are concurrently updated on the website.

There is an Investor Relation section on the Company's website which provides the Company's investor relations efforts as well as relevant information of the Company to ensure the information is easily accessible by the public. Minutes of AGMs, annual reports and circular to shareholders are also made available at the website for review.

While the Company endeavors to provide as much information as possible to the shareholders and stakeholders of the Company, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. The Company has also in place an insider trading policy to safeguard confidentiality of the material and price-sensitive information of the Company.

Apart from the corporate website, the Board has set up an Investor Relations team supporting the Group MD and the CFO to facilitate effective communication with shareholders, potential investors, analysts, fund managers and the media.

The Company also disseminates Quarterly Reports and Corporate Presentations to all research analysts and investors via email communications as soon as the information is released to Bursa Securities. The Company also provides research analysts and investors continuous updates on the latest order book secured and outstanding order book. During FY2023, the Company had participated in various virtual investor conferences and road shows in Malaysia.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Stakeholder Engagement

SunCon defines stakeholders as groups or individuals who are material to the long-term success of the business, as well as those who are interested in or impacted by the Group's business activities. We have identified our key stakeholders as our shareholders, our business partners, our employees, our suppliers, the communities in which we operate, our customers and the Government and regulators.

To sustain the success of the Company, we strive to foster strong business relationships with customers, suppliers and the communities in which we operate, and meet the interests of our employees while acting fairly for the benefit of shareholders as a whole. Engagement with our key stakeholders helps to safeguard our social capital and ensure we have a sustainable business model.

It has been the practice for the Company's Directors to give due consideration to the interests of stakeholders in their strategic decision making. Stakeholders' voice is brought into the boardroom throughout the annual cycle through information provided by Management and also by direct engagement with stakeholders themselves.

The Company has put in place a robust stakeholder engagement strategy that sets out how we engage with, take into consideration, and respond to the needs, concerns and expectations of these key stakeholders who are material to the long-term success of the business. This was augmented in FY2023 with the identification of risks and opportunities associated with key stakeholder groups, the Company's value proposition to them, and the material matters and performance indicators of interest to each group.

The Company has also undertaken a thorough Materiality Assessment Exercise (MAE), engaging a diverse array of stakeholders to gain insights into their perspectives on materiality. Material matters are those that significantly impact the company's ability to create value across short, medium, and long-term horizons. Short-term pertains to the next 18 months, medium-term spans 18 months to 5 years, and long-term encompasses timeframes exceeding 5 years. The MAE serves as a crucial platform for the company to interact with both internal and external stakeholders, typically conducted once every three years. However, in FY2022, the MAE underwent a strategic overhaul to better align our ESG initiatives and reporting with the Group's corporate strategy, current economic trends and sustainability imperatives, as well as industry benchmarks. The most recent MAE occurred in FY2021.

Additionally, an Employee Engagement Survey (ESS) is conducted every two years to assess employee satisfaction levels across the Group. Employee satisfaction serves as a pivotal indicator of staff morale and, consequently, staff retention and attrition rates. The next ESS is scheduled for June 2024.

Given the increasing scrutiny of supply chain risks, SunCon has carried out social assessments on nearly 80% of our active contractors, suppliers and business partners in FY2023, focusing on issues of forced and bonded labour. Moreover, we initiated discussions with our key commodity suppliers to gain insights into their ESG transition strategies, particularly regarding their product carbon reduction efforts.

Details of the stakeholder engagement process and the findings from the MAE are set out in pages 57 to 62 of this Integrated Annual Report 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INVESTOR RELATIONS

Investor relations remains a fundamental aspect of SunCon's overall approach to stakeholder management and engagement. The investment community comprising institutional and retail investors, research houses and investment analysts, regulators and the media (and other entities or groups) remain a key collective and SunCon continues to focus on ensuring timely, accurate and fair and equal access to all information pertaining to the Group, notably information in relation to financial performance, future prospects and major corporate exercises or announcements.

Disclosure is driven by regulatory requirements as well as by the Group's volition to actively engage related stakeholders in a proactive manner, towards establishing strategic two-way communication that benefits all parties. Hence, throughout FY2023, SunCon has continued to engage the investor community through a wide range of communication channels. Beyond timeliness, accuracy and equal access to information, SunCon also adheres to the principle of transparency – providing meaningful disclosures that would enable intended audiences to develop a true and accurate perspective of the Group's performance and prospects.

Communication and engagement are managed by SunCon's dedicated Investor Relations (IR) team.

IR ACTIVITIES AND ENGAGEMENT IN FY2023

A wide range of IR related activities were undertaken by SunCon during FY2023 as follows:

SUMMARY

One-on-one Engagements **12**	Group Meetings / Non-deal Roadshows **19**
Plant Visits **4**	Events **3**

Total Engagements **38**

Notably, briefings to research houses and investment analysts were a key aspect of the engagement. Such engagements were held via group briefings or to individual companies.

Organiser	Event	Date	Venue
Macquarie	Malaysia Insight: Sunway Construction	13 Jan 2023	Webinar
Public Investment Research	Get to know SunCon	17 Jan 2023	Webinar
Affin Group	Meeting with AIA	17 Jan 2023	Webinar
RHB	Conference Call	02 Feb 2023	Webinar
CLSA	Conference Call	23 Feb 2023	Webinar
Maybank	Meeting with PineBridge	10 Mar 2023	Webinar
Philip Capital Asset Management	Meeting with Philip Capital Asset Management	22 Mar 2023	SCG Office
Macquarie	Conference Call	13 Apr 2023	Webinar
CLSA	Conference Call	23 May 2023	Webinar

CORPORATE GOVERNANCE OVERVIEW STATEMENT

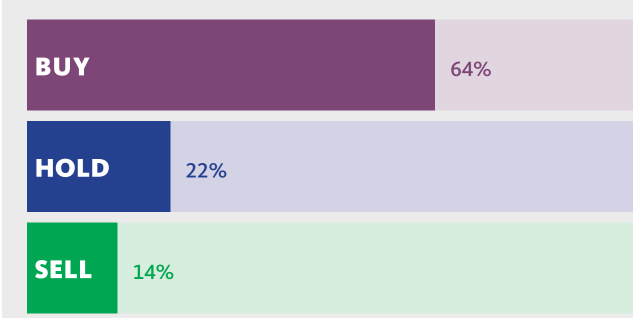
Organiser	Event	Date	Venue
Kenanga	Conference Call	08 Jun 2023	Webinar
Affin Hwang	Corporate Presentation	20 Jun 2023	Menara Affin
The Edge	Interview with Mr Liew Kok Wing	21 Jun 2023	SCG Office
RHB	Sunway Square Site Visit	05 Jul 2023	Sunway Square Project Site
UBS	Meeting with EPF	31 Jul 2023	Menara KWSP
CLSA	Conference Call	24 Aug 2023	Webinar
HLIB	Conference Call	28 Aug 2023	Webinar
Philip Capital	Meeting with Philip Capital Asset Management & clients	30 Aug 2023	SCG Office
Nomura Securities	RTS drive by session	08 Sep 2023	RTS Project Site
Affin Hwang	RTS drive by session	14 Sep 2023	RTS Project Site
Public Investment Bank	Meeting with Public Investment Bank & client	18 Sep 2023	Menara Public Bank 2
Maybank	Maybank Construction Day	27 Sep 2023	Bangunan AICB
UOB Kay Hian	Precast Senai Plant visit	10 Oct 2023	Precast plant
Rakuten Trade	Investment Talk with Sunway Construction Group Berhad	17 Oct 2023	Webinar
Philip Capital	Meeting with Philip Capital Asset Management & clients	18 Oct 2023	SCG Office
UBS	IR Meeting	01 Nov 2023	SCG Office
Public Investment Bank	Conference call	22 Nov 2023	Webinar
Nomura Securities	Conference call	22 Nov 2023	Webinar
UOB Kay Hian	Conference call	23 Nov 2023	Webinar

RESEARCH COVERAGE

The number of research coverage has increased from 13 to 14 research institutions from 2022 to 2023. The research institutions include:

INSTITUTIONS

Affin Hwang Investment Bank	AmInvestment Bank	BIMB Securities	CGS-CIMB Securities
CLSA Securities	Hong Leong Investment Bank	Kenanga Investment Bank	Maybank Investment Bank
MIDF Amanah Investment Bank	Nomura Securities	Phillip Capital	RHB Investment Bank
TA Securities	UOB Kay Hian		



CORPORATE GOVERNANCE OVERVIEW STATEMENT

SUNCON SHARE PRICE & VOLUME PERFORMANCE IN 2023

Daily Trading Volume   SunCon Closing Price (RM)

OPENING PRICE	SunCon	1.56		KLCI	1,488.54		KLCON	152.48	
CLOSING PRICE	SunCon	1.94	24.4%	KLCI	1,454.66	2.3%	KLCON	191.93	25.9%

1Q CLOSE 31 MAR 23		2Q CLOSE 30 JUN 23		3Q CLOSE 30 SEP 23		4Q CLOSE 31 DEC 23	
SunCon	1.66	SunCon	1.55	SunCon	1.90	SunCon	1.94
KLCI	1,422.59	KLCI	1,376.68	KLCI	1,424.17	KLCI	1,454.66
KLCON	159.86	KLCON	162.17	KLCON	184.62	KLCON	191.93

While Malaysia posted robust 8.7%[1] GDP growth in FY2022, FY2023 saw growth moderating to 3.7%[1] year-on-year (YoY) due to the prevailing macroeconomic trends in the operating environment. The global stage witnessed unexpected fluctuations triggered by a series of US bank failures which amplified US recession risks and prompted a cautious shift among investors.

While the spillover effects remained limited in the domestic market, FTSE Bursa Malaysia KLCI (FBM KLCI) concluded the quarter on a lower note. The construction sector continued to maintain a robust growth momentum registering a 7.4%[2] improvement. Riding on the same momentum, SunCon closed Q1 2023 with a positive growth of 6.4% at RM1.66.

The domestic investment landscape continued to experience volatility in the following quarter, influenced by external global headwinds, especially the U.S. debt ceiling crisis. The subsequent increase in U.S. interest rates and the Bank Negara Malaysia's (BNM) decision to raise the Overnight Policy Rate (OPR) to 3% in May 2023 further contributed to subdued market sentiment. This had led to a persistent downtrend in FBM KLCI, hitting a yearly low at 1,374.64 in June 2023.

The construction sector remained stable, growing at a robust 6.1% year-on-year. The eased supply of labour and alleviated material cost pressures has positioned contractors favourably. This was particularly evident in the Bursa Construction Index (KLCON), surpassing the performance of FBM KLCI. By the end of the first half of 2023, it recorded a notable growth of 6.3%, reaching 162.17. Despite thriving in an outperforming sector, SunCon's share price navigated a bearish trajectory, plummeting to a year-to-date low of RM1.53 on June 23 mainly aligned with the prevailing restrained global sentiment.

Amidst concerns over the relentless U.S. tightening cycle as well as China's weaker-than-expected economy recovery and ongoing property crisis, the second half of the year emerged as a turning point in market dynamics. Foreign funds returned to Malaysia country at the beginning of July, signalling a positive shift in investor sentiment.

The increased political clarity post state elections also strengthened the local sentiment, translating into a quarter-on-quarter (QoQ) 3.4% gain in FBM KLCI in third quarter of 2023. Nevertheless, the index closed the quarter in the red on a year-to-date basis.

Source:
1 *Economics & Monetary Review, Bank Negara Malaysia (BNM)*
2 *Gross Domestic Product: 1Q 2023, Department of Statistics Malaysia (DOSM)*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

At the same time, the construction sector consistently outperformed the broader market, highlighted by a substantial 9.6%[3] YoY increase in the value of construction work done during the period. This was the sixth consecutive quarter that the construction sector had posted positive growth. Aligned with lofty market anticipations, SunCon experienced an ascent of 22.6% QoQ, registered quarter-end closure at RM1.90.

The optimism in light of Budget 2024 propelled the upward momentum into the final quarter. Optimism among investors stemmed from the revival of mega infrastructure projects, as evidenced by the notable upswing in KLCON and SunCon prices. Moreover, the global market sentiment soared on the wings of Wall Street optimism which was fuelled by the U.S. Fed's decision to retain interest rates as core inflation to cool off. In response, BNM kept the OPR steady at 3% in tandem with stabilisation in the core inflation rate and supportive domestic demand.

The construction index marked a two-year peak at 191.93 with an impressive jump of 25.9% from 2023. SunCon also embraced the momentum, reaching a 3-year high of RM2.00, closing the year slightly lower at RM1.94 which was a 24.4% YoY gain. In contrast, FBM KLCI wrapped the year at 1,454.66, 2.3% down from 1,488.54 in the beginning of the year.

Foreseeing a moderate GDP growth of 3.7%[1] for 2023, in tandem with a global economic slowdown, Malaysia's GDP growth for 2024 is projected at 4.7%[4] while the construction sector is forecasted to expand at 5.5%[4]. Growth will be supported by anticipated recoveries in China, stable global monetary policies, and potential shifts in U.S. interest rates. On the domestic front, strategic initiatives such as the National Energy Transition Roadmap (NETR), New Industrial Masterplan 2030 (NIMP2030), and the 12 Malaysia Plan Mid Term Review (12MP-MTR) should provide continued stimulus for economic growth and the construction and infrastructure sector.

FINANCIAL ANNOUNCEMENTS

SunCon continues to engage with its stakeholders through a series of investor relations activity throughout the year. All major announcements such as the release of the quarterly results, new construction orders or new ventures are published on Bursa Malaysia. The information will then be disseminated in the form of flash notes to all interested parties. We also ensure that these documents are immediately made available on the Group's Investor Relations websites.

CONDUCT OF GENERAL MEETINGS

SunCon conducted its 9th Annual General Meeting on the 19 June 2023 virtually as part of the Company's necessary precaution to safeguard the wellbeing of its shareholders amidst the COVID-19 risk. The virtual meeting was broadcasted live from Menara Sunway and shareholders were able to follow the proceedings via live streaming as well as voting using the online remote voting using Digital Ballot Form provided by the Poll Administrator. A shareholder who was not able to participate in the AGM was given the option of appointing a proxy to participate remotely and vote online on his or her behalf.

The Notice of the 9th AGM was given to the shareholders more than 28 days before the AGM, which gives the shareholders ample time to prepare for the AGM or to appoint proxies to attend and vote on their behalf. The Company had also distributed together with the Notice of the 9th AGM, an Administrative Details, which furnished useful information regarding the conduct of the 9th AGM, such as details of virtual meeting, shareholders' entitlement to participate and vote in the virtual meeting, their right to appoint proxy, steps and procedures to access and vote in the virtual AGM.

At the commencement of the 9th AGM, the Group MD provided a comprehensive review of the financial performance of the Group for the financial year 2022 as well as the future prospects of the Group.

The Chairman provided ample time and opportunity for the Questions and Answers session during the AGM. All the Directors, together with the Group MD, CFO and External Auditors, were present to respond to all questions asked by shareholders. Shareholders were also encouraged to send in their questions prior to the AGM via email or through Questions' Pane facility via the live-streaming solution. All suggestions and comments given by the shareholders were also noted by management for consideration.

All resolutions set out in the Notice of the 9th AGM were voted remotely by poll. Cygnus Technology Solutions Sdn Bhd, an independent external scrutineer was appointed to validate the votes for each resolution. Mega Corporate Services Sdn Bhd was the Polling Administrator for the conduct of the online polling. Subsequently, the poll results were confirmed by the Chairman and announced via Bursa LINK on the same day.

The minutes of the 9th AGM was also made available on the Company's website within 30 days from the date of AGM at https://www.sunwayconstruction.com.my/ for the information of the public.

Source:
1 *Economics & Monetary Review, Bank Negara Malaysia (BNM)*
3 *Quarterly Construction Statistics, Third Quarter 2023, Department of Statistics Malaysia (DOSM)*
4 *2024 Market Outlook, Malaysian Industrial Development Finance Berhad (MIDF)*

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (the Board) of Sunway Construction Group Berhad (SCG) is committed to uphold a sound system of risk management and internal control. The Board is pleased to present the Statement on Risk Management and Internal Control Statement, pursuant to Chapter 15, Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Principle B of the Malaysian Code on Corporate Governance 2021, with guidance from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. In essence, the Statement delineates the characteristics and fundamental element of risk management and internal controls within SCG and its subsidiaries (the Group) aiming to accomplish the Group's strategic objectives and ensure the enduring success.

THE BOARD'S RESPONSIBILITY

The Board asserts its dedication and obligation to ensuring the efficacy of risk management and internal control practices, aimed at protecting shareholders' investments and the assets of the Group. In pursuit of this commitment, the Group integrates a comprehensive system of risk management and internal control into every facet of SCG and its subsidiaries' activities, initiatives, and processes. The Board has established a framework designed to systematically identify, assess, mitigate and oversee the key risks encountered by the Group.

The framework is crafted to mitigate rather than completely eliminate risks or events that could have a substantial adverse impact on the attainment of the Groups' objectives and strategies. Consequently, it offers reasonable but not absolute assurance against significant financial misstatements, discrepancies in management information and records, as well as potential financial losses or fraudulent activities.

The Board acknowledges its responsibility to assess and supervise the sufficiency, effectiveness, and the integrity of the Group's risk management and internal control system, encompassing compliance with applicable laws, regulations, rules, directives and guidelines. The Board plays a pivotal role in approving and tracking the Group's risk management strategy, defining the risk appetite and supervising its execution. In this regard, the Board is supported by the Audit Committee (AC) and the Risk Management Committee (RMC) to evaluate the adequacy of the Group's risk management and internal control systems.

Audit Committee

The primary scope and responsibility of the AC involve aiding the Board in supervising both financial and non-financial reporting, along with the assessment of the effectiveness of the Group's internal framework. Additionally, the AC undertakes the task of reviewing and ensuring the operational effectiveness, sufficiency and integrity of the Group's internal control systems, financial and non-financial reporting processes and management information systems. This includes verifying compliance with relevant laws, rules, directives and guidelines. In essence, the AC plays a crucial role in supporting the Board's oversight and promoting the robustness and compliance of the Group's financial and operational practices.

Risk Management Committee

The RMC supports the Board by ensuring the presence of a solid and robust Risk Management Framework and also overseeing the implementation of appropriate systems and processes aimed at enhancing the Group's corporate governance practices, with specific emphasis on addressing key risk areas and implementing effective risk mitigation strategies.

Throughout its quarterly meetings, the RMC is actively involved in the following considerations:

Surveillance

- Takes proactive approach by identifying, assessing and continuously monitoring the key risks facing the business.
- Reviews strategies to mitigate these risks to ensure a robust risk management approach.

Recommendation

- Conducts a comprehensive evaluations of existing risk management strategies and policies.
- Recommends enhancements to these strategies and plays a key role in establishing appropriate levels of risk tolerance.

Assurance

- Conducts a thorough verification to ensure the essential infrastructure, resources, and system are in place for the effective risk management.
- Ensures the Group is equipped to identify, assess and respond to risks in a timely and efficient manner.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Throughout the financial year, the RMC has diligently assessed controls and monitored action plans aimed at mitigating the Group's risk exposure. The Board's identified principal risks and corresponding remedial actions are communicated to the management team for implementation. The RMC assures the Board that the Group's risk management and internal control are operating effectively, with the exception of associate companies and joint ventures managed independently.

To enhance risk coverage, the Risk Working Committee (RWC) led by the Group Deputy Managing Director of Sunway Construction was established. The RWC focuses on operational matters and communicates the Board's expectations to management teams and employees during management meetings, conferences and forums. Operating subsidiaries and departments are delegated responsibility for planning, monitoring, reporting and managing their respective operations.

Reporting Structure

The RMC meets quarterly to deliberate on top risks with the Chairman providing updates to the Board. Continuous review of significant issues arising from changes in the business environment aims to minimise impact on the Group. The Group aligns its business units with profitability objectives while integrating risk management principles into functions and processes.

The RWC is responsible for the effectiveness of the risk management framework, assisting business units in identifying, quantifying, managing and mitigating critical risks. The RWC monitors and reposts on action plans prepared by the business units, supporting the Group's evolution into a resilient conglomerate.

The RWC contributes to the Group's commitment to Environmental, Safety and Health (ESH) standards by conducting quarterly risk reporting exercises. These exercises go beyond risk mitigation, ensuring operational processes align with standards such as Occupational Health and Safety Advisory Services (OHSAS) 18001 and International Organisation for Standardisation (ISO) 140001 to name a few, enhancing stakeholder value and maintaining compliance.

INTERNAL CONTROL SYSTEM

The Board and Management of the Group have established essential internal controls to ensure the realisation of the Group's objectives and operational effectiveness. Scheduled periodic meetings of the Board, Board Committees, and management are employed for planning, monitoring and reviewing the Group's performance and conduct. In alignment with the Group's strategic initiatives, clear lines of accountability and responsibility are defined and communicated through organisation charts, strategic plans, annual budgets and authority limits.

Components of Internal Control System

1. Policies and Procedures

The Group's internal control system comprises formalised and documented internal policies, standards and procedures designed to ensure adherence to internal controls, pertinent laws and regulations. This system empowers all the divisions and operating subsidiaries to operate effectively and efficiently, proactively addressing potential business, operational, financial, compliance and other risks to achieve the Group's goals and objectives. These documents are regularly revised and updated to align with operational requirements and are made accessible to employees via the Group's online portal for reference.

2. Audits

The Group Internal Audit Department (GIAD) carries out internal audits on divisions and business units of the Group based on a risk-based audit plan approved annually by the Audit Committee (AC). Empowered by its audit charter, GIAD provides independent and objective assurance and consulting activity to add value and improve operations. Based on the scheduled audits on the operations, the AC will receive periodic reports from GIAD which include relevant recommendations to address the issues and weaknesses highlighted and the follow-up implementation. 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. Furthermore, subsidiaries accredited with certifications such as ISO and OHSAS are audited as scheduled by auditors of relevant certification bodies. The outcomes of these audits are then reported to the management.

3. Strategic Plans and Budgets

The Group implements an annual strategic planning and comprehensive budgeting process to set goals, targets and allocate necessary resources. The comprehensive budgeting process is an integral part of strategic planning where financial allocations are made in alignment with the strategic objectives. The Board actively participates in the review and approval of the Annual Business Plans and Budget where their involvement signifies a top-level commitment to the proposed goals and financial allocations. Regular monitoring of performance is conducted and interventions are implemented as needed. The Board places specific emphasis on significant variances of key performance indicators compared to plans and budget to closely track performance. Management addresses key variances through appropriate mitigation plans. The Group has institutionalised

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

a well-controlled budgeting process that provides a responsible accounting framework. The annual budget is formally approved by the Board before implementation.

4. Employee Engagement and Performance

Within the internal control system, employee engagement and performance are vital components that contribute to the overall effectiveness of organisational processes. Communication and training initiatives are essential to ensure employees comprehend the significance of internal controls and their individual roles in upholding these mechanisms. Well-defined roles and responsibilities clarify expectations, fostering a sense of accountability among employees. Establishing performance metrics and tying them to key performance indicators (KPIs) enhances the alignment between individual performance evaluations and adherence to internal controls. Continuous feedback mechanisms, audit participation and technological integration contribute to a culture of continuous improvement and efficiency. Furthermore, employee surveys offer a platform for feedback, enabling organisations to address concerns and refine internal control processes collaboratively. Ultimately, fostering a culture of engagement and high performance among employees enhances the resilience and efficacy of the internal control framework.

5. Employee Conduct

Available for employees' access in the Group Human Resources portal, employee conduct is governed by a series of policies which define the core values of the Group – Integrity, Humility and Excellence. The following policies and procedures are reviewed periodically to ensure that they remain relevant, and appropriate controls are in place to manage operational risks. The Group uses several communications and learning channels for employees, including emails / memoranda, intranet, townhalls, learning and knowledge sharing sessions as well as department / division meetings, to ensure alignment of all employees towards the strategic objectives and compliance with relevant policies and procedures:

a) The Group has adopted an **Anti-Bribery and Corruption Policy** with the enforcement of the new Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business in order to prevent acts of bribery and corruption. In adherence to this Policy, the Group has adopted a ZERO TOLERANCE approach against all forms of bribery and corruption. Where applicable, the requirements of the Group's existing policies, systems and procedures in relation to anti-bribery and anti-corruption are extended to the Group's contractors, counterparties and business partners to ensure that anti-corruption and bribery initiatives are applied throughout the Group's supply chain. The Group will continue to foster anti-corruption culture and adhere to the anti-corruption laws and regulations in all areas and sectors in which it operates.

b) The **Anti-Money Laundering Policy** establishes the general framework to manage and prevent the risk of the Group's businesses from being used as a conduit for money laundering and terrorism financing activities. All employees are required to adhere to the requirements of the policy when carrying out their daily responsibilities.

c) The **Whistleblowing Policy** serves as a guideline and sets out a protocol for stakeholders and employees to report in a safe and confidential manner, any concerns regarding possible illegal, unethical conduct or malpractice to the management for action. Whistle blowing avenues include a direct line, e-mail or written mail to the Head of Internal Audit Department and Chairman of the Audit Committee.

d) The **Fraud Response Procedures** guides management teams of respective business units to respond to allegations or suspicions of fraud and ensure that all cases of suspected or alleged frauds are reported promptly, and investigations are conducted effectively.

e) The Group's **Code of Conduct and Business Ethics** provides an ethical framework to guide actions and behaviors of directors and employees of the Group. It reflects the increasing need for effective corporate governance and compliance measures in the Group's businesses, domestically and internationally.

f) 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

6. Risk Management

The Group's risk management framework is benchmarked against the ISO31000:2018 Risk Management – Principles and Guidelines and is designed to embed Enterprise Risk Management (ERM) into key activities, initiatives and processes. This approach allows the Group to systematically identify, assess and mitigate risks that could impede the achievement of its objectives, providing stakeholders with assurance that their interests are safeguarded. Throughout the financial year, the Group continually strengthens its risk management framework to remain pertinent and effective in the evolving business environment.

A cornerstone of the Group's risk management process is continuous risk assessment. Operating subsidiaries are assigned the responsibility of reporting major risks on a quarterly basis to management, fostering a comprehensive approach to risk management. As the risk owners within their specific spheres, operating subsidiaries are accountable for developing appropriate response strategies to mitigate identified risks.

Quarterly, the consolidated major risks and corresponding mitigating controls from all operating subsidiaries are updated and present to RMC. This process ensures a centralised understanding of major risks and the effectiveness of implemented controls.

The Group employs four (4) core response strategies for risk management, each tailored to address specific aspects of identified risks:

1. **Risk Termination**
   In this instance, management chooses to terminate risks by eliminating the business or by significantly altering it. The Group may choose this route for risks that could have major or catastrophic impact on its businesses.

2. **Risk Reduction**
   Risks may be reduced by taking specific actions aimed at reducing the likelihood of occurrence, thus reducing the impact of these risks on the Group's businesses.

3. **Risk Acceptance**
   Management may choose not to act and to consciously accept certain risks which are significantly low in likelihood of occurrence and / or impact. Factors to consider for risks of such nature would be:

   - Adequacy of current controls;
   - Quality and quantity of information on the controls;
   - Likelihood and consequences of the risk occurring; and
   - The cost of additional controls.

4. **Risk Transfer**
   Management may choose to transfer all or part of a certain risk to other parties via:

   - Transferring an entire business process to another party as is the case with sub-contracting and outsourcing arrangements;
   - Sharing the business process with another party as is the case with partnerships and joint venture arrangements; and
   - Retaining the process and transferring the legal and financial risks as is the case with insurance arrangements and the use of certain treasury / financial products.

   Risk management discipline ensures that risk assessment is an on-going process whereby risks and risk mitigation measures are regularly reviewed and adjusted accordingly. The continuous risk assessment process therefore, represents the cornerstone of an effective ERM program for the Group.

Key Risk Factors

For the fiscal year in evaluation, RWC has discerned various risks that were particularly widespread across business units within the Group. These identified risks were regularly presented to the RMC on a quarterly basis, featuring the Group Managing Director and Chief Financial Officer. During the presentations, RWC outlined the existing controls, mitigating plans and monitoring mechanisms associated with each identified risk.

Detailed information on these risks can be found on pages 66 to 69 under the section titled "Risks and Mitigation Strategies".

Presented below is a condensed summary of the key risk factors that have been a focal point for the Group:

1. External Risks

The current economic environment, characterised by geopolitical tensions, a relatively slow property market, rising raw material costs, strong competition and a sluggish local and global economy, has presented some difficulties for the Group. Alongside challenges like manpower shortages, reduced government infrastructure spending and fewer construction opportunities, these factors have added pressure to the Group and impacted the enhancement of our order book. However, with new projects on the horizon, external risks have decreased. In response to these challenges, the Group has consistently evaluated and adjusted its strategy to better align with market conditions, demonstrating resilience against these risks. Key priorities include closely monitoring performance in core business units, actively managing profit and loss, ensuring effective cash flow and maintaining funding facilities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

To effectively address cost challenges, the Group has implemented a myriad of strategies including continuous cost reduction and control measures. The exploration of new projects, both locally and regionally has been a key focus to achieve financial and operational targets. The Group has secured various projects such as in-house projects with competitive pricing and quality assurance, a significant data center project, Rapid Transit System Link Project in Johor and Daiso's global distribution centre warehouse in Port Klang to ensure business continuity and profitability.

The surge in commodity prices, specifically steel, copper and cement has added pressure to the Group, given its direct exposure to volatile material costs that can impact profit margins. To mitigate this risk, the Group had implemented measures such as increasing the pool of approved suppliers, actively negotiating prices, engaging in hedging where possible to guard against price fluctuations and closely monitoring costs. These proactive steps demonstrate the Group's commitment to navigating the challenges of the current economic landscape while striving for sustainable growth and profitability.

2. Regulatory Risks

The Group recognises the significance of regulatory risks stemming from changes in laws, guidelines and regulations, whether in Malaysia or other jurisdictions. These changes can have a direct or indirect impact on the Group's operations. To effectively manage this risk, the Group maintains a vigilant monitoring system aimed at reducing exposure to potential legal liabilities and mitigating adverse consequences resulting from non-compliance with evolving regulations.

Collaborative efforts involving the Group Managing Director, relevant business units and departments are essential. Regular discussions are conducted to address necessary changes prompted by regulatory shifts, ensuring that the Group remains in compliance with updated requirements. This approach involves an ongoing process of assessment, adaptation and implementation of changes to align with regulatory developments.

Management has taken a proactive stance to instill a robust compliance culture within the Group. This involves the establishment of internal process that promote adherence to regulatory requirements. Additionally, internal and external legal support is provided to operational teams when needed to ensure the Group operated within the bounds of the law.

An integral part of the Group's strategy involves close collaboration and ongoing dialogues with industry associations and regulatory bodies. This engagement is crucial for addressing emerging legal and regulatory requirements, staying informed about industry trends and aligning the Group's practices with evolving standards. By maintaining an open and communicative relationship with these entities, the Group positions itself to navigate regulatory challenges effectively, ensuring sustained compliance and adaptability in a dynamic regulatory environment.

3. Financial Risks

Credit and liquidity risk present challenges to the Group, stemming from potential difficulties in recovering debts in a timely manner. This scenario has the potential to adversely impact the Group's profitability, liquidity, cash flows and overall funding. The construction industry's slowdown combined with extended payment terms has led to a gradual increase in the debtors' turnover ratio.

To mitigate these financial exposures, the Group adopts a proactive approach. Persistent and close monitoring of collections and overdue debts is a fundamental practice. Additionally, the Group evaluates the creditworthiness of potential customers before agreeing to tender invitations, thereby minimising the likelihood of credit-related issues.

Recognising the paramount importance of upholding a strong financial position, the Group adopts a proactive stance by continually monitoring and forecasting its cash flow. This diligence ensures the maintenance of a robust balance between continuity of funding and financial flexibility. The Group achieves this through the availability of ample credit facilities offered by financial institutions. This strategic approach to financial risk management underscores the Group's commitment to sustaining a secure and flexible financial foundation, even in the face of industry-specific challenges and economic fluctuations.

4. Operational Risks

The Group's business units place continuous and unwavering focus on operational risks, recognising the paramount importance of aspects related to project delivery, disaster recovery, infrastructure, production and safety. Mitigation efforts include a concerted endeavour to expand the pool of competent and experienced consultants and subcontractors, each with a proven track record to meet the Group's project requirements.

The Group's operational risk management strategy also incorporates Environmental, Social, and Governance (ESG) considerations, ensuring that sustainable practices, social responsibility, and governance standards are integrated into project planning, execution, and oversight, thereby reinforcing the Group's commitment to long-term sustainability and responsible corporate citizenship.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Active engagement with external stakeholders, including customers, legislators, regulators, local communities and non-governmental organisations is a key aspect of operational risk management. Transparent communication ensures that all parties are kept informed about any outstanding issues, safeguarding the Group's reputation from potential damage that could result in negative publicity and a loss of public confidence. The RWC plays a crucial role in implementing and rigorously monitoring appropriate and effective policies and procedures to mitigate these risks. Regular reviews are conducted to ensure their ongoing effectiveness and adequacy, aligning with global best practices and standards.

The Group recognises the inherent challenges associated with project timelines, budgetary constraints and safety considerations. Proactive measures such as a robust project management framework, disaster recovery strategies, infrastructure maintenance programs and safety protocols collectively contribute to a comprehensive operational risk management strategy. This approach not only safeguards project outcomes but also reinforces the Group's commitment to navigating the complexities of the construction industry while adhering to the highest standards of excellence.

5. Digital Infrastructure Risks

The Group is supported by Sunway Digital Hub, which plays a pivotal role in consistently updating and innovating its digital infrastructure. The Sunway Digital Hub serves as the central hub for overseeing cybersecurity control and it is led by the Group Chief Information Officer (CIO), who is a member of the PIKOM CIO Chapter and PIKOM Cybersecurity User Group. Their responsibility includes keeping the Board informed about the Group's latest cybersecurity implementations and strategies.

Sunway Digital Hub holds ISO 27001:2013 certification, an international standard for Information Security Management System (ISMS). This certification establishes policies and procedures governing legal, physical, and technical controls in Sunway's information risk management. Regular assessment, phishing simulations and an annual disaster recovery simulation test are conducted to assess the effectiveness of the disaster recovery plan. Sunway Digital Hub is audited internally and by an external third party, as required by ISO 27001:2013.

The Group promotes a culture of awareness regarding cyber risks, data protection and privacy. The Sunway E-Policy is applicable to the Group, vendors, business partners, contract personnel and all functional units, emphasising compliance with cybersecurity measures.

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 incurred during the year under review as a result of internal control weakness or adverse compliance events that would have material unfavourable effect on the results of the Group.

The Board has also received assurance from the Group Managing Director and Chief Financial Officer that the Group's risk management and internal control framework is operating adequately and effectively in all material aspects. Continuous focus on measures to protect and enhance shareholders value and business sustainability will remain a core practice for the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control as required under Paragraph 15.23 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements. The limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3 (AAPG 3), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report.

Based on the procedures performed, the External Auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

This Statement on Risk Management and Internal Control was approved by the Board of Directors on 29 March 2024.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities):

1 STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

There were no corporate proposals during the financial year. Therefore, there were no proceeds raised from corporate proposals during the financial year.

2 MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and / or its subsidiaries involving directors' and major shareholders' interests during the financial year ended 31 December 2023.

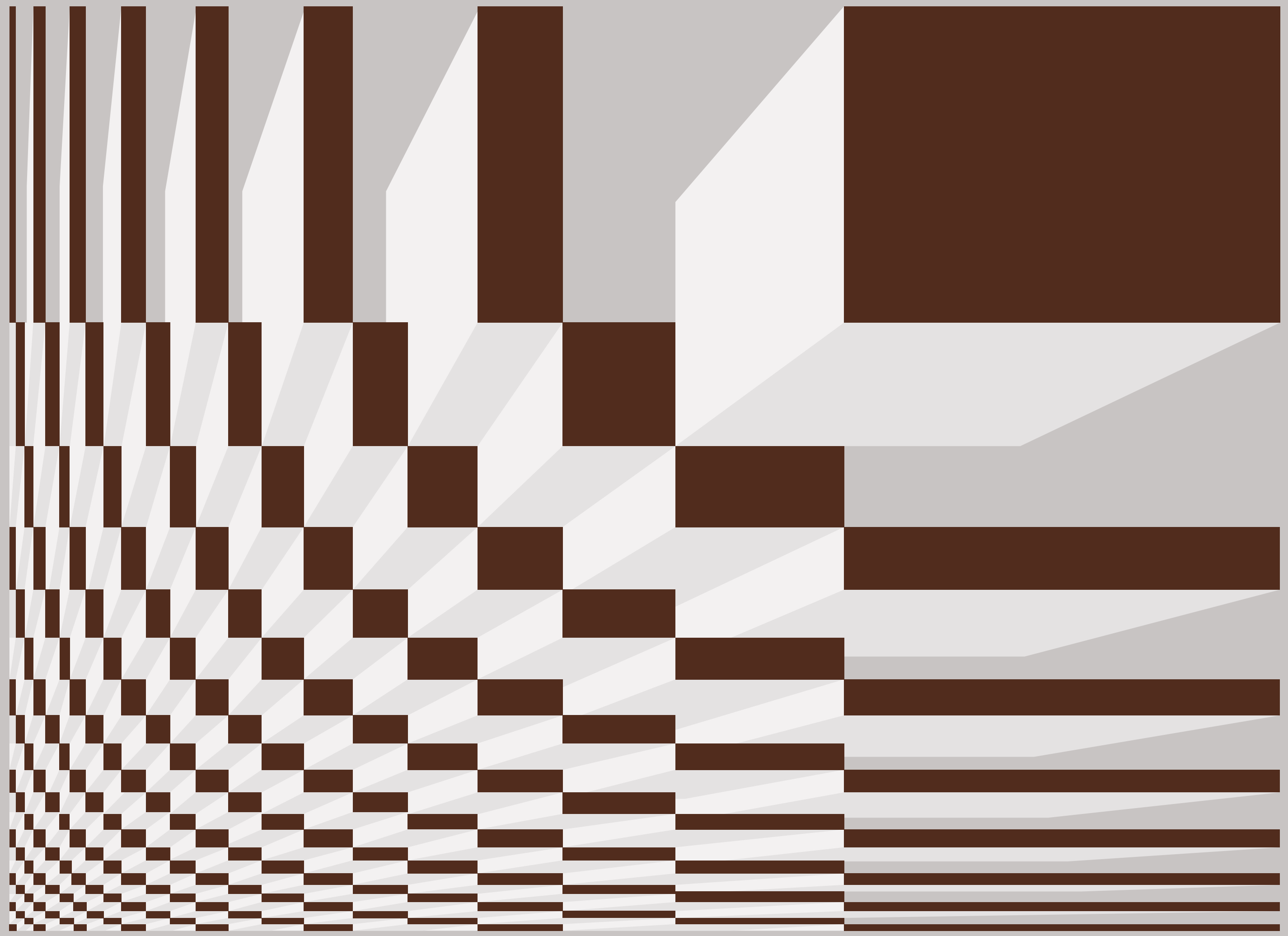
3 RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

The details of the recurrent related party transactions are disclosed in Note 40 of the Notes to the Financial Statements.

4 AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2023, the total audit and non-audit fees paid or payable to the external auditors or a firm affiliated to the external auditors, for services rendered to the Company and the Group are as follows:

Fees paid and / or payable to External Auditors or its affiliates	FY2023	
	Company (RM'000)	Group (RM'000)
Statutory audit and related fees	20	699
Non-audit fees	-	73
Total	**20**	**772**



FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITY STATEMENT FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("Act") to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Act in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year. Where there are new accounting standards or policies that become effective during the year, the impact of these new treatments would be stated in the notes to the financial statements, accordingly.

In preparing the financial statements, the Directors have:

(i) Adopted appropriate accounting policies and applied them consistently;
(ii) Made judgements and estimates that are reasonable and prudent;
(iii) Ensure that all applicable accounting standards have been followed; and
(iv) Prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors are responsible for taking such steps as are reasonably available to them to safeguard the assets of the Group and of the Company and to detect and prevent fraud and other irregularities.

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 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are mainly provision of building construction works, civil engineering/infrastructure works, foundation and geotechnical engineering, mechanical, electrical and plumbing services works, manufacturing and sales of precast components, and sustainable energy services and related business and activities and investment activities. The other details of the subsidiaries are set out in Note 17 to the financial statements.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	145,847	14,716
Profit attributable to:		
Owners of the parent	145,109	14,716
Non-controlling interests	738	-
	145,847	14,716

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 2022:	
Second interim single-tier dividend of 2.50 sen per ordinary share paid on 6 April 2023	32,234
In respect of financial year ended 31 December 2023:	
First interim single-tier dividend of 3.00 sen per ordinary share paid on 27 September 2023	38,681
	70,915

On 20 February 2024, the Board of Directors had declared a second interim single-tier dividend of 3.00 sen per ordinary share for the financial year ended 31 December 2023. The total dividend payable amounted to RM38,680,773. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

The Board of Directors does not recommend any final dividend for the financial year ended 31 December 2023.

DIRECTORS' REPORT

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the statements of changes in equity.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

The Directors who have held office during the financial year until the date of this report are as follows:

Dato' Ir Goh Chye Koon
Dato' Dr Johari Bin Basri
Dato' Siow Kim Lun @ Siow Kim Lin
Dr Sarinder Kumari A/P Oam Parkash
Tan Sri Dato' (Dr.) Chew Chee Kin
Evan Cheah Yean Shin
Tan Ler Chin
Liew Kok Wing
Dato' Tan Kia Loke (Alternate Director to Evan Cheah Yean Shin)
Wong Kwan Song (Alternate Director to Liew Kok Wing)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than as may arise from the warrants and irredeemable convertible preference shares issued by its intermediate holding company, Sunway Berhad.

Since the end of the previous financial year, none of the Directors has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in 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 other than the following:

(a) Certain Directors who may deemed to derive benefits by virtue of trade transactions entered into with companies in which certain Directors have substantial financial interests as disclosed in Note 40 to the financial statements; and

(b) Certain Directors who received remuneration from the subsidiaries as Directors of the subsidiaries.

DIRECTORS' REPORT

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of the Directors in office at the end of the financial year in ordinary shares, irredeemable convertible preference shares, non-cumulative convertible redeemable preference shares and warrants in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	As at 1.1.2023	Acquired	Sold	As at 31.12.2023
The Company				
Direct interests:				
Wong Kwan Song	15,371	-	(15,000)	371
Evan Cheah Yean Shin	13,435	-	-	13,435
Deemed interests:				
Dato' Ir Goh Chye Koon [(1)]	5,000	-	-	5,000
Evan Cheah Yean Shin [(2)]	841,482,318	9,980,800	-	851,463,118

[(1)] *Deemed interest by virtue of Section 8 of the Companies Act 2016 ("CA 2016") held through Affin Hwang Trustee Berhad GCK Family Trust ("AHTB GCK Family Trust").*
[(2)] *Deemed interest by virtue of Section 8 of the CA 2016 held through Active Equity Sdn. Bhd. ("AE"), Sungei Way Corporation Sendirian Berhad ("SWC"), Sunway Berhad, Sunway Holdings Sdn. Bhd. and parent.*

	Number of ordinary shares			
	As at 1.1.2023	Allotment pursuant to DRS^	Acquired	As at 31.12.2023
Intermediate holding company Sunway Berhad				
Direct interests:				
Tan Sri Dato' (Dr.) Chew Chee Kin	21,038,466	304,800	-	21,343,266
Evan Cheah Yean Shin	4,195,196	60,700	561,959	4,817,855
Liew Kok Wing	285,628	-	-	285,628
Dato' Tan Kia Loke	10,229,880	19,800	-	10,249,680
Wong Kwan Song	8,927	-	-	8,927
Deemed interests:				
Dato' Ir Goh Chye Koon [(1)]	120,201	1,700	-	121,901
Tan Sri Dato' (Dr.) Chew Chee Kin [(2)]	1,564,862	22,600	-	1,587,462
Evan Cheah Yean Shin [(3)]	3,106,886,645	45,619,200	542,609,441	3,695,115,286

[(1)] *Deemed interest by virtue of Section 8 of the CA 2016 held through AHTB GCK Family Trust.*
[(2)] *Deemed interest by virtue of Section 59(11)(c) of the CA 2016 held through spouse.*
[(3)] *Deemed interest by virtue of Section 8 of the CA 2016 held through AE, SWC, Jef-San Enterprise Sdn. Bhd. and parent.*
^ *Allotment of ordinary shares pursuant to the dividend reinvestment scheme ("DRS") applicable to the second interim dividend for the financial year ended 31 December 2022 on 5 May 2023.*

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONTD.)

	Number of ordinary shares			
	As at 1.1.2023	Acquired	Sold	As at 31.12.2023
Penultimate holding company				
Sungei Way Corporation Sendirian Berhad				
Deemed interest:				
Evan Cheah Yean Shin [(1)]	10,000,000	-	-	10,000,000

[(1)] *Deemed interest by virtue of Section 8 of the CA 2016 held through AE and parent.*

	Number of ordinary shares			
	As at 1.1.2023	Acquired	Sold	As at 31.12.2023
Ultimate holding company				
Active Equity Sdn. Bhd.				
Direct interest:				
Evan Cheah Yean Shin	25,500	-	-	25,500
Deemed interest:				
Evan Cheah Yean Shin [(1)]	102,000	-	-	102,000

[(1)] *Deemed interest by virtue of Section 8 of the CA 2016 held through parent.*

	Number of ordinary shares			
	As at 1.1.2023	Acquired	Sold	As at 31.12.2023
Related company				
Sunway Global Limited				
Direct interest:				
Tan Sri Dato' (Dr.) Chew Chee Kin	689,183	-	-	689,183

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONTD.)

	Number of irredeemable convertible preference shares			
	As at 1.1.2023	Acquired	Sold	As at 31.12.2023
Intermediate holding company				
Sunway Berhad				
Direct interests:				
Tan Sri Dato' (Dr.) Chew Chee Kin	4,207,692	-	-	4,207,692
Evan Cheah Yean Shin	839,039	-	-	839,039
Liew Kok Wing	57,125	-	-	57,125
Dato' Tan Kia Loke	2,445,931	-	-	2,445,931
Deemed interests:				
Dato' Ir Goh Chye Koon [(1)]	24,040	-	-	24,040
Tan Sri Dato' (Dr.) Chew Chee Kin [(2)]	312,972	-	-	312,972
Evan Cheah Yean Shin [(3)]	685,722,826	19,819,600	-	705,542,426

[(1)] *Deemed interest by virtue of Section 8 of the CA 2016 held through AHTB GCK Family Trust.*
[(2)] *Deemed interest by virtue of Section 59(11)(c) of the CA 2016 held through spouse.*
[(3)] *Deemed interest by virtue of Section 8 of the CA 2016 held through AE, SWC, Jef-San Enterprise Sdn. Bhd. and parent.*

	Number of non-cumulative convertible redeemable preference shares			
	As at 1.1.2023	Allotted	Redeemed	As at 31.12.2023
Penultimate holding company				
Sungei Way Corporation Sendirian Berhad				
Deemed interest:				
Evan Cheah Yean Shin [(1)]	300,000,000	-	(300,000,000)	-

[(1)] *Deemed interest by virtue of Section 8 of the CA 2016 held through parent.*

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONTD.)

	Number of warrants 2017/2024			
	As at 1.1.2023	Acquired	Sold	As at 31.12.2023
Intermediate holding company **Sunway Berhad**				
Direct interests:				
Tan Sri Dato' (Dr.) Chew Chee Kin	**2,818,169**	**-**	**-**	**2,818,169**
Evan Cheah Yean Shin	**561,959**	**-**	**(561,959)**	**-**
Liew Kok Wing	**38,260**	**-**	**-**	**38,260**
Dato' Tan Kia Loke	**1,370,325**	**-**	**-**	**1,370,325**
Wong Kwan Song	**1,293**	**-**	**(98)**	**1,195**
Deemed interests:				
Dato' Ir Goh Chye Koon [1]	**16,101**	**-**	**-**	**16,101**
Tan Sri Dato' (Dr.) Chew Chee Kin [2]	**209,618**	**-**	**-**	**209,618**
Evan Cheah Yean Shin [3]	**468,393,341**	**440,679,648**	**(909,072,989)**	**-**

(1) *Deemed interest by virtue of Section 8 of the CA 2016 held through Affin Hwang Trustee Berhad GCK Family Trust.*
(2) *Deemed interest by virtue of Section 59(11)(c) of the CA 2016 held through spouse.*
(3) *Deemed interest by virtue of Section 8 of the CA 2016 held through AE, SWC and parent.*

By virtue of Evan Cheah Yean Shin's substantial interests in the Company and AE, he is deemed to have interest in the shares of all the subsidiaries of the Company and AE to the extent that the Company and AE have an interest.

The other Directors in office at the end of the financial year did not have any interests in ordinary shares, irredeemable convertible preference shares, non-cumulative convertible redeemable preference shares and warrants in the Company or its related corporation during the financial year.

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 were as follows:

	Group RM'000	Company RM'000
Fees	780	780
Emoluments	4,634	80
Estimated money value of benefits-in-kind	63	-
Total Directors' remuneration	5,477	860

DIRECTORS' REPORT

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

During the financial year, the intermediate holding company of the Company, Sunway Berhad effected Directors' liability insurance to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors. None of the Directors nor the Group paid for the insurance premium directly as the Group is under the effective cover of Sunway Berhad being its subsidiary company.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION

(I) As at the end of the financial year

(a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) From the end of the financial year to the date of this report

(c) The Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONTD.)

(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.

HOLDING COMPANIES

The immediate, intermediate, penultimate and ultimate holding companies of the Company are Sunway Holdings Sdn. Bhd., Sunway Berhad, Sungei Way Corporation Sendirian Berhad and Active Equity Sdn. Bhd. respectively, all of which are incorporated in Malaysia. Sunway Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad and produces financial statements available for public use.

LIST OF DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries during the financial year and up to date of this report is as follows:

Chang Kim Long#
Chung Soo Kiong#
Eric Tan Chee Hin
Evan Cheah Yean Shin
Elaine Lai Ee-Ling
Khor Seng Yan#
Kok Shin Lin#
Kumaresan Varadu Rasu
Kwong Tzyy En
Krishnakumar A/L Chelliah^
Liew Kok Wing
Lim Vin Tze
Lim Chee Siang
Naveen Rama Shetty
Ng Bee Lien#
Ng Chee Hwa
Ng Chong Beng#
Oh Keng Jin
Satish Rama Shetty
Subba Rao Semenchalam
Tan Kim Yoke#
Teoh Teik Thiam*^
U Than Oo#
Wong Kwan Song
Yip Lai Hun

^ Resigned during the financial year
# Ceased to hold office during the financial year
* Appointed during the financial year

DIRECTORS' REPORT

AUDITORS

The auditors, BDO PLT [201906000013 (LLP0018825-LCA) & AF 0206], have expressed their willingness to continue in office.

Auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2023 were as follows:

	Group RM'000	Company RM'000
Statutory audit	699	20
Non-statutory audit	73	-
	772	20

Signed on behalf of the Board in accordance with a resolution of the Directors dated 29 March 2024.

Tan Sri Dato' (Dr.) Chew Chee Kin
Director

Liew Kok Wing
Director

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Sri Dato' (Dr.) Chew Chee Kin and Liew Kok Wing, being two of the Directors of Sunway Construction Group Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 185 to 275 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 29 March 2024.

Tan Sri Dato' (Dr.) Chew Chee Kin
Director

Liew Kok Wing
Director

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Elaine Lai Ee-Ling (CA 48447), being the officer primarily responsible for the financial management of Sunway Construction Group Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 185 to 275 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 Elaine Lai Ee-Ling
at Petaling Jaya in the State of
Selangor Darul Ehsan on 29 March 2024

Elaine Lai Ee-Ling

Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SUNWAY CONSTRUCTION GROUP BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Sunway Construction Group Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 185 to 275.

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 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition from construction contracts

Revenue from construction contracts during the financial year as disclosed in Note 5 to the financial statements is RM2,381,047,000.

We determined this to be a key audit matter because it requires management to exercise significant judgements in estimating the progress towards complete satisfaction of performance obligations and determining whether there is any exposure to liquidated ascertained damages ("LAD"). The progress towards complete satisfaction of performance obligations is measured using the output method, which is based on the contract work certified to date over the estimated total contract sum.

In estimating the progress towards complete satisfaction of performance obligations, the Group considers the estimated contract work completed to date and the completeness and accuracy of its estimated total contract sum, including contract variations, claims and contingencies.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SUNWAY CONSTRUCTION GROUP BERHAD (INCORPORATED IN MALAYSIA)

KEY AUDIT MATTERS (CONTD.)

1. Revenue recognition from construction contracts (contd.)

Audit response

Our audit procedures included the following:

(a) inspected documentation to support the estimated total contract sum and correspondences from contract customers in relation to variations and claims to corroborate key judgements applied by management;

(b) inspected documentation certified by professional consultants to support the contract work performed by the Group to-date;

(c) recomputed the progress towards complete satisfaction of performance obligations determined by management for revenue recognition based on contract work certified to-date and budgeted total contract sum;

(d) inquired in-house operational and financial personnel of the Group to assess the merits of extension of time submitted to the contract customers for assessing the exposure to LAD; and

(e) inspected relevant correspondences and reports, including on-going negotiations with contract customers for the late delivery of contract works.

We have determined that there are no key audit matters to communicate in our report in respect to the audit of the financial statements of the Company.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company, or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SUNWAY CONSTRUCTION GROUP BERHAD (INCORPORATED IN MALAYSIA)

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 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SUNWAY CONSTRUCTION GROUP BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 17 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Tan Seong Yuh
03314/07/2025 J
Chartered Accountant

Kuala Lumpur
29 March 2024

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Revenue	5	**2,671,225**	2,155,231	**10,008**	89,587
Cost of sales	6	**(2,237,043)**	(1,789,474)	**-**	-
Gross profit		**434,182**	365,757	**10,008**	89,587
Other income	7	**54,021**	22,995	**-**	-
Administrative expenses		**(225,959)**	(186,638)	**(3,268)**	(3,646)
Net impairment losses on financial assets	9	**(27,312)**	(11,878)	**-**	-
Other expenses		**(10,664)**	(3,728)	**-**	-
Operating profit		**224,268**	186,508	**6,740**	85,941
Finance and other distribution income	8	**26,444**	13,874	**7,979**	6,105
Finance costs	8	**(47,917)**	(18,025)	**-**	-
Share of results of associates, net of tax		**540**	3,699	**-**	-
Share of results of joint ventures, net of tax		**(14,689)**	(1,999)	**-**	-
Profit before tax	9	**188,646**	184,057	**14,719**	92,046
Income tax expense	12	**(42,799)**	(45,318)	**(3)**	(3)
Profit for the financial year		**145,847**	138,739	**14,716**	92,043
Profit attributable to:					
Owners of the parent		**145,109**	135,181	**14,716**	92,043
Non-controlling interests		**738**	3,558	**-**	-
		145,847	138,739	**14,716**	92,043
Other comprehensive income/(loss)					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translations		**836**	(4,055)	**-**	-
Share of other comprehensive income of joint ventures		**2,012**	2,717	**-**	-
Net change in fair value for cash flow hedges		**5,647**	(7,616)	**-**	-
Other comprehensive income/(loss) for the financial year, net of tax		**8,495**	(8,954)	**-**	-
Total comprehensive income for the financial year		**154,342**	129,785	**14,716**	92,043
Total comprehensive income attributable to:					
Owners of the parent		**153,965**	128,251	**14,716**	92,043
Non-controlling interests		**377**	1,534	**-**	-
		154,342	129,785	**14,716**	92,043
Earnings per share attributable to owners of the parent (sen per share):					
Basic	13	**11.25**	10.48		
Diluted	13	**11.25**	10.48		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group 2023 RM'000	Group 2022 RM'000
Assets			
Non-current assets			
Property, plant and equipment	15	**97,981**	107,521
Intangible assets	16	**576**	96
Investment in an associate	18	**-**	-
Investments in joint arrangements	19	**253,148**	223,131
Other investments	20	**266**	266
Goodwill	21	**-**	-
Deferred tax assets	32	**8,725**	3,381
Long term receivables	23	**482,916**	264,291
		843,612	598,686
Current assets			
Other investments	20	**111,788**	84,694
Inventories	22	**46,426**	53,422
Trade receivables	23	**1,241,348**	677,726
Other receivables	24	**168,900**	135,536
Amount due from intermediate holding company	26	**34**	33
Amounts due from related companies	27	**171,931**	154,495
Amounts due from joint ventures	28	**13,362**	20,931
Tax recoverable		**15,005**	18,897
Cash and bank balances	30	**470,393**	491,628
		2,239,187	1,637,362
Total assets		**3,082,799**	2,236,048

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023 (CONTD.)

	Note	Group 2023 RM'000	Group 2022 RM'000
Equity and liabilities			
Current liabilities			
Borrowings	31	**438,235**	172,179
Trade payables	33	**921,082**	716,220
Other payables	34	**272,188**	169,773
Amount due to intermediate holding company	26	**188**	54
Amounts due to related companies	27	**42,861**	14,238
Amounts due to joint ventures	28	**3,340**	10,520
Lease liabilities	35	**2,872**	5,980
Tax payable		**19,053**	6,749
Derivative liabilities	29	**1,969**	7,616
		1,701,788	1,103,329
Non-current liabilities			
Borrowings	31	**487,724**	308,541
Lease liabilities	35	**1,004**	3,384
Derivative liabilities	29	**235**	-
Deferred tax liabilities	32	**91**	-
		489,054	311,925
Total liabilities		**2,190,842**	1,415,254
Equity attributable to owners of the parent			
Share capital	36	**258,580**	258,580
Treasury shares	36	**(6,990)**	(6,990)
Merger reserve	37	**(37,894)**	(37,894)
Foreign currency translation reserve	37	**17,300**	14,091
Cash flow hedge reserve	37	**(1,969)**	(7,616)
Capital contribution by intermediate holding company	37	**641**	641
Other capital reserve	37	**471**	471
Retained earnings	37	**590,036**	515,856
		820,175	737,139
Non-controlling interests		**71,782**	83,655
Total equity		**891,957**	820,794
Total equity and liabilities		**3,082,799**	2,236,048

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023 (CONTD.)

	Note	Company 2023 RM'000	Company 2022 RM'000
Assets			
Non-current assets			
Investments in subsidiaries	17	**358,717**	415,083
Current assets			
Other investments	20	**2,969**	3,283
Other receivables	24	**2**	72
Tax recoverable		**-**	1
Amount due from a subsidiary	25	**121**	121
Amount due from intermediate holding company	26	**16**	16
Amount due from a related company	27	**1**	-
Cash and bank balances	30	**88,709**	87,133
		91,818	90,626
Total assets		**450,535**	505,709
Equity and liabilities			
Current liabilities			
Other payables	34	**1,143**	1,846
Amount due to intermediate holding company	26	**2**	-
Amounts due to subsidiaries	25	**4,407**	2,640
Amount due to a related company	27	**1**	43
Tax payable		**1**	-
		5,554	4,529
Total liabilities		**5,554**	4,529
Equity attributable to owners of the parent			
Share capital	36	**258,580**	258,580
Treasury shares	36	**(6,990)**	(6,990)
Retained earnings	37	**193,391**	249,590
Total equity		**444,981**	501,180
Total equity and liabilities		**450,535**	505,709

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 2023

Group	Note	Share capital (Note 36) RM'000	Treasury shares (Note 36) RM'000	Merger reserve (Note 37) RM'000	Foreign currency translation reserve (Note 37) RM'000	Cash flow hedge reserve (Note 37) RM'000	Capital contribution by intermediate holding company (Note 37) RM'000	Other capital reserve (Note 37) RM'000	Distributable Retained earnings (Note 37) RM'000	Equity attributable to owners of the parent, total RM'000	Non-controlling interests RM'000	Equity, total RM'000
		Attributable to owners of the parent — Non-distributable										
At 1 January 2023		258,580	(6,990)	(37,894)	14,091	(7,616)	641	471	515,856	737,139	83,655	820,794
Profit for the financial year		-	-	-	-	-	-	-	145,109	145,109	738	145,847
Other comprehensive income, net of tax		-	-	-	3,209	5,647	-	-	-	8,856	(361)	8,495
Total comprehensive income		-	-	-	3,209	5,647	-	-	145,109	153,965	377	154,342
Transactions with owners												
Dividends paid	14	-	-	-	-	-	-	-	(70,915)	(70,915)	-	(70,915)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	(687)	(687)
Disposal of a subsidiary		-	-	-	-	-	-	-	(14)	(14)	(30)	(44)
Acquisitions of equity interests in subsidiaries by non-controlling interests		-	-	-	-	-	-	-	-	-	7,191	7,191
Effects of subscriptions and redemptions of units in a structured entity by unit holders		-	-	-	-	-	-	-	-	-	(18,724)	(18,724)
Total transactions with owners		-	-	-	-	-	-	-	(70,929)	(70,929)	(12,250)	(83,179)
At 31 December 2023		258,580	(6,990)	(37,894)	17,300	(1,969)	641	471	590,036	820,175	71,782	891,957

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTD.)

Group	Note	Attributable to owners of the parent										
		Non-distributable										
		Share capital (Note 36) RM'000	Treasury shares (Note 36) RM'000	Merger reserve (Note 37) RM'000	Foreign currency translation reserve (Note 37) RM'000	Cash flow hedge reserve (Note 37) RM'000	Capital contribution by intermediate holding company (Note 37) RM'000	Other capital reserve (Note 37) RM'000	Distributable Retained earnings (Note 37) RM'000	Equity attributable to owners of the parent, total RM'000	Non-controlling interests RM'000	Equity, total RM'000
At 1 January 2022		258,580	(6,990)	(37,894)	13,405	-	641	600	470,791	699,133	17,638	716,771
Profit for the financial year		-	-	-	-	-	-	-	135,181	135,181	3,558	138,739
Other comprehensive income, net of tax		-	-	-	686	(7,616)	-	-	-	(6,930)	(2,024)	(8,954)
Total comprehensive income		-	-	-	686	(7,616)	-	-	135,181	128,251	1,534	129,785
Transactions with owners												
Dividends paid	14	-	-	-	-	-	-	-	(90,255)	(90,255)	-	(90,255)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	(42)	(42)
Disposal of subsidiaries		-	-	-	-	-	-	(129)	139	10	(14)	(4)
Share capital reduction in a subsidiary		-	-	-	-	-	-	-	-	-	(280)	(280)
Acquisitions of equity interests in subsidiaries by non-controlling interests		-	-	-	-	-	-	-	-	-	20,050	20,050
Effects of a structured entity change from an associate to a subsidiary		-	-	-	-	-	-	-	-	-	249,190	249,190
Effects of subscriptions and redemptions of units in a structured entity by unit holders		-	-	-	-	-	-	-	-	-	(204,421)	(204,421)
Total transactions with owners		-	-	-	-	-	-	(129)	(90,116)	(90,245)	64,483	(25,762)
At 31 December 2022		258,580	(6,990)	(37,894)	14,091	(7,616)	641	471	515,856	737,139	83,655	820,794

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTD.)

Company	Note	Share capital (Note 36) RM'000	Treasury shares (Note 36) RM'000	Distributable Retained earnings (Note 37) RM'000	Equity, total RM'000
At 1 January 2023		**258,580**	**(6,990)**	**249,590**	**501,180**
Profit for the financial year		**-**	**-**	**14,716**	**14,716**
Other comprehensive income, net of tax		**-**	**-**	**-**	**-**
Total comprehensive income		**-**	**-**	**14,716**	**14,716**
Transactions with owners					
Dividends paid	14	**-**	**-**	**(70,915)**	**(70,915)**
Total transactions with owners		**-**	**-**	**(70,915)**	**(70,915)**
At 31 December 2023		**258,580**	**(6,990)**	**193,391**	**444,981**
At 1 January 2022		258,580	(6,990)	247,802	499,392
Profit for the financial year		-	-	92,043	92,043
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	92,043	92,043
Transactions with owners					
Dividends paid	14	-	-	(90,255)	(90,255)
Total transactions with owners		-	-	(90,255)	(90,255)
At 31 December 2022		258,580	(6,990)	249,590	501,180

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 2023

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from operating activities				
Profit before tax	**188,646**	184,057	**14,719**	92,046
Adjustments for:				
Accretion of financial assets and financial liabilities	**(1,482)**	(370)	**-**	-
Bad debts written off	**47**	36	**-**	-
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets	**21,011**	23,760	**-**	-
Dividend income	**-**	-	**(10,008)**	(89,587)
Fair value gain on reclassification from property, plant and equipment to finance lease receivables	**(719)**	-	**-**	-
Fair value loss on other investments	**-**	7	**-**	-
Fair value loss on derivative financial instruments	**230**	-	**-**	-
Finance and other distribution income	**(26,444)**	(13,874)	**(7,979)**	(6,105)
Finance costs	**47,917**	18,025	**-**	-
Gain on disposal of a subsidiary	**(16)**	-	**-**	-
Gain on disposal of property, plant and equipment	**(1,943)**	(732)	**-**	-
Gain on liquidation of a subsidiary	**(2)**	(294)	**-**	-
Gain on reassessments and modifications of leases	**(4)**	-	**-**	-
Impairment losses on:				
- trade receivables	**27,207**	14,470	**-**	-
- other receivables	**160**	649	**-**	-
- amounts due from related companies	**9**	23	**-**	-
- quasi-equity loan advanced to a joint venture	**415**	295	**-**	-
- investment in a joint venture	**18**	-	**-**	-
Inventories written down	**1,417**	500	**-**	-
Net unrealised foreign exchange loss/(gain)	**112**	(10)	**-**	-
Loss on liquidation of a subsidiary	**-**	343	**-**	-
Write-off of:				
- property, plant and equipment	**1**	50	**-**	-
- intangible assets	**-**	3	**-**	-
- inventories	**-**	11	**-**	-
Reversal of impairment losses on:				
- trade receivables	**(196)**	(1,382)	**-**	-
- other receivables	**(254)**	(2,133)	**-**	-
- amounts due from related companies	**(29)**	(44)	**-**	-
Share of results of joint ventures	**14,689**	1,999	**-**	-
Share of results of associates	**(540)**	(3,699)	**-**	-
Operating cash flows before working capital changes carried forward	**270,250**	221,690	**(3,268)**	(3,646)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTD.)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from operating activities (contd.)				
Operating cash flows before working capital changes brought forward	**270,250**	221,690	**(3,268)**	(3,646)
Changes in working capital:				
Inventories	**6,109**	(7,636)	**-**	-
Trade receivables	**(784,819)**	(357,389)	**-**	-
Other receivables	**(29,671)**	(77,902)	**70**	49
Trade payables	**202,724**	(51,661)	**-**	-
Other payables	**99,614**	77,397	**(703)**	691
Amounts due from subsidiaries	**-**	-	**1,767**	2,175
Amounts due (to)/from intermediate holding company	**133**	-	**2**	(16)
Amounts due from/(to) related companies	**2,401**	37,067	**(43)**	18
Amounts due to joint ventures	**(13,110)**	(2,064)	**-**	-
Cash used in operations	**(246,369)**	(160,498)	**(2,175)**	(729)
Interest received	**26,444**	13,874	**7,979**	6,105
Interest paid	**(47,602)**	(17,596)	**-**	-
Tax refunded	**663**	1,966	**-**	-
Tax paid	**(32,524)**	(52,770)	**(1)**	(3)
Net cash (used in)/from operating activities	**(299,388)**	(215,024)	**5,803**	5,373
Cash flows from investing activities				
Proceeds from disposals of property, plant and equipment	**2,459**	25,208	**-**	-
Placement of short term fund pledged to other financial institution	**(2,477)**	(45,695)	**(2,477)**	(45,695)
Acquisitions of:				
- Property, plant and equipment and intangible assets	**(18,453)**	(27,114)	**-**	-
- Other investments	**(436)**	-	**-**	-
Investment in a joint venture	**(4,837)**	-	**-**	-
Quasi-equity loan advanced to a joint venture	**(27,306)**	(88,698)	**-**	-
Repayments from/(Advances to) a joint venture	**14,334**	(20,426)	**-**	-
Net redemption of units in a structured entity under the control of the Company	**-**	-	**56,366**	25,887
Net (placements)/redemptions of units in a structured entity under the control of the intermediate holding company	**(26,118)**	-	**314**	17,591
Net cash used in investing activities carried forward	**(62,834)**	(156,725)	**54,203**	(2,217)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTD.)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from investing activities (contd.)				
Net cash used in investing activities brought forward	**(62,834)**	(156,725)	**54,203**	(2,217)
Net redemptions of units in a structured entity in which previously the Group has significant influence	**-**	239,580	**-**	-
Net redemptions of units in a structured entity by the Group	**-**	170,421	**-**	-
Net cash flow from gain of control upon redemption by non-controlling interests in a structured entity	**-**	355,145	**-**	-
Net cash outflow from disposal of a subsidiary	**(44)**	-	**-**	-
Share capital reduction of a subsidiary	**-**	(280)	**-**	-
Dividends received	**-**	-	**10,008**	89,587
Net cash (used in)/from investing activities	**(62,878)**	608,141	**64,211**	87,370
Cash flows from financing activities				
Acquisition of equity interests in subsidiaries by non-controlling interests	**7,191**	20,050	**-**	-
Drawdowns of term loans	**233,241**	322,721	**-**	-
Drawdowns of bills discounting	**810,260**	939,369	**-**	-
Drawdowns of revolving credits	**393,708**	251,000	**-**	-
Repayments of term loans	**(39,020)**	(80,945)	**-**	-
Repayments of bills discounting	**(687,262)**	(927,155)	**-**	-
Repayments of revolving credits	**(284,000)**	(266,000)	**-**	-
Payments of lease liabilities	**(6,037)**	(5,574)	**-**	-
Interest paid on lease liabilities	**(315)**	(429)	**-**	-
Dividends paid	**(70,915)**	(90,255)	**(70,915)**	(90,255)
Dividends paid to non-controlling interests of subsidiaries	**(687)**	(42)	**-**	-
Net redemptions of units in a structured entity by non-controlling interests	**(18,724)**	(204,421)	**-**	-
Net cash from/(used in) financing activities	**337,440**	(41,681)	**(70,915)**	(90,255)
Net (decrease)/increase in cash and cash equivalents	**(24,826)**	351,436	**(901)**	2,488
Effects of exchange rate changes on cash and cash equivalents	**1,114**	(4,348)	**-**	-
Cash and cash equivalents at beginning of financial year	**407,686**	60,598	**3,393**	905
Cash and cash equivalents at end of financial year	**383,974**	407,686	**2,492**	3,393

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 2023

1. CORPORATE INFORMATION

Sunway Construction Group Berhad (the "Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at Level 8, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan.

The immediate, intermediate, penultimate and ultimate holding companies of the Company are Sunway Holdings Sdn. Bhd., Sunway Berhad, Sungei Way Corporation Sendirian Berhad and Active Equity Sdn. Bhd. respectively, all of which are incorporated in Malaysia. Sunway Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad and produces financial statements available for public use. Related companies refer to companies within the Sunway Berhad group of companies.

The consolidated financial statements for the financial year ended 31 December 2023 comprise the Company and its subsidiaries and the interests of the Group in an associate and joint arrangements.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 17 to the financial statements.

The financial statements for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Directors on 29 March 2024.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

The new MFRSs and amendments to MFRSs adopted during the financial year are set out in Note 41(a) to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand ("RM'000"), unless otherwise stated.

3. SEGMENT INFORMATION

For management purpose, the Group is organised into business units based on their products and services. In addition, the businesses are considered from a geographical perspective. The Group's reporting segments are as follows:

(i) Construction - turnkey, construction related design and build, civil engineering, building works, geotechnical services and related products, hire of heavy machineries, mechanical and engineering works, sustainable energy, facade engineering and consultancy services and transportation agent.

(ii) Precast concrete - construction engineering, sub-contracting works for precast fabrication, manufacturing and distribution of precast components and building materials.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. SEGMENT INFORMATION (CONTD.)

Operating segments that have been aggregated to form the above reporting segments are as indicated as above. These operating segments are aggregated due to the similar nature and economic characteristics of the businesses.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise tax assets and liabilities, corporate assets, liabilities and expenses, if any.

Segment revenue, expenses and results include transfers between business segments. The inter-segment transactions have been entered into, on negotiated basis and are eliminated on consolidation. These policies have been applied consistently throughout the current and previous financial years.

Business segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Construction RM'000	Precast concrete RM'000	Adjustments/ Elimination RM'000	Note	Total RM'000
At 31 December 2023					
Revenue					
Sales to external customers	**2,381,047**	**290,178**	**-**		**2,671,225**
Inter-segment sales	**626,969**	**200,793**	**(827,762)**	**A**	**-**
Total revenue	**3,008,016**	**490,971**	**(827,762)**		**2,671,225**
Results					
Operating profit	**179,212**	**45,056**	**-**		**224,268**
Finance and other distribution income	**26,437**	**7**	**-**		**26,444**
Finance costs	**(36,277)**	**(11,640)**	**-**		**(47,917)**
Share of result of an associate	**540**	**-**	**-**		**540**
Share of results of a joint venture	**-**	**(14,689)**	**-**		**(14,689)**
Profit before tax	**169,912**	**18,734**	**-**		**188,646**
Income tax expense	**(35,686)**	**(7,113)**	**-**		**(42,799)**
Profit for the financial year	**134,226**	**11,621**	**-**		**145,847**
Non-controlling interests	**(738)**	**-**	**-**		**(738)**
Attributable to owners of the parent	**133,488**	**11,621**	**-**		**145,109**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. SEGMENT INFORMATION (CONTD.)

Business segments (contd.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (contd.)

	Construction RM'000	Precast concrete RM'000	Adjustments/ Elimination RM'000	Note	Total RM'000
At 31 December 2023					
Assets					
Segment assets	**3,402,645**	**444,142**	**(1,040,866)**		**2,805,921**
Investments in joint ventures	**10,141**	**243,007**	**-**		**253,148**
Unallocated assets					**23,730**
Total assets					**3,082,799**
Liabilities					
Segment liabilities	**2,029,279**	**502,566**	**(360,147)**		**2,171,698**
Unallocated liabilities					**19,144**
Total liabilities					**2,190,842**
Other segment information					
Capital expenditure	**4,741**	**13,712**	**-**	**B**	**18,453**
Depreciation and amortisation	**15,948**	**5,063**	**-**		**21,011**

	Construction RM'000	Precast concrete RM'000	Adjustments/ Elimination RM'000	Note	Total RM'000
At 31 December 2022					
Revenue					
Sales to external customers	1,973,648	181,583	-		2,155,231
Inter-segment sales	706,669	149,318	(855,987)	A	-
Total revenue	2,680,317	330,901	(855,987)		2,155,231

3. SEGMENT INFORMATION (CONTD.)

Business segments (contd.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (contd.)

	Construction RM'000	Precast concrete RM'000	Adjustments/ Elimination RM'000	Note	Total RM'000
At 31 December 2022					
Results					
Operating profit	168,615	17,893	-		186,508
Finance and other distribution income	13,853	21	-		13,874
Finance costs	(13,343)	(4,682)	-		(18,025)
Share of results of associates	3,699	-	-		3,699
Share of results of a joint venture	517	(2,516)	-		(1,999)
Profit before tax	173,341	10,716	-		184,057
Income tax expense	(43,013)	(2,305)	-		(45,318)
Profit for the financial year	130,328	8,411	-		138,739
Non-controlling interests	(3,558)	-	-		(3,558)
Attributable to owners of the parent	126,770	8,411	-		135,181
Assets					
Segment assets	2,595,822	341,453	(946,636)		1,990,639
Investments in joint ventures	5,323	217,808	-		223,131
Unallocated assets					22,278
Total assets					2,236,048
Liabilities					
Segment liabilities	1,213,743	405,121	(210,359)		1,408,505
Unallocated liabilities					6,749
Total liabilities					1,415,254
Other segment information					
Capital expenditure	14,268	12,846	-	B	27,114
Depreciation and amortisation	19,492	4,268	-		23,760

3. SEGMENT INFORMATION (CONTD.)

Geographical segments

The following table provides an analysis of the Group's revenue, profit before tax, net profit, profit attributable to owners of the parent and assets by geographical segment:

	Revenue from contracts with customers RM'000	Profit/(Loss) before tax RM'000	Net profit/ (loss) RM'000	Profit/(Loss) attributable to owners of the parent RM'000	Segment assets Non-Current RM'000	Segment assets Current RM'000
At 31 December 2023						
Malaysia	**2,016,665**	**160,864**	**125,314**	**124,290**	**154,629**	**1,827,197**
Singapore	**290,178**	**(13,324)**	**(13,801)**	**(13,796)**	**35,053**	**197,709**
India	**364,382**	**41,111**	**34,339**	**34,620**	**392,057**	**199,129**
Trinidad & Tobago	**-**	**-**	**-**	**-**	**-**	**27**
United Arab Emirates	**-**	**(3)**	**(3)**	**(3)**	**-**	**120**
Myanmar	**-**	**(2)**	**(2)**	**(2)**	**-**	**-**
	2,671,225	**188,646**	**145,847**	**145,109**	**581,739**	**2,224,182**
At 31 December 2022						
Malaysia	1,680,356	159,110	119,670	118,387	177,537	1,262,271
Singapore	181,583	(1,582)	(1,582)	(1,569)	22,443	164,120
India	293,292	26,588	20,710	18,422	172,194	191,928
Trinidad & Tobago	-	-	-	-	-	26
United Arab Emirates	-	(39)	(39)	(39)	-	116
Myanmar	-	(20)	(20)	(20)	-	4
	2,155,231	184,057	138,739	135,181	372,174	1,618,465

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:

	2023 RM'000	2022 RM'000
Property, plant and equipment (exclude right-of-use buildings)	**17,656**	27,022
Software	**797**	92
	18,453	27,114

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. SEGMENT INFORMATION (CONTD.)

Major customers

Revenue from one (1) customer (2022: three (3) customers) from the construction segment represent approximately RM360,063,000 (2022: RM788,101,000) of the Group's revenue.

The following are major customers with revenue equal or more than ten percent (10%) of Group's revenue:

	Revenue 2023 RM'000	Revenue 2022 RM'000
Customer A	360,063	289,190
Customer B	*	233,603
Customer C	*	265,308
	360,063	788,101

* Represents revenue not disclosed as the revenue is less than 10% of Group's revenue.

4. CAPITAL, INSURANCE AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the Group's and of the Company's capital management is the maintenance of a strong credit rating and healthy capital ratio, in order to support the Group's and the Company's businesses and maximise shareholders' value.

The Group and the Company manage their capital structure by ensuring that financial commitments are met as and when they fall due. In addition, divestment of the Group's and of the Company's non-core assets which provide low returns are also made to optimise the capital structure of the Group and of the Company.

The Group and the Company monitor capital utilisation using the gearing ratio. This ratio is used to assess the appropriateness of the Group's and of the Company's debt level, hence its capital structure. The ratio is calculated as net debt divided by total equity. Net debt includes total borrowings less cash and bank balances.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Borrowings (Note 31)	**925,959**	480,720	**-**	-
Cash and bank balances (Note 30)	**(470,393)**	(491,628)	**(88,709)**	(87,133)
Net debt/(cash)	**455,566**	(10,908)	**(88,709)**	(87,133)
Equity attributable to owners of the parent	**820,175**	737,139	**444,981**	501,180
Gearing ratio	**56%**	N/A	**N/A**	N/A

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. CAPITAL, INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)

(a) Capital management (contd.)

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 31 December 2023.

(b) Insurance and financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk, credit risk, market risk and insurance risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the current financial year and previous financial year, the Group's policy that no trading in derivative financial instruments shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

Interest rate risk

The Group's and the Company's interest rate risk arises primarily from interest-bearing trade receivables, interest-bearing deposits with licensed banks, borrowings and lease liabilities.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 23, 30, 31 and 35 to the financial statements respectively.

Foreign currency risk

The Group is not significantly exposed to foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia ("RM") except for foreign currency risk arising from the countries in which certain foreign subsidiaries operate. The currencies giving rise to this risk are Singapore Dollar ("SGD") and India Rupee ("INR").

Approximately 25% (2022: 22%) of the Group's sales are denominated in foreign currencies whilst almost 3% (2022: 1%) of costs are denominated in the respective functional currencies of the Group entities.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the revenue stream to be generated from its investments.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances amounted to RM90,449,000 (2022: RM83,902,000).

In relation to its investments in foreign subsidiaries whose net assets are exposed to currency translation risks and which are held for long term investment purposes, the differences arising from such translation are recorded under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. CAPITAL, INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)

(b) Insurance and 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	INR RM'000	SGD RM'000	Others RM'000
At 31 December 2023			
Financial assets in foreign currencies			
Cash and bank balances	**71,857**	**16,682**	**1,910**
Trade and other receivables	**518,398**	**158,754**	**21**
Financial liabilities in foreign currencies			
Trade and other payables	**(45,583)**	**(33,061)**	**-**
Borrowings	**(372,484)**	**(232,532)**	**-**
Net exposure	**172,188**	**(90,157)**	**1,931**
At 31 December 2022			
Financial assets in foreign currencies			
Cash and bank balances	56,779	24,682	2,441
Trade and other receivables	292,453	114,058	20
Financial liabilities in foreign currencies			
Trade and other payables	(75,176)	(24,802)	(8)
Borrowings	(161,909)	(232,262)	-
Net exposure	112,147	(118,324)	2,453

Company

At 31 December 2023/2022

The currency risk exposure profile of the Company is not presented as there is no exposure to foreign currency at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. CAPITAL, INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)

(b) Insurance and 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 profit net of tax to a reasonably possible change in the foreign exchange rates against the functional currency of the Group, with all other variables held constant.

	Group Profit net of tax	
	2023 RM'000	2022 RM'000
INR/RM		
- strengthened 0.03% (2022: 1.7%)	**39**	1,430
- weakened 0.03% (2022: 1.7%)	**(39)**	(1,430)
SGD/RM		
- strengthened 1.44% (2022: 2.7%)	**(1,078)**	(2,652)
- weakened 1.44% (2022: 2.7%)	**1,078**	2,652

The exposure to the other currencies except for INR and SGD, are not significant, hence the effects of the changes in the exchange rates are not presented.

The sensitivity of the Group's equity to a reasonably possible change in the foreign exchange rates against the functional currency of the Group is not presented as the effects are immaterial.

Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

The analysis of financial instruments by remaining contractual maturities have been disclosed in Notes 25, 26, 27, 28, 29, 31, 33, 34 and 35 to the financial statements respectively.

The notional amounts of performance guarantee contracts of the Group and of the Company that are payable on demand are set out below:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Performance guarantee contracts	**119,958**	142,040	**119,958**	142,040

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. CAPITAL, INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)

(b) Insurance and 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 arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The credit risk concentration profiles have been disclosed in Notes 23 and 24 to the financial statements.

Market risk

Market risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risks arising mainly from investments in wholesale funds held by the Group. These investments are classified as financial assets designated at fair value through profit or loss.

The sensitivity analysis of market risk has been disclosed in Notes 17, 20 and 30 to the financial statements.

Insurance risk

The most significant risks arising from the performance guarantees contracts are compensation for delays in delivery of construction contracts that result in a decline in profit margins from the construction contracts of the Group. Since the guarantee extends to more than a year, there is also inflation risk.

As at the end of the reporting period, there is no significant exposure of insurance risk of the Group and of the Company as the expected future cash outflows arising from performance guarantee contracts are negligible.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. REVENUE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers				
- Construction contracts	**2,380,204**	1,973,648	**-**	-
- Sale of goods and services	**290,178**	181,583	**-**	-
Other revenue				
Dividend income from a subsidiary	**-**	-	**10,008**	89,587
Finance lease income	**843**	-	**-**	-
	2,671,225	2,155,231	**10,008**	89,587

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated in the table below by primary geographical market, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the reportable segments of the Group.

Group	India RM'000	Malaysia RM'000	Singapore RM'000	Total RM'000
31 December 2023				
Major products and service lines				
Revenue from construction contracts	**364,382**	**2,015,822**	**-**	**2,380,204**
Sales of goods and services	**-**	**-**	**290,178**	**290,178**
Revenue from external customers	**364,382**	**2,015,822**	**290,178**	**2,670,382**
Timing of revenue recognition				
Services transferred over time	**364,382**	**2,015,822**	**87,324**	**2,467,528**
Products transferred at a point in time	**-**	**-**	**202,854**	**202,854**
Revenue from external customers	**364,382**	**2,015,822**	**290,178**	**2,670,382**
31 December 2022				
Major products and service lines				
Revenue from construction contracts	293,292	1,680,356	-	1,973,648
Sales of goods and services	-	-	181,583	181,583
Revenue from external customers	293,292	1,680,356	181,583	2,155,231
Timing of revenue recognition				
Services transferred over time	293,292	1,680,356	60,759	2,034,407
Products transferred at a point in time	-	-	120,824	120,824
Revenue from external customers	293,292	1,680,356	181,583	2,155,231

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. REVENUE (CONTD.)

(a) Revenue from construction contracts

Construction contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices.

Revenue from construction contracts is measured at the fixed transaction price agreed under the agreement.

The Group determines the transaction price of a contract after considering the effect of variable consideration, constraining estimates of variable consideration, effect of significant financing component, non-cash consideration and consideration payable to customer.

When the fair value of variable consideration is uncertain, the Group estimates the amount of consideration by using the most likely amount method and only recognises to the extent that is highly probable that a significant reversal in cumulative revenue will not occur.

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using the output method. The output method recognises revenue based on contract work certified to date which depicts the basis of direct measurements of value to the customers of the construction work performed to date relative to the remaining construction work promised under the contract.

If control of the asset transfers at a point in time, revenue is recognised at a point in time when the customer obtains control of the asset.

Significant judgement is required in estimating the progress towards complete satisfaction of performance obligations and in assessing the exposures to liquidated ascertained damages ("LAD") based on the facts and circumstances of the relevant construction projects, including projects that had been served with certificates of non-achievement for project delays. In making these judgements, the Group evaluates based on experience and by relying on the work of specialists. The progress towards complete satisfaction of performance obligations is measured using the output method, which is based on the contract work certified to date over the estimated total contract sum.

(b) Sale of goods and services

Revenue is recognised as and when control of the asset is transferred or the services have been rendered to the customers and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred and services rendered to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using the output method. The output method recognises revenue on the basis of direct measurements of value to the customers of goods transferred or services rendered to date relative to the remaining goods or services promised under the contract.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. REVENUE (CONTD.)

(b) Sale of goods and services (contd.)

If control of the asset transfers at a point in time, revenue is recognised at a point in time when the goods have been transferred or the services have been rendered to the customer and coincide with the delivery of goods and services and acceptance by customers.

Revenue from services rendered is recognised over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

There is no right of return and warranty provided to the customers on the sale of products.

(c) Finance lease income

Finance lease income is recognised on the effective yield basis method.

(d) Dividend income

Dividend income is recognised when the right of the Company to receive payment is established.

6. COST OF SALES

	Group	
	2023 RM'000	2022 RM'000
Construction contract costs	**2,002,701**	1,631,128
Cost of goods sold	**234,342**	158,346
	2,237,043	1,789,474

7. OTHER INCOME

Included in other income are the following:

	Group	
	2023 RM'000	2022 RM'000
Rental income	**1,692**	907
Bad debts recovered	**187**	-
Gain on disposal of property, plant and equipment	**1,943**	732
Income arising from settlement scheme	**20,811**	-
Gain on liquidation of a subsidiary	**2**	294
Gain on disposal of a subsidiary	**16**	-
Gain on reassessments and modifications of leases	**4**	-*
Accretion of financial assets	**2,266**	1,102
Fair value gain on reclassification from property, plant and equipment to finance lease receivables	**719**	-
Foreign exchange gain:		
- realised	**3,990**	2,227
- unrealised	**148**	189

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

7. OTHER INCOME (CONTD.)

Rental income is accounted for on a straight-line basis over the lease term of an ongoing lease.

* Amount was immaterial to disclose.

8. FINANCE AND OTHER DISTRIBUTION INCOME AND FINANCE COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Finance and other distribution income				
Finance and other distribution income from:				
Deposits with licensed banks	**2,197**	762	**-**	-
Short term funds	**3,615**	1,794	**2,347**	1,373
Structured entities controlled by its intermediate holding company	**9,720**	8,867	**5,620**	4,722
Interest-bearing trade receivables	**4,088**	-	**-**	-
Others	**6,824**	2,451	**12**	10
	26,444	13,874	**7,979**	6,105
Finance costs				
Interest expense in relation to:				
Lease liabilities	**(315)**	(429)	**-**	-
Bank borrowings	**(45,566)**	(13,608)	**-**	-
Others	**(2,036)**	(3,988)	**-**	-
	(47,917)	(18,025)	**-**	-

Interest income from short term deposits, structured entities controlled by its intermediate holding company and advances are recognised on an accrual basis, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9. PROFIT BEFORE TAX

(a) Other than those disclosed elsewhere in the financial statements, the following amounts have been included in arriving at profit before tax:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Auditors' remuneration:				
- statutory audits	**699**	602	**20**	19
- under provision in prior years	**2**	55	**4**	-
- other services	**73**	51	**-**	6
Foreign exchange losses:				
- realised	**3,842**	110	**-**	-
- unrealised	**260**	179	**-**	-
Fair value loss on derivative financial instruments	**230**	-	**-**	-
Accretion of financial liabilities	**784**	732	**-**	-
Bad debts written off	**47**	36	**-**	-
Impairment loss on investment in a joint venture (Note 19)	**18**	-	**-**	-
Write-off of:				
- property, plant and equipment (Note 15)	**1**	50	**-**	-
- intangible asset (Note 16)	**-**	3	**-**	-
- inventories (Note 22)	**-**	11	**-**	-
Written down of inventories (Note 22)				
Rental expenses:	**1,417**	500	**-**	-
- short term lease expenses	**278**	444	**-**	-
- lease expense for low value assets	**332**	299	**-**	-
- variable lease payment expense	**133**	67	**-**	-
Management fees paid to a related company (Note 40)	**17,344**	13,469	**-**	-
Management fees paid to a subsidiary (Note 40)	**-**	-	**1,706**	2,243
Service level agreement fees paid to related companies (Note 40)	**3,641**	3,431	**5**	6

9. PROFIT BEFORE TAX (CONTD.)

(b) Net impairment losses on financial assets recognised in profit or loss were as follows:

	Group	
	2023 RM'000	**2022 RM'000**
Impairment losses on:		
- trade receivables (Note 23)	**27,207**	14,470
- other receivables (Note 24)	**160**	649
- amounts due from related companies (Note 27)	**9**	23
- quasi-equity loan advanced to a joint venture (Note 19)	**415**	295
	27,791	15,437
Reversal of impairment losses on:		
- trade receivables (Note 23)	**(196)**	(1,382)
- other receivables (Note 24)	**(254)**	(2,133)
- amounts due from related companies (Note 27)	**(29)**	(44)
	(479)	(3,559)
Net impairment losses on financial assets	**27,312**	11,878

10. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Wages, salaries, allowances and bonuses	**141,110**	122,076	**-**	-
Social security contributions	**1,131**	1,056	**-**	-
Contributions to defined contribution plan	**10,123**	9,443	**-**	-
Other benefits	**6,607**	5,891	**51**	32
	158,971	138,466	**51**	32

Included in employee benefits expense of the Group are Executive Directors' remuneration amounting to RM4,554,000 (2022: RM4,267,000) as further disclosed in Note 11 to the financial statements.

11. DIRECTORS' REMUNERATION

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Executive Directors' remuneration:				
Salaries and bonuses	**4,066**	3,810	**-**	-
Contribution to defined contribution plan	**488**	457	**-**	-
Total Executive Directors' remuneration excluding benefits-in-kind (Note 10)	**4,554**	4,267	**-**	-
Estimated money value of benefits-in-kind	**63**	114	**-**	-
Total Executive Directors' remuneration including benefits-in-kind (Note 40)	**4,617**	4,381	**-**	-
Non-Executive Directors' remuneration:				
Fees	**780**	780	**780**	780
Other emoluments	**80**	89	**80**	89
	860	869	**860**	869
Total Directors' remuneration including benefits-in-kind	**5,477**	5,250	**860**	869

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	
	2023	**2022**
Executive Directors:		
RM2,600,001 - RM3,000,000	**1**	1
RM2,000,001 - RM2,600,000	**-**	-
RM1,500,001 - RM2,000,000	**1**	1
Non-Executive Directors:		
RM150,001 - RM200,000	**1**	1
RM100,000 - RM150,000	**6**	6
Below RM100,000	**-**	-

Included in Executive Directors, is the Alternate Director.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12. INCOME TAX EXPENSE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current income tax:				
Malaysian income tax	**42,542**	36,088	**3**	2
Foreign tax	**7,438**	5,722	**-**	-
	49,980	41,810	**3**	2
(Over)/under provision in prior years:				
Malaysian income tax	**(1,192)**	8,094	**-**	1
Foreign tax	**(759)**	834	**-**	-
	(1,951)	8,928	**-**	1
	48,029	50,738	**3**	3
Deferred tax (Note 32):				
Relating to origination and reversal of temporary differences	**(4,207)**	(532)	**-**	-
Over provision in prior years	**(1,023)**	(4,888)	**-**	-
	(5,230)	(5,420)	**-**	-
Total income tax expense	**42,799**	45,318	**3**	3

(a) Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the year.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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	
	2023 RM'000	2022 RM'000
Profit before tax	**188,646**	184,057
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	**45,275**	44,174
Different tax rates in other countries	**185**	215
Effect of reduction in tax rates arising from incremental taxable income	**-**	(166)
Income not subject to tax	**(8,084)**	(4,917)
Expenses not deductible for tax purposes	**4,952**	2,593
Deferred tax assets not recognised in respect of unused tax losses, unabsorbed capital allowances and other deductible temporary differences	**641**	175
Utilisation of deferred tax assets previously not recognised	**(591)**	(387)
Effect of share of results of associates	**(130)**	(888)
Effect of share of results of joint ventures	**3,525**	479
(Over)/Under provision of income tax in prior years	**(1,951)**	8,928
Over provision of deferred tax in prior years	**(1,023)**	(4,888)
Income tax expense for the year	**42,799**	45,318

	Company	
	2023 RM'000	2022 RM'000
Profit before tax	**14,719**	92,046
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	**3,533**	22,091
Effect of different tax rates in other countries	**-**	-
Income not subject to tax	**(4,314)**	(22,964)
Expenses not deductible for tax purposes	**784**	875
Under provision of income tax in prior years	**-**	1
Income tax expense for the year	**3**	3

(d) There is no tax effect on other comprehensive income of the Group and of the Company during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

13. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2023	**2022**
Profit attributable to owners of the parent (RM'000)	**145,109**	135,181
Weighted average number of ordinary shares in issue ('000)	**1,289,359**	1,289,359
Basic earnings per ordinary share (sen)	**11.25**	10.48

(b) Diluted

Diluted earnings per share equals basic earnings per ordinary share because there were no dilutive ordinary shares as at the end of reporting period.

14. DIVIDENDS

	Group/Company			
	Dividends in respect of year		Dividends recognised in year	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Interim dividend for 2021:				
Single-tier dividend of 4.00 sen per ordinary share	**-**	-	**-**	51,574
Interim dividend for 2022:				
Single-tier dividend of 3.00 sen per ordinary share	**-**	38,681	**-**	38,681
Single-tier dividend of 2.50 sen per ordinary share	**-**	32,234	**32,234**	-
Interim dividend for 2023:				
Single-tier dividend of 3.00 sen per ordinary share	**38,681**	-	**38,681**	-
Single-tier dividend of 3.00 sen per ordinary share	**38,681**	-	**-**	-
	77,362	70,915	**70,915**	90,255

On 20 February 2024, the Board of Directors had declared a second interim single-tier dividend of 3.00 sen per ordinary share for the financial year ended 31 December 2023. The total dividend payable amounted to RM38,680,773. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

The Board of Directors does not recommend any final dividend for the financial year ended 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15. PROPERTY, PLANT AND EQUIPMENT

Group At 31 December 2023	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Capital work-in-progress RM'000	Right-of-use buildings RM'000	Total RM'000
Cost								
At beginning of financial year	8,538	18,138	275,911	24,533	8,247	16,336	32,654	384,357
Additions	-	186	13,835	1,209	818	1,608	1,739	19,395
Write-offs	-	-	(6,931)	(3)	(72)	-	(4,270)	(11,276)
Disposals	-	-	(17,868)	(374)	(91)	-	-	(18,333)
Reassessment and modification of leases	-	-	-	-	-	-	(1,303)	(1,303)
Reclassifications	-	-	8,931	-	342	(9,273)	-	-
Transfer to finance lease receivables	-	-	-	-	(78)	(8,016)	-	(8,094)
Exchange differences	-	-	1,225	12	105	309	91	1,742
At end of financial year	8,538	18,324	275,103	25,377	9,271	964	28,911	366,488
Accumulated depreciation								
At beginning of financial year	-	8,266	216,293	22,674	5,891	-	23,712	276,836
Depreciation charge for the financial year	-	958	12,094	877	855	-	5,910	20,694
Write-offs	-	-	(6,930)	(3)	(72)	-	(4,270)	(11,275)
Disposals	-	-	(17,353)	(374)	(90)	-	-	(17,817)
Reassessment and modification of leases	-	-	-	-	-	-	(109)	(109)
Exchange differences	-	(1)	45	3	49	-	82	178
At end of financial year	-	9,223	204,149	23,177	6,633	-	25,325	268,507
Net carrying amount	8,538	9,101	70,954	2,200	2,638	964	3,586	97,981

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group At 31 December 2022	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Capital work-in-progress RM'000	Right-of-use buildings RM'000	Total RM'000
Cost								
At beginning of financial year	8,538	18,234	261,305	26,822	9,317	28,545	29,948	382,709
Additions	-	-	14,668	-	1,211	11,143	2,663	29,685
Write-offs	-	(96)	(253)	(60)	(2,396)	-	-	(2,805)
Disposals	-	-	(111)	(2,210)	-	(24,447)	-	(26,768)
Reassessment and modification of leases	-	-	-	-	-	-	(93)	(93)
Exchange differences	-	-	302	(19)	115	1,095	136	1,629
At end of financial year	8,538	18,138	275,911	24,533	8,247	16,336	32,654	384,357
Accumulated depreciation								
At beginning of financial year	-	7,305	202,416	22,821	7,486	-	18,013	258,041
Depreciation charge for the financial year	-	1,018	14,266	2,099	712	-	5,590	23,685
Write-offs	-	(57)	(244)	(60)	(2,394)	-	-	(2,755)
Disposals	-	-	(111)	(2,181)	-	-	-	(2,292)
Reassessment and modification of leases	-	-	-	-	-	-	(14)	(14)
Exchange differences	-	-	(34)	(5)	87	-	123	171
At end of financial year	-	8,266	216,293	22,674	5,891	-	23,712	276,836
Net carrying amount	8,538	9,872	59,618	1,859	2,356	16,336	8,942	107,521

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

(a) Right-of-use buildings represent right-of-use assets arising from lease arrangements that do not meet the definition of investment property.

(b) All items of property, plant and equipment (excluding right-of-use assets) are initially recorded at cost. After initial recognition, property, plant and equipment (excluding right-of-use assets) are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	%
Buildings	2 - 15
Plant and machinery	10 - 33
Motor vehicles	10 - 20
Office equipment, furniture and fittings	10 - 33

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The useful lives and residual values of other components of property, plant and equipment (excluding right-of-use assets) are estimated based on common life expectancies and commercial factors applied in the various respective industries.

Changes in expected level of usage, occupancy rates and economic development could impact the economic useful lives and the residual values of these assets, and hence future depreciation charges on such assets could be revised.

(c) The right-of-use assets under property, plant and equipment are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the end of the lease term. The principal depreciation periods are as follows:

Buildings	over the lease period from 2 to 12 years

(d) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2023 RM'000	2022 RM'000
Additions of property, plant and equipment	**19,395**	29,685
Additions via lease liabilities	**(1,739)**	(2,663)
Cash outflow for acquisition of property, plant and equipment	**17,656**	27,022

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16. INTANGIBLE ASSETS

	Group	
Software	**2023 RM'000**	**2022 RM'000**
Cost		
At beginning of financial year	**18,370**	18,342
Additions	**797**	92
Write-offs	**-**	(64)
At end of financial year	**19,167**	18,370
Accumulated amortisation		
At beginning of financial year	**18,274**	18,260
Amortisation charge for the year	**317**	75
Write-offs	**-**	(61)
At end of financial year	**18,591**	18,274
Net carrying amount	**576**	96

Intangible assets are initially measured at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives. The amortisation expense on intangible assets with finite life is included within the other expenses line item.

Software

Software that does not form an integral part of the related hardware is treated as intangible asset with finite life and is amortised over its estimated useful life of three (3) years (2022: three (3) years).

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 RM'000	**2022 RM'000**
At cost		
Unquoted ordinary shares	**258,580**	258,580
At fair value		
Quoted units in a wholesale fund	**100,137**	156,503
	358,717	415,083

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. INVESTMENTS IN SUBSIDIARIES (CONTD.)

(a) Investments in subsidiaries other than quoted units in a wholesale fund are stated in the separate financial statements of the Company at cost less impairment losses, if any.

Quoted units in a wholesale fund are classified as financial assets measured at fair value through profit or loss pursuant to MFRS 9 *Financial Instruments*. The fair value of quoted units in wholesale fund is categorised as Level 2 in the fair value hierarchy. The fair value of quoted units in a wholesale fund is determined based on net asset value of the fund at close of business on the reporting date.

(b) All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on 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) The Group and the Company determined that their placements in a wholesale fund is in substance, a structured entity under their control in accordance with MFRS 10 *Consolidated Financial Statements*, taking into consideration their power over the wholesale fund, exposure or rights to variable returns from their involvement with the wholesale fund and their ability to use their power over the wholesale fund to affect the amount of their returns.

The Group and the Company invested in the wholesale fund with the objective of achieving short term to long term income for their treasury management purposes. The fund is managed by the fund manager, who applies various investment strategies to accomplish its investment objectives. The operation is financed through the creation of investee fund units, which in turn entitles the holders to variable returns and fair values in the wholesale fund's net assets.

In relation to this, the Group and the Company hold 84.60% (2022: 83.06%) directly and indirectly in a wholesale fund which is established in Malaysia. The Group and the Company are exposed to, or have rights to variable returns from their involvements in these funds. Accordingly, this fund is deemed as a subsidiary of the Group and of the Company and has been consolidated in the financial statements of the Group.

(d) During the financial year, the Group completed the following subscription and acquisition of shares, incorporation and dissolutions of companies:

(i) On 24 July 2023, the Group, via Sunway Construction Sdn. Bhd., a wholly-owned subsidiary of the Company had acquired additional equity shares, representing 1,735 shares in Sunway RNSIL MC Private Limited, an existing indirect subsidiary, for a total cash consideration of INR45,544,982 (approximately equivalent to RM2.5 million). Subsequently on 14 September 2023 and 26 December 2023, the Group acquired additional equity shares, representing 1,734 shares for a total cash consideration of INR45,518,731 (approximately equivalent to RM2.5 million) and 3,900 shares for a total cash consideration of INR 102,161,436 (approximately equivalent to RM5.6 million) respectively. The effective shareholding interest of the Group in Sunway RNSIL MC Private Limited remains at 60%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. INVESTMENTS IN SUBSIDIARIES (CONTD.)

(d) During the financial year, the Group completed the following subscription and acquisition of shares, incorporation and dissolutions of companies: (contd.)

(ii) On 7 February 2023, Sunway Construction Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into a share sale agreement to dispose its 60% shares in Facade Teknik Sdn. Bhd. (formerly known as Sunway Façade Network Sdn. Bhd.) ("FTSB") for a total consideration of RM45,618. Subsequently, FTSB was disposed off on 27 March 2023. The disposal of FTSB did not have any material financial effect to the financial statements of the Group as at 31 December 2023.

(iii) On 15 September 2023, Sunway Construction Sdn. Bhd., a wholly-owned subsidiary of the Company had incorporated a wholly-owned subsidiary known as Sunway RE Sdn. Bhd. with paid-up share capital of RM100 comprising 100 ordinary shares.

(e) In the previous financial year, the Group completed the following subscription and acquisition of shares, share capital reduction and dissolutions of companies:

(i) On 29 January 2022, the Group, via Sunway Construction Sdn. Bhd. had acquired additional equity shares, representing 1,174 shares in Sunway RNSIL MC Private Limited, an existing indirect subsidiary, for a total cash consideration of INR120,117,810 (approximately equivalent to RM6.8 million). Subsequently on 18 February 2022, the Group acquired additional equity shares, representing 837 shares for a total cash consideration of INR85,637,655 (approximately equivalent to RM4.7 million). The effective shareholding interest of the Group in Sunway RNSIL MC Private Limited remained at 60%.

(ii) On 29 March 2022 the Group, via Sunway Construction Sdn. Bhd. had acquired additional equity shares, representing 1,083 shares in Sunway RNS TJ Private Limited, an existing indirect subsidiary, for a total cash consideration of INR149,881,775 (approximately equivalent to RM8.5 million). Subsequently, on 21 June 2022, the Group acquired additional equity shares, representing 5,322 shares for a total cash consideration of INR176,253,996 (approximately equivalent to RM10 million). The effective shareholding interest of the Group in Sunway RNS TJ Private Limited remained at 60%.

(iii) On 28 June 2022, Sunway Façade Network Sdn. Bhd. ("SFNSB") had undertook a proposed capital reduction pursuant to Section 117 of the Companies Act 2016 for the purpose of reducing its issued and paid-up ordinary share capital from RM750,010 to RM50,010 by cancelling 700,000 ordinary shares ("Proposed Capital Reduction"). The amount of RM700,000 arose from the Proposed Capital Reduction, being in excess of the needs of the Company, be returned to the shareholders in cash. As a result, the cash consideration amounted to RM700,000 was disbursed to the shareholders of the SFNSB on 14 December 2022. The Group's effective shareholding in SFNSB remained at 60%.

(iv) On 21 November 2022, the liquidator of Sunway Creative Stone Sdn. Bhd. ("SCS") had convened the Final Meeting to conclude the members voluntary winding up of SCS. Subsequently, on 22 November 2022 ("Lodgement date"), the Returns by Liquidator Relating to Final Meeting of SCS were lodged with Companies Commission of Malaysia. SCS was dissolved on the expiration of three months after the Lodgement date.

(v) On 9 December 2022, Sunway Construction Sdn. Bhd. ("SCSB"), a wholly-owned subsidiary of the Company had subscribed for an additional 10,983,000 Non-Cumulative Redeemable Preference Shares ("NCRPS") in the share capital of Sunway SK Sdn. Bhd. for a total cash consideration of RM10,983,000.

(vi) On 21 December 2022, the liquidator of Sunspan Sdn. Bhd. ("Sunspan") had convened the Final Meeting to conclude the members voluntary winding up of Sunspan. Subsequently, on 23 December 2022 ("Lodgement date"), the Returns by Liquidator Relating to Final Meeting of Sunspan were lodged with Companies Commission of Malaysia. Sunspan was dissolved on the expiration of three months after the Lodgement date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. INVESTMENTS IN SUBSIDIARIES (CONTD.)

(e) In the previous financial year, the Group completed the following subscription and acquisition of shares, share capital reduction and dissolutions of companies: (contd.)

(vii) On 28 December 2022, SCSB had subscribed 33,100,000 NCRPS in the share capital of Sunway Concrete Products (M) Sdn. Bhd. ("SCPM"). The consideration for the subscription of RM33,100,000 was settled by offsetting the amount due from SCPM to SCSB.

(viii) On 28 December 2022, SCSB had subscribed 36,900,000 NCRPS in the share capital of Sunway Precast Industries Sdn. Bhd. ("SPI"). The consideration for the subscription of RM36,900,000 was settled by offsetting the amount due from SPI to SCSB.

(f) Acquisition of Maybank Shariah Institutional Income Fund ("MSIIF") during the financial year ended 31 December 2022

(i) On 13 April 2022, non-controlling interest redeemed units in MSIIF amounting to RM20,000,000, resulting to an increase in proportion of ownership interest of the Group in the fund to 51.35%. On 29 April 2022, MSIIF became an associate of the Group subsequent to the additional units placed in the fund by non-controlling interest amounting to RM112,618,629, resulting to a decrease in proportion of ownership interest of the Group to 45.93%.

(ii) On 13 May 2022, non-controlling interest redeemed units in MSIIF amounting to RM114,500,000, resulting to an increase in proportion of ownership interest of the Group in the fund from 47.64% to 57.05%. Pursuant to that, MSIIF became a subsidiary of the Group. As of 31 December 2022, the Group's proportion of ownership interest in the fund had increased to 83.06%.

The effects to the Group in the previous financial year were as follows:

The fair value of the identifiable assets and liabilities acquired and the effects on cash flows arising from the acquisition were as follows:

	At date of acquisition RM'000
Unquoted corporate bonds	225,039
Short-term deposit	355,145
Current account	3
Payables	(37)
Total identifiable net assets	580,150
Non-controlling interest	(249,190)
Total deemed purchase consideration	330,960
Less: Carrying amount of interest in an associate previously held	(330,960)
Purchase consideration	-
Cash and cash equivalents of a subsidiary acquired	355,145
Net cash inflow on acquisition	355,145

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. INVESTMENTS IN SUBSIDIARIES (CONTD.)

(f) Acquisition of Maybank Shariah Institutional Income Fund ("MSIIF") during the financial year ended 31 December 2022 (contd.)

(ii) (contd.)

The details of financial impact on the reclassification from a former associate to a subsidiary were as follows:

	At date of disposal RM'000
Cost of investment	320,911
Share of post acquisition reserve	10,049
Share of interest in associate	330,960
Fair value interest held	(330,960)
Fair value gain on deemed disposal	-

(g) Sensitivity analysis of quoted units in a wholesale fund

A change of 1% in fund's price, assuming all other variables constant, at the end of the reporting period would resulted in the profit net of tax of the Company to be higher/(lower) by RM1,001,000 (2022: RM1,565,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. INVESTMENTS IN SUBSIDIARIES (CONTD.)

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

(i) Summarised statements of financial position

	Sunway RNS TJ Private Limited RM'000	Sunway RNSIL MC Private Limited RM'000	Maybank Shariah Institutional Income Fund RM'000	Total RM'000
At 31 December 2023				
Non-current assets	**198,428**	**193,518**	**-**	**391,946**
Current assets	**78,153**	**52,522**	**192,056**	**322,731**
Total assets	**276,581**	**246,040**	**192,056**	**714,677**
Non-current liabilities	**192,206**	**180,369**	**-**	**372,575**
Current liabilities	**28,171**	**14,523**	**-**	**42,694**
Total liabilities	**220,377**	**194,892**	**-**	**415,269**
Net assets	**56,204**	**51,148**	**192,056**	**299,408**
Equity attributable to owners of the parent	**33,722**	**30,689**	**163,302**	**227,713**
Non-controlling interests	**22,482**	**20,459**	**28,754**	**71,695**
Total equity	**56,204**	**51,148**	**192,056**	**299,408**

	Sunway RNS TJ Private Limited RM'000	Sunway RNSIL MC Private Limited RM'000	Maybank Shariah Institutional Income Fund RM'000	Total RM'000
At 31 December 2022				
Non-current assets	75,517	96,280	-	171,797
Current assets	101,551	55,348	273,123	430,022
Total assets	177,068	151,628	273,123	601,819
Non-current liabilities	53,477	92,916	-	146,393
Current liabilities	68,993	22,339	18	91,350
Total liabilities	122,470	115,255	18	237,743
Net assets	54,598	36,373	273,105	364,076
Equity attributable to owners of the parent	32,759	21,824	226,949	281,532
Non-controlling interests	21,839	14,549	46,156	82,544
Total equity	54,598	36,373	273,105	364,076

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. INVESTMENTS IN SUBSIDIARIES (CONTD.)

(h) (contd.)

(ii) Summarised statements of profit or loss and other comprehensive income

	Sunway RNS TJ Private Limited RM'000	Sunway RNSIL MC Private Limited RM'000	Maybank Shariah Institutional Income Fund RM'000	Total RM'000
At 31 December 2023				
Revenue	**202,626**	**157,437**	**7,803**	**367,866**
(Loss)/Profit for the year	**(235)**	**(468)**	**7,675**	**6,972**
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive (loss)/income	**(235)**	**(468)**	**7,675**	**6,972**
(Loss)/Profit attributable to:				
- owners of the parent	**(141)**	**(281)**	**6,353**	**5,931**
- non-controlling interests	**(94)**	**(187)**	**1,322**	**1,041**
Total comprehensive (loss)/income attributable to:				
- owners of the parent	**(141)**	**(281)**	**6,353**	**5,931**
- non-controlling interests	**(94)**	**(187)**	**1,322**	**1,041**

	Sunway RNS TJ Private Limited RM'000	Sunway RNSIL MC Private Limited RM'000	Maybank Shariah Institutional Income Fund RM'000	Total RM'000
At 31 December 2022				
Revenue	132,273	156,917	12,973	302,163
Profit for the year	2,817	2,903	7,730	13,450
Other comprehensive income	-	-	-	-
Total comprehensive income	2,817	2,903	7,730	13,450
Profit attributable to:				
- owners of the parent	1,690	1,742	6,344	9,776
- non-controlling interests	1,127	1,161	1,386	3,674
Total comprehensive income attributable to:				
- owners of the parent	1,690	1,742	6,344	9,776
- non-controlling interests	1,127	1,161	1,386	3,674

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. INVESTMENTS IN SUBSIDIARIES (CONTD.)

(h) (contd.)

(iii) Summarised statements of cash flows

	Sunway RNS TJ Private Limited RM'000	Sunway RNSIL MC Private Limited RM'000	Maybank Shariah Institutional Income Fund RM'000	Total RM'000
At 31 December 2023				
Net cash (used in)/generated from:				
- operating activities	**(110,157)**	**(81,603)**	**-**	**(191,760)**
- investing activities	**-**	**(796)**	**6,797**	**6,001**
- financing activities	**105,330**	**87,018**	**(88,734)**	**103,614**
Net (decrease)/increase in cash and cash equivalents	**(4,827)**	**4,619**	**(81,937)**	**(82,145)**
Effects of foreign exchange rates changes	**687**	**614**	**-**	**1,301**
Cash and cash equivalents at beginning of the year	**20,145**	**17,499**	**231,736**	**269,380**
Cash and cash equivalents at end of the year	**16,005**	**22,732**	**149,799**	**188,536**

	Sunway RNS TJ Private Limited RM'000	Sunway RNSIL MC Private Limited RM'000	Maybank Shariah Institutional Income Fund RM'000	Total RM'000
At 31 December 2022				
Net cash (used in)/generated from:				
- operating activities	(78,430)	(93,995)	-	(172,425)
- investing activities	-	-	417,102	417,102
- financing activities	98,576	110,070	(809,384)	(600,738)
Net increase/(decrease) in cash and cash equivalents	20,146	16,075	(392,282)	(356,061)
Effects of foreign exchange rates changes	(963)	(1,698)	-	(2,661)
Cash and cash equivalents at beginning of the year	962	3,122	624,018	628,102
Cash and cash equivalents at end of the year	20,145	17,499	231,736	269,380

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. INVESTMENTS IN SUBSIDIARIES (CONTD.)

(i) Details of the subsidiaries are as follows:

Name of companies	Principal place of business/ Country of incorporation	Principal activities	% of ownership interest held by Group 2023 %	Group 2022 %	Non-controlling interest 2023 %	Non-controlling interest 2022 %
Subsidiary of Sunway Construction Group Berhad						
Sunway Construction Sdn. Bhd.	Malaysia	Building and civil engineering works with capabilities in turnkey, design and build construction	**100.00**	100.00	-	-
Subsidiaries of Sunway Construction Sdn. Bhd.						
Sunway Innopave Sdn. Bhd.	Malaysia	Dormant	**100.00**	100.00	-	-
Sunway Machinery Sdn. Bhd.	Malaysia	Renting of machinery and site equipment undertaking of sub-contract work and transportation agent	**100.00**	100.00	-	-
Sunway Engineering Sdn. Bhd.	Malaysia	Provision of mechanical, engineering works and solar photovoltaic investment and related activities	**100.00**	100.00	-	-
Sunway Industrial Products Sdn. Bhd.	Malaysia	Investment holding	**100.00**	100.00	-	-
Sunway Construction India Pte. Ltd. **	India	Construction of civil and building works	**100.00**	100.00	-	-
Sunway Machineries Services Sdn. Bhd.	Malaysia	Dormant	**100.00**	100.00	-	-
Sunway Creative Stones Sdn. Bhd. #	Malaysia	Dormant	-	70.00	-	30.00
Sunway Precast Industries Sdn. Bhd.	Malaysia	Manufacturing of precast concrete building components, undertaking of precast concrete building contracts and construction activities, as well as acting as transportation agent	**100.00**	100.00	-	-
Sunway Builders Sdn. Bhd.	Malaysia	Construction of building and civil works	**100.00**	100.00	-	-
Sunway Construction Caribbean Limited @	Trinidad and Tobago	Dormant	**100.00**	100.00	-	-
Sunway RNS TJ Private Limited **	India	Concessionarie	**60.00**	60.00	**40.00**	40.00
Sunway RNSIL MC Private Limited **	India	Concessionarie	**60.00**	60.00	**40.00**	40.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. INVESTMENTS IN SUBSIDIARIES (CONTD.)

(i) Details of the subsidiaries are as follows: (contd.)

Name of companies	Principal place of business/ Country of incorporation	Principal activities	% of ownership interest held by Group 2023 %	Group 2022 %	Non-controlling interest 2023 %	Non-controlling interest 2022 %
Subsidiaries of Sunway Construction Sdn. Bhd. (contd.)						
Sunway Geotechnics (M) Sdn. Bhd.	Malaysia	Providing geotechnical services and related products and hire of heavy machineries	**100.00**	100.00	-	-
Sunspan Sdn. Bhd. ##	Malaysia	Dormant	-	100.00	-	-
Sunway SK Sdn. Bhd.	Malaysia	Construction of building and civil works	**100.00**	100.00	-	-
Facade Teknik Sdn. Bhd. (Formerly known as Sunway Facade Network Sdn. Bhd.)	Malaysia	Facade design, engineering, construction and consultancy services	-	60.00	-	40.00
Sunway Visioneering Sdn. Bhd.	Malaysia	Providing building information modelling (BIM) end-to-end solutions for project lifecycle	**100.00**	100.00	-	-
Sunway Concrete Products (M) Sdn. Bhd.	Malaysia	Manufacture of prefabricated structural and metal components for building or civil engineering of cement, concrete or artificial stones	**100.00**	100.00	-	-
Sunway Innopave (S) Pte. Ltd. *	Singapore	Investment holding company and renting of construction and civil engineering machinery and equipment	**100.00**	100.00	-	-
Sunway RE Sdn. Bhd.	Malaysia	Investment in solar photovoltaic plant and provision of engineering, procurement, construction and commissioning for solar photovoltaic systems	**100.00**	-	-	-
Subsidiary of Sunway Engineering Sdn. Bhd.						
Sunway Pekat Solar Sdn. Bhd.	Malaysia	Installation of non-electric solar energy collectors	**60.00**	60.00	**40.00**	40.00
Subsidiary of Sunway Geotechnics (M) Sdn. Bhd.						
Sunway CT Geotechnics Pte. Ltd. *	Singapore	Dormant	**55.00**	55.00	**45.00**	45.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. INVESTMENTS IN SUBSIDIARIES (CONTD.)

(i) Details of the subsidiaries are as follows: (contd.)

Name of companies	Principal place of business/ Country of incorporation	Principal activities	% of ownership interest held by Group 2023 %	Group 2022 %	Non-controlling interest 2023 %	Non-controlling interest 2022 %
Subsidiary of Sunway Industrial Products Sdn. Bhd.						
Sunway Concrete Products (S) Pte. Ltd. *	Singapore	Construction engineering, subcontracting works for precast fabrication, distribution of precast components and building materials	**100.00**	100.00	**-**	-
Subsidiary of Sunway Innopave (S) Pte. Ltd.						
Sunway Builders (Myanmar) Company Limited **###	Myanmar	Dormant	**-**	100.00	**-**	-

Structured entity under the control of Sunway Construction Group Berhad	Principal activities	% of ownership interest held by Group 2023 %	Group 2022 %	Non-controlling interest 2023 %	Non-controlling interest 2022 %
Maybank Shariah Institutional Income Fund **^	Investment in shariah-compliant equities, Sukuk, Islamic deposits, Islamic money market instruments, Islamic collective investment schemes	**84.60**	83.06	**15.40**	16.94

* Audited by BDO Member Firms.

** Audited by firms of auditors other than BDO PLT in Malaysia and BDO Member Firms.

^ The wholesale fund is a deemed subsidiary of the Group as this wholesale fund is in substance, structured entity under the control of the Group in accordance with MFRS 10 *Consolidated Financial Statements*.

@ Applied for deregistration on 29 March 2019.

\# Dissolved on 22 February 2023 pursuant to Section 551(3) of the Companies Act 2016.

\## Dissolved on 23 March 2023 pursuant to Section 551(3) of the Companies Act 2016.

\### Dissolved on 19 April 2023 pursuant to Section 551(3) of the Companies Act 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

18. INVESTMENT IN AN ASSOCIATE

	Group 2023 RM'000	Group 2022 RM'000
At cost:		
Unquoted:		
Cost of investment	**-**	-
Share of post-acquisition profits and other comprehensive income, net of dividend income	**1,091**	1,091
	1,091	1,091
Less: Accumulated impairment loss	**(1,091)**	(1,091)
	-	-

(a) Investment in an associate is stated at cost less any accumulated impairment loss in the separate financial statements and it is accounted for using the equity method of accounting in the consolidated financial statements.

(b) The financial year end of the associate is coterminous with the financial year end of the Group.

(c) Details of the associate are as follows:

Name of associate	Principal place of business	Principal activity	Proportion of ownership interest 2023 %	Proportion of ownership interest 2022 %
Associate of Sunway Builders Sdn. Bhd.				
ISZL Consortium *	Unincorporated Abu Dhabi	Construction	**25.00**	25.00

* Audited by firms of auditors other than BDO PLT in Malaysia and BDO Member Firms.

(d) The Group does not have any associate which is individually material to the Group at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19. INVESTMENTS IN JOINT ARRANGEMENTS

	Group	
	2023 RM'000	**2022 RM'000**
Unquoted shares at cost	**49,325**	44,488
Share of post-acquisition profits and other comprehensive income, net of dividends received	**(6,753)**	5,924
	42,572	50,412
Less: Impairment loss	**(18)**	-
	42,554	50,412
Quasi-equity loan	**211,948**	173,598
Less: Impairment loss	**(1,354)**	(879)
	210,594	172,719
	253,148	223,131

19.1 Investments in joint ventures

(a) Investments in joint ventures are stated at cost less accumulated impairment losses in the separate financial statements. The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method.

(b) The Group has determined that all of its joint arrangements structured through separate vehicles provide rights to the net assets and are therefore, classified as joint ventures.

(c) The financial year end of the joint ventures are coterminous with the financial year end of the Group. In the previous financial year, IJM Sunway Sdn. Bhd. had a financial year end of 31 March. Management accounts of this joint venture for the financial year ended 31 December 2022 had been used for the purpose of applying the equity method of accounting.

(d) Unquoted investment in a joint venture with a carrying amount of RM32,413,000 (2022: RM45,090,000) has been charged to licensed bank for credit facilities granted to the subsidiary as disclosed in Note 31(d) to the financial statements.

(e) Quasi-equity loan is unsecured, interest-free and has the unconditional right to avoid settlement of the loan in cash and is considered to be part of the investment of the Group in providing the joint venture with a long term source of additional capital.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19. INVESTMENTS IN JOINT ARRANGEMENTS (CONTD.)

19.1 Investments in joint ventures (contd.)

(f) Impairment for quasi-equity loan is recognised based on the general approach within MFRS 9 using the forward looking expected credit loss ("ECL") model as disclosed in Note 24(d) to the financial statements.

The reconciliation of movements in allowance for impairment accounts of quasi-equity loan is as follows:

	Group 12 months ECL	
	2023 RM'000	**2022 RM'000**
At beginning of financial year	**879**	541
Charge for the year	**415**	295
Exchange differences	**60**	43
At end of financial year	**1,354**	879

(g) During the financial year, impairment loss of RM18,000 on investment in a joint venture had been recognised within other expenses in the statement of profit or loss of the Group due to declining net asset value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19. INVESTMENTS IN JOINT ARRANGEMENTS (CONTD.)

19.1 Investments in joint ventures (contd.)

(h) Details of the joint ventures are as follows:

Name of joint ventures	Principal place of business/Country of incorporation	Principal activities	Effective interest in equity 2023 %	Effective interest in equity 2022 %
Joint ventures of Sunway Engineering Sdn. Bhd.				
IJM Sunway Sdn. Bhd. **#	Malaysia	Dormant	**-**	50.00
GME-SE Joint Venture (STW) **	Unincorporated Malaysia	Provision of mechanical and engineering works	**50.00**	50.00
Joint venture of Sunway Geotechnics (M) Sdn. Bhd.				
Sunway Aneka Pertama Geotechnics (PH) Inc. **^~	Philippines	Construction	**43.00**	43.00
Joint venture of Sunway Concrete Product (S) Pte. Ltd.				
HL-Sunway JV Pte. Ltd. **^	Singapore	Manufacturing and sales of precast concrete components	**49.00**	49.00
Joint venture of Sunway SK Sdn. Bhd.				
ENGIE-SUNWAY DCS Sdn. Bhd. **^	Malaysia	Engineering, financing, construction, operations and maintenance of district cooling system	**40.00**	-

~ In the process of liquidation.

** Audited by firms of auditors other than BDO PLT in Malaysia and BDO Member Firms.

^ These entities are considered joint ventures as the Group and the ventures have joint control and have rights to the net assets of the arrangements.

Struck off on 3 November 2023 and did not have material financial effect to the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19. INVESTMENTS IN JOINT ARRANGEMENTS (CONTD.)

19.1 Investments in joint ventures (contd.)

(i) Summarised information of joint ventures of the Group is set out below. The summarised information represents the amounts in the MFRS financial statements of the joint ventures (translated to Ringgit Malaysia, where applicable, based on exchange rates as at the end of the reporting period) and does not reflect the Group's proportionate share in those amounts.

(i) Summarised statements of financial position

At 31 December 2023	GME-SE Joint Venture (STW) RM'000	Sunway Aneka Pertama Geotechnics (PH) Inc. RM'000	HL-Sunway JV Pte. Ltd. RM'000	ENGIE-SUNWAY DCS Sdn. Bhd. RM'000	Total RM'000
Non-current assets	**-**	**-**	**492,926**	**16,322**	**509,248**
Cash and cash equivalents	**10,942**	**630**	**1,314**	**10,835**	**23,721**
Other current assets	**3,288**	**360**	**6,409**	**46**	**10,103**
Current assets	**14,230**	**990**	**7,723**	**10,881**	**33,824**
Total assets	**14,230**	**990**	**500,649**	**27,203**	**543,072**
Non-current liabilities	**-**	**-**	**798**	**3,926**	**4,724**
Trade and other payables and provisions	**4,342**	**110**	**433,702**	**11,185**	**449,339**
Current liabilities	**4,342**	**110**	**433,702**	**11,185**	**449,339**
Total liabilities	**4,342**	**110**	**434,500**	**15,111**	**454,063**
Net assets	**9,888**	**880**	**66,149**	**12,092**	**89,009**

At 31 December 2022	GME-SE Joint Venture (STW) RM'000	Sunway Aneka Pertama Geotechnics (PH) Inc. RM'000	HL-Sunway JV Pte. Ltd. RM'000	Total RM'000
Non-current assets	-	-	481,357	481,357
Cash and cash equivalents	5,541	622	527	6,690
Other current assets	11,184	364	7,431	18,979
Current assets	16,725	986	7,958	25,669
Total assets	16,725	986	489,315	507,026
Trade and other payables and provisions	6,837	106	397,295	404,238
Total current liabilities	6,837	106	397,295	404,238
Net assets	9,888	880	92,020	102,788

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19. INVESTMENTS IN JOINT ARRANGEMENTS (CONTD.)

19.1 Investments in joint ventures (contd.)

(i) (contd.)

(ii) Summarised statements of profit or loss and other comprehensive income

At 31 December 2023	GME-SE Joint Venture (STW) RM'000	Sunway Aneka Pertama Geotechnics (PH) Inc. RM'000	HL-Sunway JV Pte. Ltd. RM'000	ENGIE-SUNWAY DCS Sdn. Bhd. RM'000	Total RM'000
Revenue	2,594	-	15,035	-	17,629
Cost of sales	(2,196)	-	(28,673)	-	(30,869)
Other expenses	-	(20)	(18,136)	(28)	(18,184)
Other income	-	-	1,796	-	1,796
Profit/(Loss) before tax	398	(20)	(29,978)	(28)	(29,628)
Taxation	-	-	-	-	-
Profit/(Loss) after tax	398	(20)	(29,978)	(28)	(29,628)
Other comprehensive income, net of tax	-	-	4,107	-	4,107
Total comprehensive income/(loss)	398	(20)	(25,871)	(28)	(25,521)
Dividend received from joint venture during the financial year	-	-	-	-	-

At 31 December 2022	GME-SE Joint Venture (STW) RM'000	Sunway Aneka Pertama Geotechnics (PH) Inc. RM'000	HL-Sunway JV Pte. Ltd. RM'000	Total RM'000
Revenue	6,603	-	-	6,603
Cost of sales	(5,571)	-	(4,680)	(10,251)
Other expenses	-	-	(455)	(455)
Profit/(Loss) before tax	1,032	-	(5,135)	(4,103)
Taxation	-	-	-	-
Profit/(Loss) after tax	1,032	-	(5,135)	(4,103)
Other comprehensive income, net of tax	-	-	5,545	5,545
Total comprehensive income	1,032	-	410	1,442
Dividend received from joint venture during the financial year	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19. INVESTMENTS IN JOINT ARRANGEMENTS (CONTD.)

19.1 Investments in joint ventures (contd.)

(i) (contd.)

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

At 31 December 2023	GME-SE Joint Venture (STW) RM'000	Sunway Aneka Pertama Geotechnics (PH) Inc. RM'000	HL-Sunway JV Pte. Ltd. RM'000	ENGIE-SUNWAY DCS Sdn. Bhd. RM'000	Total RM'000
Net assets at end of financial year	9,888	880	66,149	12,092	89,009
Interest in joint ventures as at year end	50%	43%	49%	40%	
	4,944	378	32,413	4,837	42,572
Less: Impairment loss	-	-	-	(18)	(18)
Carrying value of Group's interest in joint ventures	4,944	378	32,413	4,819	42,554

At 31 December 2022	GME-SE Joint Venture (STW) RM'000	Sunway Aneka Pertama Geotechnics (PH) Inc. RM'000	HL-Sunway JV Pte. Ltd. RM'000	Total RM'000
Net assets at end of financial year	9,888	880	92,020	102,788
Interest in joint ventures as at year end	50%	43%	49%	
Carrying value of Group's interest in joint ventures	4,944	378	45,090	50,412

(j) On 14 February 2023, Sunway Aneka Pertama Geotechnics (PH). Inc ("SAPGEO"), a 43%-owned joint venture company of Sunway Geotechnics (M) Sdn. Bhd., which in turn is an indirect wholly-owned subsidiary of the Group, had convened a Special Meeting to conclude the dissolution of SAPGEO.

(k) On 22 September 2023, Sunway SK Sdn. Bhd., ("SK") a wholly-owned subsidiary of Sunway Construction Sdn. Bhd., which in turn is an indirect subsidiary of the Group, had subscribed for 4,836,936 ordinary shares in the share capital of ENGIE-SUNWAY DCS Sdn. Bhd. ("ENGIE-SUNWAY") representing 40% equity shares in the share capital of ENGIE-SUNWAY for a total cash consideration of RM4,836,936.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19. INVESTMENTS IN JOINT ARRANGEMENTS (CONTD.)

19.2 Investments in joint operations

(a) Taisei-Sunway Joint Venture and Kajima-Suncon Joint Venture are deemed to be joint operations of the Group, which are joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

(b) When the Group undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

(i) its assets, including its share of any assets held jointly;
(ii) its liabilities, including its share of any liabilities incurred jointly;
(iii) its revenue from the sale of its share of the output arising from the joint operation;
(iv) its share of the revenue from the sale of the output by the joint operation; and
(v) its expenses, including its share of any expenses incurred jointly.

When the Group transacts with a joint operation in which the Group is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When the Group transacts with a joint operation in which the Group is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

(c) Details of the joint operations are as follows:

Name of Joint Operation	Principal place of business	Principal activities	Participating interest 2023 %	Participating interest 2022 %
Joint operations of Sunway Construction Sdn. Bhd.				
Taisei-Sunway Joint Venture *	Unincorporated Malaysia	Construction works	**50.00**	50.00
Kajima-Suncon Joint Venture #	Unincorporated Malaysia	Construction works	**50.00**	-

* Statutory audit not required as at 31 December 2023.
\# Audited by firm of auditors other than BDO in Malaysia and BDO Member Firms.

(d) On 6 October 2023, the Group, via Sunway Construction Sdn. Bhd. has entered into an agreement with Kajima (Malaysia) Sdn. Bhd. to form a joint operation known as Kajima-Suncon JV on a 50:50 basis to jointly tender for the proposed design and construction of Daiso Global Distribution Centre Warehouse.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

20. OTHER INVESTMENTS

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Non-Current				
Corporate membership	**266**	266	**-**	-
Current				
Unquoted corporate bonds	**41,443**	41,007	**-**	-
Placement in funds	**70,345**	43,687	**2,969**	3,283
Total current	**111,788**	84,694	**2,969**	3,283

(a) The other investments are financial assets and measured at fair value through profit or loss pursuant to MFRS 9 *Financial Instruments*.

(b) Placement in funds are in respect of investment in wholesale funds, which are structured entities controlled by its intermediate holding company in accordance with MFRS 10 *Consolidated Financial Statements*.

(c) The fair value of corporate membership, unquoted corporate bonds and placement in funds of the Group are categorised as Level 2 in the fair value hierarchy. The fair value measurements of unquoted corporate bonds are based on indicative prices from an accredited bond pricing agency while the fair value measurements of corporate memberships are based on market prices of similar instruments. The fair value of placement in funds are determined based on net asset value of the funds at close of business on the reporting date.

(d) There is no transfer between levels in the hierarchy during the financial year.

(e) Sensitivity analysis on placement in funds.

A change of 1% in funds' prices, assuming all other variables constant, at the end of the reporting period would resulted in the profit net of tax of the Group and Company to be higher/(lower) by RM703,000 (2022: RM437,000) and RM30,000 (2022: RM33,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

21. GOODWILL

	Group 2023 RM'000	Group 2022 RM'000
Cost		
At beginning/end of financial year	**35,397**	35,397
Accumulated impairment losses		
At beginning/end of financial year	**(35,397)**	(35,397)
Net carrying amount		
At beginning/end of financial year	**-**	-

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

	Group 2023/2022 RM'000
Precast concrete	**-**

22. INVENTORIES

	Group 2023 RM'000	Group 2022 RM'000
At Cost		
Properties stocks	**453**	453
Raw materials	**12,797**	8,975
Finished goods	**32,325**	41,415
Spare parts	**88**	298
	45,663	51,141
At net realisable value		
Spare parts	**763**	2,281
	763	2,281
	46,426	53,422

(a) Properties stocks comprise properties received from trade receivables as settlement of debts in the ordinary course of business.

(b) Cost of raw materials and finished goods is determined on a first-in, first-out basis. Cost comprises costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

22. INVENTORIES (CONTD.)

(c) Cost of spare parts is determined on a weighted average basis. Cost comprises costs of purchase plus other costs incurred in bringing the inventories to their present location and condition.

(d) During the current financial year, inventories of the Group recognised as cost of sales amounted to RM169,849,000 (2022: RM135,576,000).

(e) During the financial year, a write down of inventories to net realisable value and write off of inventories of RM1,417,000 (2022: RM500,000) and Nil (2022: RM11,000) respectively were made by the Group.

23. TRADE RECEIVABLES

	Group 2023 RM'000	Group 2022 RM'000
Non-current		
Third parties	**477,577**	265,795
Finance lease receivables	**8,532**	-
Less: Impairment losses	**(3,193)**	(1,504)
	482,916	264,291
Current		
Third parties	**982,877**	439,304
Related parties	**37,706**	16,945
Retention sums	**303,801**	279,203
Finance lease receivables	**153**	-
	1,324,537	735,452
Less: Impairment losses	**(83,189)**	(57,726)
	1,241,348	677,726
Total trade receivables	**1,724,264**	942,017

(a) Total trade receivables are classified as financial assets measured at amortised cost.

(b) The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 30 days to 90 days (2022: 30 days to 90 days). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing except as stated in Note 23(k) to the financial statements.

(c) Included in retention sums of the Group are amounts owing from related parties of RM77,674,000 (2022: RM80,477,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

23. TRADE RECEIVABLES (CONTD.)

(d) The repayment terms of finance lease receivables are as follows:

	Group	
	2023 RM'000	2022 RM'000
Finance lease receivables:		
Less than one (1) year	1,046	-
One (1) to two (2) years	1,046	-
Two (2) to three (3) years	1,046	-
Three (3) to four (4) years	1,046	-
Four (4) to five (5) years	1,046	-
More than five (5) years	15,386	-
Less: Unearned interest	(11,931)	-
	8,685	-
Representing finance lease receivables:		
Less than one (1) year	153	-
One (1) to two (2) years	169	-
Two (2) to three (3) years	186	-
Three (3) to four (4) years	206	-
Four (4) to five (5) years	227	-
More than five (5) years	7,744	-
	8,685	-

(e) The reconciliation of movements in the carrying amounts of finance lease receivables is as follows:

	Group	
	2023 RM'000	2022 RM'000
Finance lease receivables:		
At beginning of financial year	-	-
Transfer from property, plant and equipment	8,094	-
Fair value gain on reclassification from property, plant and equipment to finance lease receivables	719	-
Interest income	843	-
Lease payments received	(971)	-
At end of financial year	8,685	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

23. TRADE RECEIVABLES (CONTD.)

(f) Impairment for trade receivables is recognised based on the simplified approach using the lifetime expected credit losses ("ECL").

Impairment of trade receivables that contain significant financing component such as finance lease receivables are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 24(d) to the financial statement.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

The Group considers historical credit loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected credit loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. The Group has identified the Gross Domestic Product, unemployment rate and inflation rate as the key macroeconomic factors of the forward-looking information. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Individual assessment of impairment of trade receivables are separately assessed when it is probable that cash due will not be received in full.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

(g) The reconciliation of movements in impairment losses for trade receivables is as follows:

	Group		
	Lifetime ECL - not credit impaired RM'000	Lifetime ECL - credit impaired RM'000	Total RM'000
At 31 December 2023			
At beginning of financial year	7,074	52,156	59,230
Charge for the financial year	3,779	23,428	27,207
Reversal of impairment losses	(196)	-	(196)
Exchange differences	141	-	141
At end of financial year	10,798	75,584	86,382

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

23. TRADE RECEIVABLES (CONTD.)

(g) The reconciliation of movements in impairment losses for trade receivables is as follows (contd.):

	Group		
	Lifetime ECL - not credit impaired RM'000	Lifetime ECL - credit impaired RM'000	Total RM'000
At 31 December 2022			
At beginning of financial year	5,544	40,628	46,172
Charge for the financial year	2,903	11,567	14,470
Reversal of impairment losses	(1,343)	(39)	(1,382)
Exchange differences	(30)	-	(30)
At end of financial year	7,074	52,156	59,230

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments as at the financial year end.

(h) The ageing analysis of the Group's trade receivables are as follows:

	2023		
Group	Gross RM'000	Impaired RM'000	Total RM'000
Current	**1,546,430**	**(9,238)**	**1,537,192**
1 to 30 days past due	**66,074**	**(302)**	**65,772**
31 to 60 days past due	**42,273**	**(199)**	**42,074**
61 to 90 days past due	**52,957**	**(269)**	**52,688**
91 to 120 days past due	**8,007**	**(5)**	**8,002**
121 days to 150 days past due	**17,706**	**(524)**	**17,182**
More than 150 days past due	**77,199**	**(75,845)**	**1,354**
	264,216	**(77,144)**	**187,072**
	1,810,646	**(86,382)**	**1,724,264**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

23. TRADE RECEIVABLES (CONTD.)

(h) The ageing analysis of the Group's trade receivables are as follows: (contd.)

	2022		
Group (contd.)	Gross RM'000	Impaired RM'000	Total RM'000
Current	880,409	(6,155)	874,254
1 to 30 days past due	15,569	(94)	15,475
31 to 60 days past due	12,029	(61)	11,968
61 to 90 days past due	7,404	(45)	7,359
91 to 120 days past due	4,066	(21)	4,045
121 days to 150 days past due	313	(139)	174
More than 150 days past due	81,457	(52,715)	28,742
	120,838	(53,075)	67,763
	1,001,247	(59,230)	942,017

(i) The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's total trade receivables at the end of the reporting period are as follows:

	Group			
	2023		2022	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	**1,123,457**	**65.2%**	637,535	67.7%
Singapore	**153,409**	**8.9%**	109,321	11.6%
India	**447,398**	**25.9%**	195,161	20.7%
	1,724,264	**100.0%**	942,017	100.0%
By segment:				
Construction	**1,570,855**	**91.1%**	832,696	88.4%
Precast concrete	**153,409**	**8.9%**	109,321	11.6%
	1,724,264	**100.0%**	942,017	100.0%

Exposure to credit risk

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are engaged in a wide spectrum of activities and sell in a variety of end markets. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

(j) The non-current trade receivables of the Group are unsecured, bear interest at rates ranging from 4.50% to 17.33% (2022: 3.50% to 4.50%) per annum and not expected to be repayable within the next twelve months in cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

23. TRADE RECEIVABLES (CONTD.)

(k) At the end of the reporting period, the interest rate profile of the interest-bearing trade receivables was:

	Group	
	2023 RM'000	2022 RM'000
Fixed rate	**8,685**	-
Variable rate	**850,850**	265,795

Sensitivity analysis for fixed rate trade receivables at the end of the reporting period is not presented as it is not affected by changes in interest rates.

For variable rate trade receivables, a change of 25 basis points in interest rates, assuming all other variables remained constant, at the end of the reporting period would result in the profit net of tax of the Group to be higher/(lower) by RMRM1,617,000 (2022: RM505,000).

(l) The carrying amounts of non-current finance lease receivables approximate their fair values as their interest rates are priced at a reasonable approximation of the market interest rates as at the end of the reporting period.

(m) The fair values of finance lease receivables are catogorised as Level 3 in the fair value hierarchy, which are estimated based on expected cash flows discounted at the market rate of interests as at the end of the reporting period. There is no transfer between levels in the fair value hierarchy during the financial year.

24. OTHER RECEIVABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits	**11,609**	8,333	**-**	-
Prepayments	**76,529**	34,460	**-**	54
Sundry receivables	**82,259**	94,314	**2**	18
	170,397	137,107	**2**	72
Less: Impairment losses	**(1,497)**	(1,571)	**-**	-
Total other receivables	**168,900**	135,536	**2**	72

(a) Total other receivables, net of prepayments are classified as financial assets measured at amortised cost.

(b) Included in other receivables of the Group are amounts due from related parties of RM82,000 (2022: RM111,000).

(c) The amounts due from related parties are unsecured, non-interest bearing and repayable based on credit terms granted. The credit period is generally for a period of 30 days to 90 days (2022: 30 days to 90 days).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. OTHER RECEIVABLES (CONTD.)

(d) Impairment for trade receivables with significant financing component, quasi-equity loan, non-trade amounts due from a subsidiary, intermediate holding company, related companies and joint ventures and other receivables is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while twelve-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the twelve months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment trends and past due information.

The probability of non-payment by other receivables, amounts due from a subsidiary, intermediate holding company, related companies, joint ventures and quasi-equity loan is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss for other receivables, amounts due from a subsidiary, intermediate holding company, related companies, joint ventures and quasi-equity loan. The Group has identified the Gross Domestic Product, unemployment rate and inflation rate as the key macroeconomic factors of the forward-looking information.

It requires management to exercise significant judgement in determining the probability of default by quasi-equity loan, non-trade amounts due from a subsidiary, intermediate holding company, related companies, joint ventures and other receivables, appropriate forward-looking information and significant increase in credit risk.

No expected credit losses are recognised arising from other receivables of the Company because the probability of default by other receivables is negligible.

(e) The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

NOTES TO THE FINANCIAL STATEMENTS

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24. OTHER RECEIVABLES (CONTD.)

(f) The reconciliation of movements in impairment losses for other receivables of the Group is as follows:

	Group		
	12-month ECL RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
At 31 December 2023			
At beginning of financial year	**677**	**894**	**1,571**
Charge for the financial year	**160**	**-**	**160**
Reversal of impairment losses	**(207)**	**(47)**	**(254)**
Exchange differences	**20**	**-**	**20**
At end of financial year	**650**	**847**	**1,497**

	Group		
	12-month ECL RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
At 31 December 2022			
At beginning of financial year	54	3,027	3,081
Charge for the financial year	649	-	649
Reversal of impairment losses	-	(2,133)	(2,133)
Exchange differences	(26)	-	(26)
At end of financial year	677	894	1,571

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments as at the financial year end.

25. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2023 RM'000	2022 RM'000
Current asset		
Amount due from a subsidiary (non-trade)	**121**	121
Current liabilities		
Amounts due to subsidiaries (non-trade)	**4,407**	2,640

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. AMOUNTS DUE FROM/(TO) SUBSIDIARIES (CONTD.)

(a) Amounts due from/(to) subsidiaries are classified as financial asset/(liabilities) measured at amortised cost.

(b) Amounts due from/(to) subsidiaries (non-trade) are unsecured, interest-free and the terms of repayment are within next twelve (12) months in cash and cash equivalents.

(c) The maturity profile of amounts due to subsidiaries of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is payable on demand or within one year.

(d) Impairment for amount due from a subsidiary is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 24(d) to the financial statements.

No expected credit loss is recognised arising from amount due from a subsidiary because the probability of default by the subsidiary is negligible.

26. AMOUNTS DUE FROM/(TO) INTERMEDIATE HOLDING COMPANY

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current asset				
Amount due from intermediate holding company (non-trade)	**34**	33	**16**	16
Current liability				
Amount due to intermediate holding company (non-trade)	**188**	54	**2**	-

(a) Amounts due from/(to) intermediate holding company are classified as financial asset/(liability) measured at amortised cost.

(b) Amounts due from/(to) intermediate holding company (non-trade) are unsecured, interest-free and the terms of repayment are within next twelve (12) months in cash and cash equivalents.

(c) The maturity profile of amount due to intermediate holding company of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations are payable on demand or within one year.

(d) Impairment for amount due from intermediate holding company of the Group and of the Company is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 24(d) to the financial statements.

No expected credit loss is recognised arising from amount due from intermediate holding company of the Group and of the Company because the probability of default by intermediate holding company is negligible.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

27. AMOUNTS DUE FROM/(TO) RELATED COMPANIES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current assets				
Amounts due from related companies				
- trade	**171,705**	154,261	**-**	-
- non-trade	**277**	308	**1**	-
	171,982	154,569	**1**	-
Less: Impairment losses	**(51)**	(74)	**-**	-
Net carrying amount of amounts due from related companies	**171,931**	154,495	**1**	-
Current liabilities				
Amounts due to related companies				
- trade	**36,820**	12,898	**-**	-
- non-trade	**6,041**	1,340	**1**	43
	42,861	14,238	**1**	43

(a) Amounts due from/(to) related companies are classified as financial assets/(liabilities) measured at amortised cost.

(b) Amounts due from/(to) related companies (trade) are unsecured, interest-free and the credit period is generally for a period of 30 days to 90 days (2022: 30 days to 90 days).

Included in amounts due from related companies (trade) are retention sum of RM112,772,000 (2022: RM90,183,000).

(c) Amounts due from/(to) related companies (non-trade) are unsecured, interest-free and the terms of repayment are within next twelve (12) months in cash and cash equivalents.

(d) The maturity profile of amounts due to related companies of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations are payable on demand or within one year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

27. AMOUNTS DUE FROM/(TO) RELATED COMPANIES (CONTD.)

(e) Impairment for amounts due from related companies (trade) is recognised based on the simplified approach using the lifetime expected credit losses as disclosed in Note 23(f) to the financial statements and impairment for amounts due from related companies (non-trade) is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 24(d) to the financial statements.

The reconciliation of movements in impairment losses for amounts due from related companies (trade) is as follows:

	Lifetime ECL - not credit impaired	
Group	2023 RM'000	2022 RM'000
At beginning of financial year	**74**	99
Charge for the financial year	**9**	23
Reversal of impairment losses	**(29)**	(44)
Exchange differences	**(3)**	(4)
At end of financial year	**51**	74

No expected credit loss is recognised arising from amounts due from related companies (non-trade) because it is negligible.

28. AMOUNTS DUE FROM/(TO) JOINT VENTURES

	Group	
	2023 RM'000	2022 RM'000
Current assets		
Amounts due from joint ventures		
- trade	**6,712**	1
- non-trade	**6,650**	20,930
Net carrying amount of amounts due from joint ventures	**13,362**	20,931
Current liabilities		
Amounts due to joint ventures		
- trade	**3,340**	10,520

(a) Amounts due from/(to) joint ventures are classified as financial assets/(liabilities) measured at amortised cost.

(b) Amounts due from/(to) joint ventures (trade) are unsecured, interest-free and the credit period is generally for a period of 30 days to 90 days (2022: 30 days to 90 days).

(c) Amounts due from joint ventures (non-trade) are unsecured, interest-free and the terms of repayment is within next twelve (12) months in cash and cash equivalents.

(d) The maturity profile of amounts due to joint ventures of the Group at the end of the reporting period based on contractual undiscounted repayment obligations is payable on demand or within one year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. AMOUNTS DUE FROM/(TO) JOINT VENTURES (CONTD.)

(e) Impairment for amounts due from joint ventures (trade) is recognised based on the simplified approach using the lifetime expected credit lossess as disclosed in Note 23(f) to the financial statement and impairment for amounts due from joint venture (non-trade) is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 24(d) to the financial statements.

No expected credit loss is recognised arising from amounts due from joint ventures because it is negligible.

29. DERIVATIVE LIABILITIES

Group	2023 Contract/ Notional amount RM'000	2023 Liabilities RM'000	2022 Contract/ Notional amount RM'000	2022 Liabilities RM'000
Interest rate swaps	**34,110**	**235**	-	-
Forward currency contracts	**8,813**	**1,969**	227,131	7,616
Total derivatives liabilities		**2,204**		7,616
Less: Current portion		**(1,969)**		(7,616)
Non-current portion		**235**		-

(a) Derivatives are classified as fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss.

(b) Interest rate swap and foreign currency forward contracts are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the fair value hierarchy during the financial year.

(c) The Group entered into derivatives as follows:

(i) Interest rate swap

An interest rate swap is a derivative in which one party exchanges a stream of interest payments for another party's stream of cash flow. The Group entered into interest swaps to exchange floating interest rate for fixed interest rates in order to minimise the exposure from fluctuation of interest rate. This interest rate swaps received floating interest rate equals to Singapore Swap Offer Rate ("SOR") per annum and paid fixed rate of interest of 3.29% per annum.

The fair values of the interest rate swap contracts were determined by using the mark to market values at the end of the reporting period and changes in the fair value were recognised in the profit or loss.

Interest rate swap contracts were 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 2023

29. DERIVATIVE LIABILITIES (CONTD.)

(c) The Group entered into derivatives as follows: (contd.)

(ii) Foreign currency forward contracts

The Group enters 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 cash flow hedges to hedge the exposure to foreign currency exchange risks arising from forecasted expenditure. 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 hedged portion determined to be ineffective are recognised immediately in the profit or 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.

(d) The maturity profile of the Group's derivative liabilities at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 31 December 2023				
Derivatives - settled net	**1,969**	**235**	**-**	**2,204**
As at 31 December 2022				
Derivatives - settled net	7,616	-	-	7,616

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

30. CASH AND BANK BALANCES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances				
Cash at banks and on hand	**87,692**	113,820	**621**	1,392
Deposits with licensed banks	**78,094**	35,442	**-**	-
Short term funds				
- Money market funds	**304,607**	342,366	**88,088**	85,741
Cash and bank balances	**470,393**	491,628	**88,709**	87,133

(a) Deposits with licensed banks of the Group had maturity days from 1 to 365 days (2022: 7 to 365 days) and were subject to fixed weighted average effective interest rate of 4.20% (2022: 3.64%).

(b) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	**470,393**	491,628	**88,709**	87,133
Less: Deposits with licensed banks with maturity of more than 3 months	**(202)**	(202)	**-**	-
Less: Short term fund pledged to other financial institution	**(86,217)**	(83,740)	**(86,217)**	(83,740)
Total cash and cash equivalents	**383,974**	407,686	**2,492**	3,393

(c) Included in the short term funds of the Group and Company is an amount of RM86,217,000 (2023: RM83,740,000) pledged to other financial institution as securities for banking facilities granted to a subsidiary as disclosed in Note 31(d) to the financial statements.

(d) Sensitivity analysis for fixed rate deposits with licensed banks at the end of the reporting period is not presented as they are not affected by changes in interest rates.

(e) Cash and bank balances (excluding short term funds) are financial assets measured at amortised cost.

(f) No expected credit loss is recognised arising from cash at bank and deposits with licensed banks because the probability of default by these financial institutions is negligible.

(g) Short term funds of the Group and of the Company represent investments in highly liquid money market instruments, which are readily convertible to known amounts of cash and are subject to an insignificant risk changes in value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

30. CASH AND BANK BALANCES (CONTD.)

(h) Short term funds of the Group and of the Company are classified as financial assets at fair value through profit or loss are categorised as Level 1 in the fair value hierarchy. Fair value of short term funds are determined by reference to the quoted prices at the close of business at the end of each reporting period.

(i) Sensitivity analysis for market price risk

Short term funds of the Group and of the Company are exposed to changes in market quoted prices. However, the volatility of these funds' prices is considered low, and hence, sensitivity analysis for equity price risk is not presented.

(j) There is no transfer between levels in the fair value hierarchy during the financial year.

31. BORROWINGS

	Group	
	2023 RM'000	2022 RM'000
Long term borrowings		
Secured:		
Term loans	**487,724**	308,541
	487,724	308,541
Short term borrowings		
Secured:		
Term loans	**28,415**	-
	28,415	-
Unsecured:		
Term loans	**87,135**	82,352
Revolving credits	**121,708**	12,000
Bills discounting	**200,977**	77,827
	409,820	172,179
	925,959	480,720
Total borrowings		
Term loans	**603,274**	390,893
Revolving credits	**121,708**	12,000
Bills discounting	**200,977**	77,827
	925,959	480,720

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31. BORROWINGS (CONTD.)

(a) Borrowings are classified as financial liabilities carried at amortised cost.

(b) The Group has entered into interest rate swap contracts to hedge the floating rate interest payable on some of its borrowings. The contracts entitle the Group to pay interest at fixed rates on notional principal amounts and oblige it to receive interest at floating rates on the same amounts. Under the swaps, the Group agrees with the other parties to exchange, the difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

(c) The weighted average interest rates per annum of borrowings that were effective as at the end of the reporting period were as follows:

	Group	
	2023 %	2022 %
Long term borrowings		
Term loans (SGD denominated)	**4.86**	2.93
Term loans (INR denominated)	**10.11**	8.74
Short term borrowings		
Secured term loans (SGD denominated)	**4.86**	-
Unsecured term loans (SGD denominated)	**5.06**	2.32
Unsecured revolving credits (MYR denominated)	**3.88**	2.67
Unsecured bills discounting (SGD denominated)	**5.31**	5.03
Unsecured bills discounting (MYR denominated)	**3.50**	2.44

(d) The secured term loans of the Group are secured by way of:

(i) A short term fund as disclosed in Note 30(c) to the financial statements.

(ii) A legal charge over the equity interest in a joint venture as disclosed in Note 19.1(d) to the financial statements.

(iii) A first floating charge over the Operating Account and a first fixed charge over the Financial Service Reserve Account.

(iv) A fresh deed of subordination of all presents and future shareholders' and/or related companies advances and loans.

(v) 30% of the issued and paid-up share capital of the subsidiaries.

(vi) A first charge by way of hypothecation created by the subsidiaries over the presents and future rights, titles, interests and benefits of the hypothecated assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31. BORROWINGS (CONTD.)

(e) At the end of the reporting period, the interest rate profile of the borrowings was:

	Group	
	2023 RM'000	2022 RM'000
Fixed rate	**322,685**	89,827
Floating rate	**603,274**	390,893

Sensitivity analysis for fixed rate borrowings at the end of the reporting period is not presented as it is not affected by the changes in interest rates.

A change of 25 basis points in interest rates, assuming all other variables remained constant, at the end of the reporting period would result in the profit net of tax of the Group to be lower/(higher) by RM1,146,000 (2022: RM743,000).

(f) The maturity profile of the Group's borrowings at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 31 December 2023	**484,080**	**509,783**	**-**	**993,863**
As at 31 December 2022	179,307	356,261	-	535,568

(g) The maturity periods of revolving credits and bills discounting are on demand or within one year. The maturity period for term loans is as follows:

	Group	
	2023 RM'000	2022 RM'000
Not later than 1 year	115,550	82,352
Later than 1 year and not later than 5 years	487,724	308,541
Later than 5 years	-	-
	603,274	390,893

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31. BORROWINGS (CONTD.)

(h) Reconciliation of liabilities arising from financing activities:

	Group			
	1.1.2023 RM'000	Cash flows RM'000	Non-cash changes RM'000	31.12.2023 RM'000
Term loans	**390,893**	**194,221**	**18,160**	**603,274**
Revolving credits	**12,000**	**109,708**	**-**	**121,708**
Bills discounting	**77,827**	**122,998**	**152**	**200,977**
	480,720	**426,927**	**18,312**	**925,959**

	1.1.2022 RM'000	Cash flows RM'000	Non-cash changes RM'000	31.12.2023 RM'000
Term loans	145,390	241,776	3,727	390,893
Revolving credits	27,000	(15,000)	-	12,000
Bills discounting	65,524	12,214	89	77,827
	237,914	238,990	3,816	480,720

32. DEFERRED TAX

	Group	
	2023 RM'000	2022 RM'000
At beginning of financial year	**3,381**	(2,008)
Recognised in profit or loss (Note 12)	**5,230**	5,420
Exchange differences	**23**	(31)
At end of financial year	**8,634**	3,381
Presented after appropriate offsetting as follows:		
Deferred tax assets, net *	**8,725**	3,381
Deferred tax liabilities, net *	**(91)**	-
	8,634	3,381

* The amount of set-off between deferred tax assets and deferred tax liabilities was RM3,082,000 (2022: RM3,998,000) for the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

32. DEFERRED TAX (CONTD.)

(a) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	Construction contracts RM'000	Others RM'000	Total RM'000
At 1 January 2022	1,347	2,120	3,467
Recognised in profit or loss	2,708	1,235	3,943
Exchange difference	-	(31)	(31)
At 31 December 2022/1 January 2023	4,055	3,324	7,379
Recognised in profit or loss	1,000	3,405	4,405
Exchange difference	-	23	23
At 31 December 2023	**5,055**	**6,752**	**11,807**

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000	Total RM'000
At 1 January 2022	5,475	5,475
Recognised in profit or loss	(1,477)	(1,477)
At 31 December 2022/1 January 2023	3,998	3,998
Recognised in profit or loss	(825)	(825)
At 31 December 2023	**3,173**	**3,173**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

32. DEFERRED TAX (CONTD.)

(b) Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2023 RM'000	2022 RM'000
Unused tax losses		
- Expires by 31 December 2028	**438**	438
- Expires by 31 December 2030	**421**	431
- Expires by 31 December 2031	**-**	-
- Expires by 31 December 2032	**995**	995
- Expires by 31 December 2033	**795**	-
- No expiry period	**-**	2,319
Unabsorbed capital allowances	**15,196**	10,725
Other deductible temporary differences	**2,640**	5,370
	20,485	20,278

The Group has assessed the likelihood of sufficient future profit available to recover the amounts of deductible temporary differences. Deferred tax assets have not been recognised in respect of these items as they have arisen in subsidiary companies that have a recent history of losses or in subsidiary companies where future taxable profits may be insufficient to trigger the utilisation of these items.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities. Unutilised tax losses of the subsidiary companies incorporated in Malaysia can be carried forward up to 10 consecutive years of assessment immediately following the assessment under the tax legislation of Inland Revenue Board.

(c) During the 2024 Budget Announcement on 13 October 2023, the Minister of Finance announced that the Global Minimum Tax ("GMT") would be implemented in Malaysia. On 29 December 2023, the parliament has gazetted the GMT legislation via the Finance Act (No. 2) 2023 and the said rules will come into effect from financial years beginning on or after 1 January 2025. GMT shall apply if a group has annual revenue of seven hundred and fifty million euro or more as specified in the Consolidated Financial Statements of the Ultimate Parent Entity ("UPE") in at least two of the four consecutive financial years immediately preceding tested financial year. The assessment need to be carried out for each tested financial year to determine whether the group is within the scope or not. Based on the past years annual revenue recorded in the Consolidated Financial Statements of the UPE, the Group is within the scope of the enacted GMT legislation for financial year 2025. However, the Group applies the exception to recognise and disclose information about deferred tax assets and liabilities related to GMT.

Under the GMT legislation, the Group is liable to pay top-up tax for the difference between the minimum rate of 15% and the Group's jurisdictional effective tax rate determined under the GMT rules (GloBE ETR) for each jurisdiction where the Group has operation therein. Due to uncertainties surrounding when and how each jurisdiction will enact the legislations, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. The Group is currently working with tax specialists to assess the impact of the GMT legislation on the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

33. TRADE PAYABLES

	Group	
	2023 RM'000	2022 RM'000
Third parties	**921,082**	716,220

(a) Trade payables are classified as financial liabilities carried at amortised cost.

(b) The normal trade credit terms granted to the Group range from 14 days to 60 days (2022: 14 days to 60 days).

(c) The maturity profile of the trade payables of the Group at the end of the reporting period based on contractual undiscounted repayment obligations is payable on demand or within one year.

34. OTHER PAYABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Sundry payables	**80,555**	56,186	**4**	724
Advances received on contracts	**107,743**	53,706	**-**	-
Accruals	**83,890**	59,881	**1,139**	1,122
	272,188	169,773	**1,143**	1,846

(a) Other payables are classified as financial liabilities carried at amortised cost.

(b) The maturity profile of other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is payable on demand or within one year.

(c) Included in other payables of the Group is amounts due to related parties of RM300,000 (2022: RM17,000).

(d) Included in the advances received on contracts are advances received in relation to five (5) (2022: seven (7)) construction contracts awarded to the Group.

35. LEASE LIABILITIES

	Group	
	2023 RM'000	2022 RM'000
Non-current liabilities	**1,004**	3,384
Current liabilities	**2,872**	5,980
Total lease liabilities	**3,876**	9,364

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

35. LEASE LIABILITIES (CONTD.)

(a) Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date.

After initial recognition, lease liabilities are measured by increasing the carrying amounts to reflect interest on the lease liabilities, reducing the carrying amounts to reflect the lease payments made and remeasuring the carrying amounts to reflect any reassessment or lease modifications.

The corresponding right-of-use assets of the lease liabilities are presented as property, plant and equipment as disclosed in Note 15 to the financial statements.

Variable lease payments, lease payments associated with short term leases and low value assets

The Group recognises variable lease payments when the condition that triggers those payments occur while lease payments associated with short term leases (leases with lease term of 12 months or less) and low value assets (leases for which the underlying asset is RM20,000 and below) are recognised on a straight-line basis over the lease terms. The variable lease payments and lease payments associated with short term leases and low value assets are recognised in profit or loss as rental expenses as disclosed in Note 9 to the financial statements.

Extension and termination options

Extension and termination options are included in certain property leases of the Group, which are negotiated for purposes such as providing operational flexibility to the Group. The extension and termination options are mainly exercisable by the Group and not by the respective lessors.

The Group determines the lease term of a lease as the non-cancellable period of the lease, together with periods covered by an option to extend or to terminate the lease if the Group is reasonably certain to exercise the relevant options. Management has considered the relevant facts and circumstances that create an economic incentive for the Group to either exercise the option to extend the lease, or to exercise the option to terminate the lease. Any differences in expectations from the original estimates would impact the carrying amounts of the lease liabilities of the Group.

During the current financial year, the Group had reassessed the lease terms of certain property leases in relation to the likelihood of exercising of extension options, taking into consideration the current relevant facts and circumstances. There were also modifications on the terms and conditions of certain property leases of the Group during the current financial year.

The effects of the lease reassessments and modifications during the current financial year was a decrease in recognised lease liabilities of RM1,198,000 (2022: RM79,100) and right-of-use assets of RM1,194,000 (2022: RM78,800) (Note 15) as well as a gain on reassessments and modifications of leases of RM4,000 (2022: RM300) recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

35. LEASE LIABILITIES (CONTD.)

(b) The maturity profile of the Group's lease liabilities at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

	Group	
	2023 RM'000	2022 RM'000
Not later than 1 year	**3,016**	6,299
Later than 1 year and not later than 2 years	**569**	2,558
Later than 2 years and not later than 3 years	**176**	510
Later than 3 years and not later than 4 years	**176**	176
Later than 4 years and not later than 5 years	**176**	176
Later than 5 years	**-**	176
Total undiscounted lease payments	**4,113**	9,895
Less: Future finance charges	**(237)**	(531)
Present value of lease liabilities	**3,876**	9,364
Analysis of present value of lease liabilities		
Not later than 1 year	**2,872**	5,980
Later than 1 year and not later than 2 years	**528**	2,438
Later than 2 years and not later than 3 years	**151**	469
Later than 3 years and not later than 4 years	**159**	151
Later than 4 years and not later than 5 years	**166**	159
Later than 5 years	**-**	167
	3,876	9,364
Less: Amount due within 12 months	**(2,872)**	(5,980)
Amount due after 12 months	**1,004**	3,384

(c) The lease payments are discounted using the Group's annual incremental borrowing rate of 2.92% to 5.22% (2022: 2.92% to 5.78%).

(d) Lease liabilities are fixed rate instruments. Sensitivity analysis at the end of the reporting period is not presented as it is not affected by changes in interest rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

35. LEASE LIABILITIES (CONTD.)

(e) Reconciliation of liabilities from financing activities to the statements of financial position and statements of cash flows are as follows:

	Group 2023 RM'000	Group 2022 RM'000
At beginning of financial year	**9,364**	12,341
Cash flows		
- Payments of lease liabilities	**(6,037)**	(5,574)
- Payments of lease interests	**(315)**	(429)
Non-cash flows		
- Additions	**1,739**	2,663
- Reassessments and modifications	**(1,198)**	(79)
- Exchange differences	**8**	13
- Interest expense	**315**	429
At end of financial year	**3,876**	9,364

(f) The following are total cash outflows for leases as a lessee:

	Group 2023 RM'000	Group 2022 RM'000
Included in net cash from operating activities		
- Payments relating to short-term leases and low value assets	**610**	743
- Payments relating to variable lease payment not included in the measurement of lease liabilities	**133**	67
	743	810
Included in net cash from financing activities		
- Payments of lease liabilities	**6,037**	5,574
- Interest paid in relation to lease liabilities	**315**	429
	6,352	6,003
Total cash outflows for leases	**7,095**	6,813

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

36. SHARE CAPITAL AND TREASURY SHARES

	Group/Company			
	Number of shares		Amount	
	2023 '000	2022 '000	2023 RM '000	2022 RM '000
Ordinary shares				
Issued and fully paid with no par value:				
At beginning/end of financial year	**1,292,900**	1,292,900	**258,580**	258,580

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

As at 31 December 2023, the Company held a total of 3,540,900 (2022: 3,540,900) ordinary shares as treasury shares out of its total issued and paid up share capital of 1,292,900,010 ordinary shares. Such treasury shares are recorded at a carrying amount of RM6,989,694 (2022: RM6,989,694). None of the treasury shares repurchased had been sold as at 31 December 2023.

37. RESERVES

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-distributable:					
Capital contribution by intermediate holding company	(a)	**641**	641	**-**	-
Merger reserve	(b)	**(37,894)**	(37,894)	**-**	-
Foreign currency translation reserve	(c)	**17,300**	14,091	**-**	-
Cash flow hedge reserve	(d)	**(1,969)**	(7,616)	**-**	-
Other capital reserve	(e)	**471**	471	**-**	-
		(21,451)	(30,307)	**-**	-
Distributable:					
Retained earnings		**590,036**	515,856	**193,391**	249,590
		568,585	485,549	**193,391**	249,590

The movements in each category of reserves are disclosed in the statements of changes in equity.

The natures of each category of reserves are as follows:

(a) Capital contribution by intermediate holding company

Capital contribution by intermediate holding company represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options.

37. RESERVES (CONTD.)

The natures of each category of reserves are as follows: (contd.)

(b) Merger reserve

The merger reserve represents the following:

(i) Premium on the issue of shares for the acquisition of the remaining shares in Sunway Builders Sdn. Bhd.; and

(ii) The excess of the consideration paid over the share capital and capital reserves of Sunway Construction Sdn. Bhd. and its subsidiaries as at the acquisition date under the pooling of interest method of accounting.

(c) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group.

(d) 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.

(e) Other capital reserve

The other capital reserve represents the bonus issue of shares undertaken by a subsidiary.

38. CAPITAL COMMITMENTS

	Group	
	2023 RM'000	2022 RM'000
Capital expenditure:		
Approved and contracted for property, plant and equipment	**59**	-
Approved and contracted for investment in a joint venture	**-**	14,814
Approved and contracted for investment in India concessionaire	**417**	-
Approved but not contracted for property, plant and equipment	**4**	98
	480	14,912

39. CONTINGENT LIABILITIES

(a) Material outstanding litigations

(i) On 4 September 2008, the solicitors of Sunway Construction Sdn. Bhd. ("SunCon") had been served with a Statement of Claim ("Statement of Claim") by Shristi Infrastructure Development Corporation Ltd ("Claimant").

Pursuant to an agreement signed between SunCon and the National Highway Authority of India for the rehabilitation and upgrading of NH-25 to a four-lane configuration in the state of Uttar Pradesh being a part of the East-West Corridor Project, SunCon had entered into a work order with the Claimant for the upgrading and rehabilitation of the stretch of NH-25 from 143.6 km to 170.0 km, of which the Claimant has provided two bank guarantees ("Bank Guarantees") to SunCon.

The Claimant has failed to carry out its obligations under the work order and SunCon has terminated the work order and cashed the Bank Guarantees. The Claimant had filed an application in the Supreme Court of India for the appointment of an arbitrator to arbitrate upon the disputes between the parties. The Supreme Court had appointed the late Mr H.L. Agarwal as the sole arbitrator.

The Statement of Claim was raised in respect of various claims and the total amount claimed is Rs.891.5 million (approximately equivalent to RM49.1 million) in addition to interest and cost.

In the counterclaim, SunCon is seeking for Rs.781.4 million (approximately equivalent to RM43.1 million) for inter alia, additional costs incurred by SunCon to complete the works, recovery of mobilisation advance and interest charges, loss of reputation and loss of profits.

On 11 January 2013, the arbitrator that presided over the case passed away and 75 hearings had been held.

SunCon was notified by its solicitors that an arbitration petition had been filed by the Claimant on 7 January 2016 in the Supreme Court of India for the appointment of a new arbitrator. The Supreme Court of India by an order dated 5 January 2017 appointed Hon'ble Mr. Justice Vikramajit Sen (a former Judge of the Supreme Court of India) as arbitrator. The first hearing before Mr. Justice Vikramajit Sen was held on 24 February 2017 and cross examination had been completed on 7 October 2017.

The Arbitrator published his award on 9 April 2019 and awarded the Claimant Rs.128.4 million (approximately equivalent to RM7.1 million).

SunCon had filed an appeal with the High Court of New Delhi in early July 2019 to set aside the arbitral award. The claimant has also filed an execution application against SunCon for enforcement of the arbitral award.

On 10 February 2020, the Honorable Court has directed SunCon to deposit, on a without prejudice basis, the decretal amount with interest with the Registrar General of the High Court of Delhi. SunCon has deposited Rs.135.7 million (approximately equivalent to RM7.5 million) on 26 February 2020 and the amount has been fully provided in the accounts on prudence grounds. Subject to compliance of the said direction, the Honorable Court has stayed the Arbitral Award dated 9 April 2019.

On 4 March 2020, the Claimant filed an application in the High Court of Delhi to permit the Claimant to withdraw the decretal amount deposited by SunCon.

On 27 August 2020, the Court directed the release of Rs.67.2 million (approximately equivalent to RM3.7 million) on the basis of a corporate guarantee to the furnished by Srei Infrastructure Finance Ltd. ("SIFL"). The balance to be released upon the Claimant providing a bank guarantee. On 3 November 2020, the Court placed on record the corporate guarantee issued on 21 September 2020 and directed the registry to release the amount in terms of the Court order. On 18 November 2020, the Claimant withdrew their application for withdrawal without a bank guarantee and it has been dismissed accordingly.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

39. CONTINGENT LIABILITIES (CONTD.)

(a) Material outstanding litigations (contd.)

(i) (contd.)

Matter was adjourned several times. On 20 July 2023, Srei Infrastructure Finance Ltd filed an application for release of corporate guarantee and discharge itself from all obligations under the corporate guarantee. Application was heard on 31 July 2023 and is re-notified for arguments on 29 August 2023 and adjourned to 23 November 2023.

On 20 December 2023, SunCon filed a contempt application against the Claimant and Srei Infrastructure Finance Ltd ("Respondents"). The application was listed on 22 December 2023 and the Court has duly issued notice to the Respondents. On 23 January 2024, the Claimant sought an adjournment of two weeks to file their reply which was allowed. The matter came up on 29 February 2024 and is listed for 14 May 2024.

(ii) SunCon was awarded a contract for the execution of the rehabilitation and upgrading of km 406 to km 449.15 of highway NH-76 in the State of Rajasthan, India to four-lane configuration ("NH-76 Highway Project") by the National Highways Authority ("NHA") in 2005. SunCon commenced 7 separate arbitration proceedings against NHA on various disputes arising from the NH-76 Highway Project (each, a "Reference"). The following sets out the nature of SunCon's claims and the current status of the proceedings:

Reference 1 – In November 2009, SunCon claimed against NHA for the payment of the completed construction of fly ash for the highway embankment. The Arbitral Tribunal had, via an award dated 28 June 2011, awarded SunCon a sum of Rs.43.1 million (approximately equivalent to RM2.4 million). NHA appealed against the Arbitral Tribunal's decision to the High Court of Delhi. In 2012, the High Court ruled in favour of NHA and set aside SunCon's award.

SunCon appealed to the Supreme Court of India and was granted leave of appeal. Matter was briefly heard on 27 March 2021. By order and judgment dated 24 August 2023, the Supreme Court inter alia allowed SunCon's appeal, set aside the judgment of the Division Bench of the High Court and restore the Arbitral Award with a slight modification as regards as to future interest. SunCon sought enforcement of Rs9,90,07,825.17 as of 15 December 2023 and interest. On 19 January 2024, Court ordered NHA to pay the amounts payable under the judgment of the Hon'ble Supreme Court dated 24 August 2023. Subsequently, NHA filed a Review Petition which is pending before the Hon'ble Supreme Court. On 24 January 2024, NHA filed an application for permission to deposit the decree sum before the Hon'ble Registrar of the High Court of Delhi until the pendency of the review petition. An application seeking release of payment was issued on 4 March 2024 after the review petition had been dismissed on 6 February 2024. In terms of the order passed in EX.APPL.(OS) 361/2024, the execution petition is disposed of. The next date of hearing on 3 July 2024 is cancelled. Subsequently, SunCon had received the payment of Rs10,13,63,142 (approximately equivalent to RM5.7 million) on 12 March 2024.

Reference 4 – In November 2012, SunCon claimed against NHA for the loss and expenses incurred during the extended project year which was due to NHA's delay. The Arbitral Tribunal had, via an award dated 29 April 2014, awarded SunCon a sum of Rs.310.3 million (approximately equivalent to RM17.1 million).

NHA appealed against the Arbitral Tribunal's award to the High Court. Matter was adjourned several times.

On 3 June 2020, SunCon has issued a letter to NHA with the intention to explore the possibility of an amicable resolution of the disputes with NHA through the mechanism of Conciliation Committee of Independent Experts ("CCIE"). After a series of discussion, no amicable settlement ensued between the parties. The next hearing was scheduled for 21 February 2024.

On 15 July 2023, the Department of Expenditure, Ministry of Finance, India has launched the Vivad se Vishwas – II (Contractual Disputes) Scheme vide the Office Memorandum. This scheme is implemented by the Government of India as a one-time settlement scheme to clear the old litigation cases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

39. CONTINGENT LIABILITIES (CONTD.)

(a) Material outstanding litigations (contd.)

(ii) (contd.)

The settlement offer under the scheme was accepted by both parties on 18 December 2023 and NHA had agreed to repay 65% of the award, which amounted to approximately Rs.372.9 million (equivalent to RM20.8 million). This amount of income arising from settlement scheme has been recognised in the financial statement of the Group as at 31 December 2023 as the realisation of income is virtually certain upon acceptance of the settlement amount as disclosed in Note 7 of the financial statements.

On 9 January 2024, by way of application, NHA sought leave to withdraw its appeal stating that the parties had settled their disputes under the "Vivad se Vishwas II" scheme. NHA has agreed to pay Rs.375.3 million (equivalent to RM21.3 million) inclusive of taxes, to SunCon as full and final settlement of all the claims and disputes pertaining to the contract. The Court allowed NHA's application and stood disposed of as withdrawn. The scheduled hearing date of 21 February 2024 was cancelled. Subsequently, SunCon had received the settlement amount on 1 March 2024.

(iii) PNSB Acmar Sdn. Bhd. ("Plaintiff") had on 14 November 2019 served a Writ of Summon and a Statement of Claim both dated 8 November 2019 on Prasarana Malaysia Berhad ("Prasarana") (1st Defendant) and Sunway Construction Sdn. Bhd. ("SunCon") (2nd Defendant).

The Plaintiff is claiming that all the construction works in relation to the project known as "Construction and Completion of Light Rail Transit Line 3 (LRT3) from Bandar Utama to Johan Setia" ("Project") and the structures such as the Project's poles, bars, and LRT stations had trespassed and/or encroached into the Plaintiff's own development project area and has resulted in losses and damages towards the Plaintiff.

Prasarana is the owner of the Project and SunCon is the awarded Works Package Contractor for the contract known as "Contract No. Prasarana/GSC/CTT/2.06080/ 2017: Construction and Completion of Guideway, Stations Iconic Bridge, Park and Rides, Ancillary Buildings and other Associated Works for Package GS07-08 for Light Rail Transit 3 (LRT3) from Bandar Utama to Johan Setia" in relation to the Project.

The Plaintiff files a claim trespass and encroachment, negligence, private and public nuisance against the Defendants for the sum for RM711,367,434.46. The 2nd Defendant's filed its Defence on 02 January 2020 disputing the Plaintiff's claim. The Plaintiff amend its Statement of Claim and reduced its claim to the sum of RM643,851,825.01 in the Amended Statement of Claim dated 21 July 2021.

On 27 July 2021, SunCon issued a Third Party Notice dated 24 July 2021 to Setia Utama LRT 3 Sdn Bhd ("the Third Party") and claimed against the Third Party for indemnity and/or contribution for any sum that may be due from the SunCon to the Plaintiff. On 03 September 2021, the Third Party issued its Defence and Counterclaim.

On 01 April 2022, the matter was transferred to the Shah Alam High Court (Construction Division) and a new suit number of BA-22C-18-05/2022 was assigned to the matter.

The matter is currently fixed for case management on 20 March 2024. The trial dates have been scheduled from 12 August 2024 to 15 August 2024 and 26 August 2024 to 29 August 2024.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

40. RELATED PARTY DISCLOSURES

(a) Significant related party transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

Group	2023 RM'000	2022 RM'000
Rental income of plant and machinery from:		
Related companies:		
Deco Style Sdn. Bhd.	**-**	10
Emerald Tycoon Sdn. Bhd.	**8**	5
Sunway Giza Mall Sdn. Bhd.	**-**	4
Sunway Marketing Sdn. Bhd.	**91**	104
Sunway Monash U Residence Sdn. Bhd.	**2**	-
Related parties:		
Sunway Medical Centre Sdn. Bhd. ^	**-**	8
Sunway Nursery and Landscape Sdn. Bhd. ^	**5**	5
Sunway Real Estate Investment Trust *	**3**	3
Sunway Specialist Centre Sdn. Bhd. ^	**-**	1
Contract revenue from:		
Related companies:		
Deco Style Sdn. Bhd.	**6,752**	23,109
Sunway Belfield Sdn. Bhd.	**162,737**	86,073
Sunway Flora Sdn. Bhd.	**45,747**	-
Sunway Integrated Properties Sdn. Bhd.	**25,000**	45,792
Sunway Leadership Center Sdn. Bhd.	**-**	2
Sunway PFM Sdn. Bhd.	**565**	3,171
Sunway Resort Hotel Sdn. Bhd.	**312**	771
Sunway Serene Sdn. Bhd.	**8,684**	70,558
Sunway South Quay Sdn. Bhd.	**249,919**	105,945
Sunway Velocity Mall Sdn. Bhd.	**1,000**	-
Sunway Velocity Two Sdn. Bhd.	**127,929**	155,524

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

40. RELATED PARTY DISCLOSURES (CONTD.)

(a) Significant related party transactions (contd.)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (contd.)

Group (contd.)	2023 RM'000	2022 RM'000
Contract revenue from: (contd.)		
Related parties:		
Directors of the group	**76**	293
Gopeng Berhad *	**158,520**	-
Paradigm Fairview Sdn. Bhd. ^	**100,000**	45,813
SunMed Velocity Sdn. Bhd. ^	**-**	(1,305)
Sunway Marketplace Sdn. Bhd. ^	**3,087**	37,113
Sunway Medical Centre (Ipoh) Sdn. Bhd. ^	**103,180**	22,784
Sunway Medical Centre (Penang) Sdn. Bhd. (formerly known as Alliance Parade Sdn. Bhd.) ^	**2 ,445**	68,530
Sunway Medical Centre Sdn. Bhd. ^	**86,748**	200,372
Sunway Real Estate Investment Trust *	**108,459**	72,140
Sunway Velocity Mall Sdn. Bhd. ^	**-**	1,566
Disposal income from:		
Related company:		
Sunway Integrated Properties Sdn. Bhd.	**-**	81
Other income from:		
Related party:		
Sunway Iskandar Sdn. Bhd. ^	**-**	25
Distribution income from:		
Structured entities controlled by its intermediate holding company:		
Kenanga Money Extra Fund II	**2,457**	3,259
Maybank Shariah Institutional Income Fund	**6,353**	7,730

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

40. RELATED PARTY DISCLOSURES (CONTD.)

(a) Significant related party transactions (contd.)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (contd.)

Group (contd.)	2023 RM'000	2022 RM'000
Management fees charged by: (Note 9)		
Related company:		
Sunway Services Sdn. Bhd.	**(17,344)**	(13,469)
Rental of land charged by:		
Related party:		
Sunway Iskandar Sdn. Bhd. ^	**(600)**	(600)
Rental of office space charged by:		
Intermediate holding company:		
Sunway Berhad	**-**	1
Related companies:		
Emerald Tycoon Sdn. Bhd.	**(2,907)**	(2,907)
Rich Worldclass Sdn. Bhd.	**(9)**	(16)
Sunway Integrated Properties Sdn. Bhd.	**-**	13
Sunway Marketing (Vietnam) Co Ltd	**(7)**	-
Sunway Pyramid Development Sdn. Bhd.	**(36)**	(9)
Sunway Services Sdn. Bhd.	**(89)**	(62)
Tanda Warisan Sdn. Bhd.	**(16)**	(44)
Related party:		
Sunway Real Estate Investment Trust *	**(1,388)**	(1,243)
Service level agreement fees paid to: (Note 9)		
Related companies:		
Sunway FSSC Sdn. Bhd.	**(818)**	(812)
Sunway HR Shared Services Sdn. Bhd.	**(951)**	(747)
Sunway Shared Services Sdn. Bhd.	**(1,872)**	(1,872)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

40. RELATED PARTY DISCLOSURES (CONTD.)

(a) Significant related party transactions (contd.)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (contd.)

Group (contd.)	2023 RM'000	2022 RM'000
Purchases of goods/services from:		
Intermediate holding company:		
Sunway Berhad	**(421)**	(489)
Related companies:		
Credit Bureau Malaysia Sdn. Bhd.	**(11)**	(12)
Deco Style Sdn. Bhd.	**(9,749)**	(16,214)
Emerald Tycoon Sdn. Bhd.	**(29)**	(13)
Fame Parade Sdn. Bhd.	**(1,128)**	(683)
Kinta Sunway Resort Sdn. Bhd.	**-**	(9)
Pasir Mas Holdings Sdn. Bhd.	**(353)**	(369)
Pyramid Bowl Sdn. Bhd.	**(2)**	-
Sunway City (JB) Sdn. Bhd.	**(432)**	(22)
Sunway Coating Solutions Sdn. Bhd.	**(4,475)**	(2,710)
Sunway Design Sdn. Bhd.	**-**	(1)
Sunway Enterprise (1988) Sdn. Bhd.	**(3)**	(20)
Sunway FSSC Sdn. Bhd.	**-**	2
Sunway HR Shared Services Sdn. Bhd.	**(315)**	(226)
Sunway Hotel Seberang Jaya Sdn. Bhd.	**(1)**	(47)
Sunway Integrated Properties Sdn. Bhd.	**(39)**	(1)
Sunway Lagoon Club Bhd.	**(132)**	(80)
Sunway Lagoon Sdn. Bhd.	**(371)**	(394)
Sunway Leadership Center Sdn. Bhd.	**(72)**	(70)
Sunway Leasing Sdn. Bhd.	**(3)**	(3)
Sunway Leisure Sdn. Bhd.	**-**	(100)
Sunway Lost World Water Park Sdn. Bhd.	**(13)**	(1)
Sunway Management Sdn. Bhd.	**(88)**	(89)
Sunway Marketing Sdn. Bhd.	**(87,931)**	(52,066)
Sunway Material Handling Sdn. Bhd.	**(153)**	(57)
Sunway Money Sdn. Bhd.	**(1)**	(1)
Sunway Pals Loyalty Sdn. Bhd.	**-**	(2)
Sunway Paving Solutions Sdn. Bhd.	**(1,628)**	(2,225)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

40. RELATED PARTY DISCLOSURES (CONTD.)

(a) Significant related party transactions (contd.)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (contd.)

Group (contd.)	2023 RM'000	2022 RM'000
Purchases of goods/services from: (contd.)		
Related companies: (contd.)		
Sunway Pharma Sdn. Bhd.	**(1)**	(89)
Sunway Putra Hotel Sdn. Bhd.	**-**	(1)
Sunway Quarry Industries Sdn. Bhd.	**(1,202)**	(2,466)
Sunway Resort Hotel Sdn. Bhd.	**(118)**	(19)
Sunway Risk Management Sdn. Bhd.	**(1,805)**	(2,259)
Sunway Serene Sdn. Bhd.	**(140)**	(180)
Sunway Services Sdn. Bhd.	**(70)**	(351)
Sunway Shared Services Sdn. Bhd.	**(1,504)**	(2,505)
Sunway South Quay Sdn. Bhd.	**20**	(60)
Sunway Sustainability Solutions Sdn. Bhd.	**(37)**	(18)
Sunway Travel Sdn. Bhd.	**(164)**	(131)
Sunway Treasury Sdn. Bhd.	**221**	(27)
Sunway United Star Sdn. Bhd.	**(1,263)**	(944)
Sunway Velocity Two Sdn. Bhd.	**(65)**	61
Sunway Ventures Sdn. Bhd.	**-**	27
Daksina Harta Sdn. Bhd.	**-**	(9)
Related parties:		
Hitachi Sunway Information Systems Sdn. Bhd. +	**(355)**	(361)
SunMed Velocity Sdn. Bhd. ^	**(15)**	(257)
Sunway Big Box Sdn. Bhd. ^	**-**	(2)
Sunway Big Box Hotel Sdn. Bhd. ^	**(25)**	(2)
Sunway Computer Services Sdn. Bhd. +	**(140)**	(55)
Sunway Digital Wave Sdn. Bhd. +	**(361)**	(1,714)
Sunway Iskandar Sdn. Bhd. ^	**(350)**	(220)
Sunway Marketplace Sdn. Bhd. ^	**-**	(55)
Sunway Medical Centre Sdn. Bhd. ^	**(699)**	(197)
Sunway Medical Centre (Penang) Sdn. Bhd. (formerly known as Alliance Parade Sdn. Bhd.) ^	**-**	36
Sunway Real Estate Investment Trust *	**126**	(418)
Sunway Velocity Hotel Sdn. Bhd. ^	**-**	(4)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

40. RELATED PARTY DISCLOSURES (CONTD.)

(a) Significant related party transactions (contd.)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (contd.)

Group (contd.)	2023 RM'000	2022 RM'000
Purchases of goods/services from: (contd.)		
Related parties: (contd.)		
Sunway Velocity Mall Sdn. Bhd. ^	**-**	(7)
Sunway 42 (Iskandar Puteri) Sdn. Bhd. ^	**-**	14
Company		
Distribution income from: (Note 8)		
Structured entities controlled by its intermediate holding company:		
Kenanga Money Extra Fund II	**87**	309
Maybank Shariah Institutional Income Fund	**5,533**	4,413
Management fees charged by:		
Subsidiary:		
Sunway Construction Sdn. Bhd. (Note 9)	**(1,706)**	(2,243)
Service level agreement fee paid to:		
Related company:		
Sunway FSSC Sdn. Bhd. (Note 9)	**(5)**	(6)
Purchases of goods/services from:		
Intermediate holding company:		
Sunway Berhad	**(2)**	(15)
Related companies:		
Sunway Management Sdn. Bhd.	**(43)**	(63)
Sunway Treasury Sdn. Bhd.	**-**	(2)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

40. RELATED PARTY DISCLOSURES (CONTD.)

(a) Significant related party transactions (contd.)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (contd.)

* Sunway Real Estate Investment Trust and Gopeng Berhad are associates of the intermediate holding company.

^ Sunway Medical Centre Sdn. Bhd., Sunway Nursery and Landscape Sdn. Bhd., Sunway Specialist Centre Sdn. Bhd., Paradigm Fairview Sdn. Bhd., SunMed Velocity Sdn. Bhd., Sunway Medical Centre (Ipoh) Sdn. Bhd., Sunway Medical Centre (Penang) Sdn. Bhd. (formerly known as Alliance Parade Sdn. Bhd.), Sunway 42 (Iskandar Puteri) Sdn. Bhd., Sunway Iskandar Sdn. Bhd., Sunway Velocity Mall Sdn. Bhd., Sunway Velocity Hotel Sdn. Bhd., Sunway Big Box Sdn. Bhd., Sunway Big Box Hotel Sdn. Bhd. and Sunway Marketplace Sdn. Bhd. are joint ventures of Sunway City Sdn. Bhd..

\+ Sunway Computer Services Sdn. Bhd., Sunway Digital Wave Sdn. Bhd. and Hitachi Sunway Information Systems Sdn. Bhd. are companies in which a Director of the Company has deemed substantial interests.

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

(b) Remuneration of key management personnel

Key management personnel are persons who have authorities and responsibilities for planning, directing and controlling the activities of the Group or the Company either directly or indirectly. This includes any Director, whether executive or otherwise, of the Group and of the Company.

The remuneration of the Executive Directors and other members of key management during the financial year are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short-term employee benefits	**14,160**	14,224	**-**	-
Post-employment benefits:				
- Defined contribution plan	**1,357**	2,278	**-**	-
Estimated money value of benefits-in-kind	**175**	245	**-**	-
	15,692	16,747	**-**	-

Included in the total key management personnel are:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Executive Director's remuneration (Note 11)	**4,617**	4,381	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

41. ADOPTION OF MFRSS AND AMENDMENTS TO MFRSS

(a) New MFRSs adopted during the financial year

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

During the financial year, the Group and the Company adopted the following Standards that are mandatory for annual financial periods beginning on or after 1 January 2023.

Title	Effective date
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 - Comparative Information)*	1 January 2023
Amendments to MFRS 101 *Disclosure of Accounting Policies*	1 January 2023
Amendments to MFRS 108 *Definition of Accounting Estimates*	1 January 2023
Amendments to MFRS 112 *Deferred tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to MFRS 112 *International Tax Reform - Pillar Two Model Rules*	Refer paragraph 98M of MFRS 112

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2024

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 MFRS 101 *Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to MFRS 101 *Non-current Liabilities with Covenants*	1 January 2024
Amendments to MFRS 16 *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to MFRS 107 and MFRS 7 *Supplier Finance Arrangements*	1 January 2024
Amendments to MFRS 121 *Lack of Exchangeability*	1 January 2025
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

DIRECTORS' INTERESTS IN SHARES

BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDINGS

AS AT 29 MARCH 2024

DIRECTORS' INTERESTS IN THE COMPANY
SUNWAY CONSTRUCTION GROUP BERHAD

Name of Directors	Ordinary Shares No.	Ordinary Shares %
Direct interest		
Evan Cheah Yean Shin	13,435	#
Deemed interest		
Dato' Ir Goh Chye Koon [a]	5,000	#
Evan Cheah Yean Shin [b]	851,463,118	66.04

DIRECTORS' INTERESTS IN INTERMEDIATE HOLDING COMPANY
SUNWAY BERHAD

Name of Directors	Ordinary Shares No.	Ordinary Shares %
Direct interest		
Tan Sri Dato' (Dr) Chew Chee Kin	16,504,366	0.30
Evan Cheah Yean Shin	4,817,855	0.09
Liew Kok Wing	285,628	0.01
Dato' Tan Kia Loke	10,249,680	0.19
Deemed interest		
Dato' Ir Goh Chye Koon [a]	121,901	#
Evan Cheah Yean Shin [c]	3,548,715,286	64.19

Name of Directors	Warrants 2017/2024 No.	Warrants 2017/2024 %
Direct interest		
Tan Sri Dato' (Dr) Chew Chee Kin	2,818,169	2.95
Liew Kok Wing	38,260	0.04
Dato' Tan Kia Loke	1,370,325	1.43
Deemed interest		
Dato' Ir Goh Chye Koon [a]	16,101	0.02
Tan Sri Dato' (Dr) Chew Chee Kin [d]	209,618	0.22

DIRECTORS' INTERESTS IN SHARES

BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDINGS

AS AT 29 MARCH 2024

DIRECTORS' INTERESTS IN INTERMEDIATE HOLDING COMPANY
SUNWAY BERHAD (CONTD.)

Name of Directors	Number of Irredeemable Convertible Preference Shares No.	Number of Irredeemable Convertible Preference Shares %
Direct interest		
Tan Sri Dato' (Dr) Chew Chee Kin	4,207,692	0.43
Evan Cheah Yean Shin	839,039	0.09
Liew Kok Wing	57,125	0.01
Dato' Tan Kia Loke	2,445,931	0.25
Deemed interest		
Dato' Ir Goh Chye Koon [a]	24,040	#
Tan Sri Dato' (Dr) Chew Chee Kin [d]	312,972	0.03
Evan Cheah Yean Shin [c]	719,218,526	73.56

DIRECTOR'S INTEREST IN PENULTIMATE HOLDING COMPANY
SUNGEI WAY CORPORATION SENDIRIAN BERHAD

Name of Director	Ordinary Shares No.	Ordinary Shares %
Deemed interest		
Evan Cheah Yean Shin [e]	10,000,000	100.00

DIRECTORS' INTERESTS IN SHARES

BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDINGS

AS AT 29 MARCH 2024

DIRECTOR'S INTEREST IN ULTIMATE HOLDING COMPANY ACTIVE EQUITY SDN BHD

Name of Director	Ordinary Shares No.	%
Direct interest		
Evan Cheah Yean Shin	25,500	15.00
Deemed interest		
Evan Cheah Yean Shin [f]	102,000	60.00

DIRECTOR'S INTEREST IN RELATED COMPANY SUNWAY GLOBAL LIMITED

Name of Director	Ordinary Shares of HKD1.00 each No.	%
Direct interest		
Tan Sri Dato' (Dr) Chew Chee Kin	689,183	0.24

Notes:

- \# *Negligible*
- a *Deemed interest by virtue of Section 8 of the Companies Act 2016 ("Act") held through Affin Hwang Trustee Berhad GCK Family Trust.*
- b *Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sendirian Berhad, Sunway Berhad, Sunway Holdings Sdn Bhd and parent.*
- c *Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sendirian Berhad, Jef-San Enterprise Sdn Bhd and parent.*
- d *Deemed interest by virtue of Section 59(11)(c) of the Act held through spouse.*
- e *Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd and parent.*
- f *Deeemed interest by virtue of Section 8 of the Act held through parent.*

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2024

Issued Shares : 1,292,900,010 ordinary shares
Treasury shares : 3,540,900 treasury shares held by the Company
Class of Shares : Ordinary shares
Voting Rights : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	3,354	23.73	150,315	0.01
100 - 1,000	5,802	41.05	2,304,990	0.17
1,001 - 10,000	3,853	27.26	15,420,998	1.20
10,001 - 100,000	873	6.18	26,529,267	2.06
100,001 - 64,467,954 (Less than 5% of issued shares)	247	1.75	520,195,114	40.35
64,467,955 (5% and above of issued shares)	5	0.03	724,758,426	56.21
	14,134	100.00	1,289,359,110*	100.00

Note:
* *Exclude a total of 3,540,900 treasury shares retained by the Company as per record of depositors as at 29 March 2024.*

THIRTY LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS

(without aggregating the securities from different securities accounts belong to the same person)

	Name of Shareholders	No. of Shares	%
1	**RHB Nominees (Tempatan) Sdn Bhd** Malaysian Trustees Berhad Pledged Securities Account for Sunway Holdings Sdn Bhd-T8	251,000,000	19.47
2	**Sunway Holdings Sdn Bhd**	158,032,609	12.26
3	**RHB Nominees (Tempatan) Sdn Bhd** Pledged Securities Account-Sumitomo Mitsui Banking Corporation Malaysia Berhad for Sunway Holdings Sdn Bhd	120,000,000	9.31
4	**RHB Nominees (Tempatan) Sdn Bhd** Malaysian Trustees Berhad Pledged Securities Account for Sunway Holdings Sdn Bhd-T21	90,000,000	6.98
5	**Sungei Way Corporation Sendirian Berhad**	55,520,000	4.31
6	**Sungei Way Corporation Sendirian Berhad**	50,205,817	3.89
7	**Citigroup Nominees (Tempatan) Sdn Bhd** Employees Provident Fund Board	49,424,385	3.83
8	**UOBM Nominees (Tempatan) Sdn Bhd** United Overseas Bank Ltd (Labuan Branch) for Sunway Holdings Sdn Bhd	39,000,000	3.02
9	**Amanahraya Trustees Berhad** Amanah Saham Bumiputera 2	25,423,200	1.97
10	**HLB Nominees (Tempatan) Sdn Bhd** Pledged Securities Account for Sunway Holdings Sdn Bhd (PJCAC)	23,000,000	1.78

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2024

THIRTY LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS

(without aggregating the securities from different securities accounts belong to the same person)

	Name of Shareholders	No. of Shares	%
11	**Permodalan Nasional Berhad**	18,944,400	1.47
12	**Tan Sri Sir Dr Jeffrey Cheah Fook Ling KBE AO**	17,904,692	1.39
13	**SJ SEC Nominees (Tempatan) Sdn Bhd** Pledged Securities Account - Al Rajhi Bank for Sunway Holdings Sdn Bhd	17,500,000	1.36
14	**Amanahraya Trustees Berhad** Amanah Saham Bumiputera	17,473,100	1.35
15	**Citigroup Nominees (Tempatan) Sdn Bhd** Great Eastern Life Assurance (Malaysia) Berhad (LSF)	17,358,600	1.34
16	**Citigroup Nominees (Asing) Sdn Bhd** UBS AG	16,853,681	1.31
17	**Citigroup Nominees (Tempatan) Sdn Bhd** Employees Provident Fund Board (ISLAMIC)	15,677,970	1.22
18	**HSBC Nominees (Tempatan) Sdn Bhd** Pledged Securities Account for Sungei Way Corporation Sendirian Berhad	13,000,000	1.01
19	**RHB Capital Nominees (Tempatan) Sdn Bhd** Pledged Securities Account for Sungei Way Corporation Sendirian Berhad	11,300,000	0.88
20	**Amanahraya Trustees Berhad** Amanah Saham Bumiputera 3 - Didik	10,553,500	0.82
21	**Citigroup Nominees (Tempatan) Sdn Bhd** Exempt AN for AIA Bhd.	9,641,800	0.75
22	**Citigroup Nominees (Asing) Sdn Bhd** Exempt AN for Citibank New York (Norges Bank 14)	8,934,800	0.69
23	**CIMB Group Nominees (Tempatan) Sdn Bhd** CIMB Commerce Trustee Berhad - Kenanga Growth Fund	7,595,600	0.59
24	**Citigroup Nominees (Tempatan) Sdn Bhd** Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	6,002,300	0.46
25	**Citigroup Nominees (Tempatan) Sdn Bhd** Great Eastern Life Assurance (Malaysia) Berhad (LEEF)	5,912,800	0.46
26	**RHB Nominees (Tempatan) Sdn Bhd** Malaysian Trustees Berhad Pledged Securities Account for Sunway Holdings Sdn Bhd-T16	5,000,000	0.39
27	**Citigroup Nominees (Tempatan) Sdn Bhd** Great Eastern Life Assurance (Malaysia) Berhad (DR)	4,557,100	0.35
28	**Amanahraya Trustees Berhad** ASN Umbrella for ASN Sara (Mixed Asset Conservative) 1	4,350,100	0.34
29	**Amanahraya Trustees Berhad** ASN Umbrella for ASN Equity 3	4,000,000	0.31
30	**Amanahraya Trustees Berhad** ASN Imbang (Mixed Asset Balanced) 1	3,831,300	0.30
Total Shareholdings		**1,077,997,754**	**83.61**

SUBSTANTIAL SHAREHOLDERS

BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

AS AT 29 MARCH 2024

		DIRECT		DEEMED	
	Name of Substantial Shareholders	No. of Shares	%	No. of Shares	%
1	Sunway Berhad	-	-	703,532,609[a]	54.56
2	Sunway Holdings Sdn Bhd	703,532,609	54.56	-	-
3	Tan Sri Sir Dr Jeffrey Cheah Fook Ling KBE AO	17,904,692	1.39	833,629,588[b]	64.65
4	Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng	-	-	851,534,280[c]	66.04
5	Sarena Cheah Yean Tih	57,727	*	851,463,216[d]	66.04
6	Evan Cheah Yean Shin	13,435	*	851,463,118[e]	66.04
7	Adrian Cheah Yean Sun	-	-	851,463,118[e]	66.04
8	Sungei Way Corporation Sendirian Berhad	130,025,817	10.08	703,532,609[f]	54.56
9	Active Equity Sdn Bhd	-	-	833,558,426[g]	64.65
10	Employees Provident Fund Board	75,605,355	5.86	-	-

Notes:

* *Negligible*

a *Deemed interest by virtue of Section 8 of the Companies Act 2016 ("Act") held through Sunway Holdings Sdn Bhd.*

b *Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sendirian Berhad, Sunway Berhad, Sunway Holdings Sdn Bhd and children.*

c *Deemed interest held through spouse and children.*

d *Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sendirian Berhad, Sunway Berhad, Sunway Holdings Sdn Bhd, spouse and parent.*

e *Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sendirian Berhad, Sunway Berhad, Sunway Holdings Sdn Bhd and parent.*

f *Deemed interest by virtue of Section 8 of the Act held through Sunway Berhad and Sunway Holdings Sdn Bhd.*

g *Deemed interest by virtue of Section 8 of the Act held through Sungei Way Corporation Sendirian Berhad, Sunway Berhad and Sunway Holdings Sdn Bhd.*

CORPORATE DIRECTORY

SUNWAY CONSTRUCTION GROUP BERHAD 201401032422 (1108506-W)

Building and Civil / Infrastructure Services

SUNWAY CONSTRUCTION SDN. BHD.
197601001216 (27175-V)
Head Office
Levels 7, 8, 9, Menara Sunway
Jalan Lagoon Timur, Bandar Sunway
47500 Subang Jaya, Selangor Darul Ehsan
T (603) 5639 9696
F (603) 5639 9530
W sunwayconstruction.com.my
E enquirysuncon@sunway.com.my

Penang Office
LG68, Management Office
Sunway Carnival Mall
3068 Jalan Todak
Pusat Bandar Seberang Jaya
13700 Perai, Pulau Pinang

Ipoh Office
32 & 32A, Jalan SCI 1/3
Sunway City, 31150 Ipoh
Perak Darul Ridzuan

India Office
No. 20, 2nd Floor, Uniworth Plaza
Sankey Road, Bengaluru
Karnataka, 560020 India

SUNWAY RNS TJ PRIVATE LIMITED
CIN NO: U45202KA2020FTC136307
SUNWAY RNSIL MC PRIVATE LIMITED
CIN NO: U45209KA2020FTC141025
Naveen Complex, 7th Floor
14, M.G. Road, Bengaluru
Karnataka, 560001 India

SUNWAY CONSTRUCTION INDIA PTE. LTD.
CIN NO: U45203KA2001PTC029947
No. 20, 2nd Floor, Uniworth Plaza
Sankey Road, Bengaluru
Karnataka, 560020 India

Mechanical, Electrical & Plumbing Services

SUNWAY ENGINEERING SDN. BHD.
199501012685 (341887-W)
Level 9, Menara Sunway
Jalan Lagoon Timur, Bandar Sunway
47500 Subang Jaya, Selangor Darul Ehsan
T (603) 5639 9696
F (603) 5639 9530

Sustainable Energy

SUNWAY ENGINEERING SDN. BHD.
199501012685 (341887-W)
Level 9, Menara Sunway
Jalan Lagoon Timur, Bandar Sunway
47500 Subang Jaya, Selangor Darul Ehsan
T (603) 5639 9696
F (603) 5639 9530

Foundation and Geotechnical Engineering Services

SUNWAY GEOTECHNICS (M) SDN. BHD.
199601041661 (414014-W)
Level 7, Menara Sunway
Jalan Lagoon Timur, Bandar Sunway
47500 Subang Jaya, Selangor Darul Ehsan
T (603) 5639 9696
F (603) 5639 9530

SUNWAY GEOTECHNICS (M) SDN. BHD. BRANCH OFFICE SINGAPORE
(T19FC0124L)
10, Punggol Barat Lane #04-01
Singapore 797359
T (65) 6582 8089
F (65) 6581 0482

Manufacturing and Sale of Precast Concrete Products

SUNWAY PRECAST INDUSTRIES SDN. BHD.
199201000271 (231775-X)
Senai, Johor
18, Jalan Idaman 1/1
Taman Perindustrian Senai
81400 Senai, Johor Darul Takzim
T (607) 5955 222
F (607) 5951 246

SUNWAY CONCRETE PRODUCTS (M) SDN. BHD.
201601039388 (1210329-A)
Iskandar, Johor
Plot F5, Lot PTD 200685
Medini Zone F, Bandar Medini Iskandar
79250 Nusajaya, Johor Darul Takzim
T (607) 5955 222
F (607) 5951 246

SUNWAY CONCRETE PRODUCTS (S) PTE. LTD.
(199409213Z)
10, Punggol Barat Lane #04-01
Singapore 797359
T (65) 6582 8089
F (65) 6581 0482

INTEGRATED CONSTRUCTION AND PREFABRICATION HUB (ICPH)
10, Punggol Barat Lane #04-01
Singapore 797359

Machinery & Logistics

SUNWAY MACHINERY SDN. BHD.
199601016902 (389253-P)
Lot 14002, Jalan SEP 2
Sunway Enterprise Park
Taman Putra Perdana
47130 Puchong
Selangor Darul Ehsan
T (603) 8322 3630
F (603) 8325 1790

CORPORATE INFORMATION

BOARD OF DIRECTORS

Independent Non-Executive Chairman
- Dato' Ir Goh Chye Koon

Senior Independent Non-Executive Director
- Dato' Dr Johari Bin Basri

Independent Non-Executive Director
- Dato' Siow Kim Lun
- Dr Sarinder Kumari A/P Oam Parkash
- Tan Ler Chin

Non-Independent Non-Executive Director
- Tan Sri Dato' (Dr) Chew Chee Kin
- Evan Cheah Yean Shin (Alternate Director: Dato' Tan Kia Loke)

Group Managing Director Non-Independent Executive Director
- Liew Kok Wing (Alternate Director: Wong Kwan Song)

Audit Committee
- **Dato' Siow Kim Lun** (Chairman)
- **Dato' Dr Johari Bin Basri**
- **Dr Sarinder Kumari A/P Oam Parkash**
- **Tan Ler Chin**

Nomination and Remuneration Committee
- **Dato' Dr Johari Bin Basri** (Chairman)
- **Dato' Siow Kim Lun**
- **Dr Sarinder Kumari A/P Oam Parkash**
- **Tan Ler Chin**
- **Tan Sri Dato' (Dr) Chew Chee Kin**

Risk Management Committee
- **Dr Sarinder Kumari A/P Oam Parkash** (Chairperson)
- **Dato' Ir Goh Chye Koon**
- **Dato' Dr Johari Bin Basri**
- **Dato' Siow Kim Lun**
- **Evan Cheah Yean Shin**
- **Tan Ler Chin**

Board Sustainability Committee
- **Dato' Dr Johari Bin Basri** (Chairman)
- **Liew Kok Wing**
- **Tan Ler Chin**

Company Secretaries
- **Tan Kim Aun** (MAICSA 7002988) (SSM PC No. 202008001249)
- **Chang Mei Yee** (MAICSA 7064078) (SSM PC No. 201908000539)

Registered Office
Level 16, Menara Sunway
Jalan Lagoon Timur
Bandar Sunway, 47500 Subang Jaya
Selangor Darul Ehsan
T (603) 5639 8889 **F** (603) 5639 9507
E enquirysuncon@sunway.com.my

Share Registrar
Tricor Investor & Issuing House Services Sdn Bhd Registration No. 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur
Wilayah Persekutuan
T (603) 2783 9299 **F** (603) 2783 9222
E is.enquiry@my.tricorglobal.com
W www.tricorglobal.com

Tricor's Customer Service Centre
Unit G-3, Ground Floor, Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

Auditors
BDO PLT Registration No. 201906000013 (LLP0018825-LCA & AF0206)
Chartered Accountants

Level 8, BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Wilayah Persekutuan
T (603) 2616 2888
F (603) 2616 3190 / 3191

Solicitors
- **Wong Kian Kheong**
- **Harold & Lam Partnership**
- **Sanjay Mohan**

Principal Bankers
HSBC Bank Malaysia Berhad
Standard Chartered Bank Malaysia Berhad
Malayan Banking Berhad

Stock Exchange Listing
Main Market of Bursa Malaysia Securities Berhad
Stock Name SUNCON
Stock Code 5263
Shariah Compliant

Website Address
www.sunwayconstruction.com.my

Investor Relations
Crystal Teh
T (603) 5639 8864

Angelynn Low
T (603) 5639 9684

E irsuncongroup@sunway.com.my
F (603) 5639 9530

BURSA MALAYSIA'S ENHANCED SUSTAINABILITY REPORT REQUIREMENTS

Indicator	Measurement Unit	2021	2022	2023
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Senior Management	Percentage	100.00	100.00	100.00
Management	Percentage	100.00	100.00	100.00
Executive	Percentage	100.00	100.00	100.00
Non-executive	Percentage	100.00	100.00	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	-	-	85.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	1,500,000.00	2,090,000.00	2,630,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	-	22,548	18,350
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Overall Under 30	Percentage	24.00	29.00	29.00
Overall Between 30-50	Percentage	62.00	59.00	60.00
Overall Above 50	Percentage	14.00	12.00	11.00
Senior Management Under 30	Percentage	0.00	0.00	0.00
Senior Management Between 30-50	Percentage	23.00	28.00	22.00
Senior Management Above 50	Percentage	77.00	72.00	78.00
Management Under 30	Percentage	0.00	0.00	0.00
Management Between 30-50	Percentage	73.00	78.00	73.00
Management Above 50	Percentage	27.00	22.00	27.00
Executive Under 30	Percentage	25.00	28.00	35.00
Executive Between 30-50	Percentage	62.00	59.00	54.00
Executive Above 50	Percentage	13.00	13.00	11.00
Non-Executive Under 30	Percentage	30.00	34.00	30.00
Non-Executive Between 30-50	Percentage	60.00	58.00	62.00
Non-Executive Above 50	Percentage	10.00	8.00	8.00
Gender Group by Employee Category				
Overall Male	Percentage	81.00	84.00	84.00
Overall Female	Percentage	19.00	16.00	16.00
Senior Management Male	Percentage	91.00	94.00	94.00
Senior Management Female	Percentage	9.00	6.00	6.00
Management Male	Percentage	74.00	72.00	71.00
Management Female	Percentage	26.00	28.00	29.00
Executive Male	Percentage	65.00	66.00	64.00
Executive Female	Percentage	35.00	34.00	36.00
Non-Executive Male	Percentage	93.00	95.00	96.00
Non-Executive Female	Percentage	7.00	5.00	4.00
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	75.00	75.00	75.00
Female	Percentage	25.00	25.00	25.00
Under 60	Percentage	25.00	25.00	25.00
Between 61-70	Percentage	37.50	37.50	37.50
Above 71	Percentage	37.50	37.50	37.50

BURSA MALAYSIA'S ENHANCED SUSTAINABILITY REPORT REQUIREMENTS

Indicator	Measurement Unit	2021	2022	2023
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	30,470.00	32,841.00	37,406.00
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	1	1
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.16	0.44	0.15
Bursa C5(c) Number of employees trained on health and safety standards	Number	1,466	1,621	1,759
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Senior Management	Hours	650	812	689
Management	Hours	4,363	5,617	7,036
Executive	Hours	11,960	14,614	22,360
Non-executive	Hours	1,936	2,132	7,684
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	35.00	47.00	52.00
Bursa C6(c) Total number of employee turnover by employee category				
Senior Management	Number	1	5	1
Management	Number	17	34	20
Executive	Number	88	112	111
Non-executive	Number	64	87	48
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	84.00	93.00	61.00
Bursa S6(a) Assessment of New Suppliers	Percentage	100.00	100.00	100.00
Bursa S6(b) No. of Suppliers Assessed for Environmental Impacts	Percentage	-	-	0
Bursa S7(a) Assessment of New Suppliers	Percentage	100.00	100.00	100.00
Bursa S7(b) No. of Suppliers Assessed for Social Impacts	Percentage	-	-	77.80
Bursa S5(a) Total Materials Used	Metric tonnes	276,995.00	416,912.00	669,255.00
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	326,728.00	354,658.00	340,082.00
Bursa S8(a) Total Water Discharged	Megalitres	-	-	0
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	36,408.00	11,980.00	14,079.00
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	2,383.00	2,696.00	2,808.00
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	34,025.00	9,284.00	11,272.00
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO_2e	Metric tonnes	6,104.00	6,998.00	7,440.00
Bursa C11(b) Scope 2 emissions in tonnes of CO_2e	Metric tonnes	5,151.00	6,007.00	6,997.00
Bursa C11(c) Scope 3 emissions in tonnes of CO_2e (at least for the categories of business travel and employee commuting)	Metric tonnes	144,401.00	168,888.00	314,414.00
Bursa (Emissions management)				
Bursa S1(a) Operations Assessed for Biodiversity Risks	Percentage	-	-	-
Bursa S1(b) Size and Location of Habitat Areas Protected or Restored	Number	-	-	-
Bursa S1(c) Total Number of IUCN Red List Threatened Species with Habitats in Areas Affected by Operations	Number	-	-	-

Legend:

Internal assurance	External assurance	No assurance	(*) Restated

KEY PERFORMANCE DATA

AIR MONITORING – TSP

Project Site	Compliance Limit (µg/m³)	Average Baseline (µg/m³)	Average Reading (µg/m³)	Maximum (µg/m³)	Minimum (µg/m³)
LRT3 GS07&08	260	61.7	34.6	78.0	14.0
LRT3 GS06	260	70.0	52.3	116.0	20.0
SQS	260	66.7	41.3	92.2	11.1
Sunway Belfield	260	32.0	40.3	60.0	30.0
SMCD	260	47.0	49.3	72.0	29.0
SMC4	260	38.7	68.5	165.0	32.0
3C4	260	110.0	82.0	97.0	67.0
SMCI	260	55.0	54.5	58.0	51.0
SV2PB	260	27.5	51.9	64.0	36.0

AIR MONITORING – $PM_{2.5}$

Project Site	Compliance Limit (µg/m³)	Average Baseline (µg/m³)	Average Reading (µg/m³)	Maximum (µg/m³)	Minimum (µg/m³)
Sunway Belfield	35	16.0	11.6	32.0	3.0
SFBJ	35	4.6	5.4	6.9	3.1
SMCD	35	11.5	12.9	17.0	9.0
SV2PB	35	13.0	15.1	31.0	6.0
SMCI	335	26.0	22.3	29.0	19.0
JHB1X0	35	15.0	20.9	34.0	6.0
K2	35	16.0	20.0	36.0	12.0
RTS	-	<5	14.0	23.0	8.0
LSS4 Gopeng	35	15.3	14.5	16.0	11.0

Requirement: *New Malaysian Ambient Air Quality Standard (2020)*

KEY PERFORMANCE DATA

AIR MONITORING – PM_{10}

Project Site	Compliance Limit	2021		2022		2023			
		Minimum (µg/m³)	Maximum (µg/m³)	Minimum (µg/m³)	Maximum (µg/m³)	Average Baseline (µg/m³)	Average Reading (µg/m³)	Maximum (µg/m³)	Minimum (µg/m³)
Sunway Belfield	100	10.0	36.0	15.0	49.0	8.0	24.3	39.0	16.0
SQS	100	4.0	22.6	7.2	34.5	-	19.8	60.5	5.4
SMCD	100	16.0	56.0	15.0	30.0	27.0	24.3	30.0	16.0
SV2PB	100	11.0	53.0	16.0	47.0	24.0	33.1	44.0	22.0
SFBJ	100	-	-	-	-	14.7	9.0	12.9	5.8
SMCI	100	-	-	43.0	45.0	14.0	38.8	45.0	35.0
JHB1X0	100	-	-	-	-	69.0	57.3	86.0	26.0
K2	100	-	-	-	-	29.5	34.3	50.0	28.0
RTS	100	-	-	27.0	53.0	9.6	39.8	80.0	15.0
SC1R	100	-	-	-	-	47.0	47.0	47.0	47.0
LSS4 Kapar	100	-	-	-	-	46.5	62.8	95.0	26.0
LSS4 Gopeng	100	-	-	-	-	40.7	44.2	67.0	27.0

AIR MONITORING – SO_x

Project Site	Compliance Limit	2021		2022		2023			
		Minimum (µg/m³)	Maximum (µg/m³)	Minimum (µg/m³)	Maximum (µg/m³)	Average Baseline (µg/m³)	Average Reading (µg/m³)	Maximum (µg/m³)	Minimum (µg/m³)
Sunway Belfield	80	< 5	< 5	< 5	< 5	< 5	< 5	< 5	< 5
SFBJ	80	-	-	-	-	< 20	< 20	< 20	< 20
SMCD	80	< 5	< 5	< 5	< 5	< 5	< 5	< 5	< 5
SV2PB	80	< 5	27	< 5	9.0	< 5	< 5	< 5	< 5
SMCI	80	-	-	< 2.6	< 2.6	< 2.619	Not Detected	0.0	0.0
JHB1X0	80	-	-	-	-	< 5	< 5	< 6	< 5
K2	80	-	-	-	-	< 5	< 5	0.0	0.0
RTS	80	-	-	-	-	-	6.8	10.0	< 5
LSS4 Gopeng	80	-	-	-	-	15.33	15.33	16.0	< 5

Requirement: *New Malaysian Ambient Air Quality Standard (2020)*

KEY PERFORMANCE DATA

AIR MONITORING – NO_x

Project Site	Compliance Limit	2021		2022		2023			
		Minimum (µg/m³)	Maximum (µg/m³)	Minimum (µg/m³)	Maximum (µg/m³)	Average Baseline (µg/m³)	Average Reading (µg/m³)	Maximum (µg/m³)	Minimum (µg/m³)
LRT3 GS07&08	70	< 0.5	< 0.5	< 0.5	< 0.5	< 0.5	< 0.5	< 0.5	< 0.5
LRT3 GS06	70	-	-	-	-	< 2	1.7	3.6	< 0.5
Sunway Belfield	70	< 0.5	< 0.5	< 0.5	< 0.5	< 0.5	< 0.5	< 0.5	< 0.5
SFBJ	70	-	-	-	-	26.1	17.2	30.8	6.7
SMCD	70	< 0.5	< 0.5	< 0.5	< 0.5	< 0.5	< 0.5	< 0.5	< 0.5
SV2PB	70	< 0.5	14	< 0.5	6.0	< 0.5	< 0.5	< 0.5	< 0.5
SMCI	70	-	-	< 1.9	< 1.9	< 1.882	< 1.882	< 1.882	Not Detected
JHB1X0	70	-	-	-	-	< 0.5	< 0.5	< 0.5	Not Detected
K2	70	-	-	-	-	< 0.5	< 0.5	< 0.5	< 0.5
RTS	70	-	-	8.0	38.0	-	4.9	11.0	2.0
LSS4 Gopeng	70	-	-	-	-	< 5	4.5	7.7	1.2

AIR MONITORING – CO_x

Project Site	Compliance Limit	2021		2022		2023			
		Minimum (µg/m³)	Maximum (µg/m³)	Minimum (µg/m³)	Maximum (µg/m³)	Average Baseline (µg/m³)	Average Reading (µg/m³)	Maximum (µg/m³)	Minimum (µg/m³)
LRT3 GS07&08	30	1.9	3.8	1.0	3.3	0.8	2.3	3.6	0.7
LRT3 GS06	30	-	-	-	-	< 2	2.9	5.0	2.1
Sunway Belfield	10	0.5	2.9	0.3	1.4	0.9	0.8	1.4	0.7
SFBJ	10	-	-	-	-	< 5	< 5.525	< 5.7	< 5
SMCD	10	1.5	2.0	0.7	1.4	1.7	1.3	1.7	0.7
SV2PB	10	0.5	3.6	0.7	1.4	3.3	1.2	1.4	0.7
SMCI	10	-	-	< 2.3	< 2.3	< 2.29	< 2.29	< 2.29	Not Detected
JHB1X0	10	-	-	-	-	3.3	2.2	3.3	1.4
K2	10	-	-	-	-	3.5	3.5	4.0	2.9
RTS	10	-	-	1.2	6.4	< 0.2	6.4	8.6	1.4
LSS4 Gopeng	10	-	-	-	-	0.7	1.9	4.3	0.7

Requirement: *New Malaysian Ambient Air Quality Standard (2020)*

KEY PERFORMANCE DATA

WATER MONITORING (INLAND WATER) - TOTAL SUSPENDED SOLIDS (TSS)

Project Site	Compliance Limit (mg/L)	Average Baseline (mg/L)	Average Reading (mg/L)	Maximum (mg/L)	Minimum (mg/L)
LRT3 GS07&08	50	27.0	46.2	92.0	21.0
LRT3 GS06	150	29.0	24.8	220.0	2.0
SMCI	150	16.5	12.7	35.0	4.0
SQS	50 (Drainage)	11.0	16.7	128.0	5.0
	150 (River Water)	-	9.1	13.2	5.4
SFBJ	150	98.0	32.8	230.0	8.0
SV2PA	150	21.0	16.5	23.0	10.0
SMCD	150	48.5	29.1	81.0	6.0
JHB1X0	150	30.0	50.8	143.0	10.0
RTS	150	49.6	28.7	72.0	4.0
SC1R	50	-	213.0	251.0	190.0
LSS4 Kapar	150	59.0	26.6	82.0	2.0
LSS4 Gopeng	150	8.5	20.4	66.0	4.0

WATER MONITORING (SILT TRAP) - TOTAL SUSPENDED SOLIDS (TSS)

Project Site	Compliance Limit (mg/L)	Average Reading (mg/L)	Maximum (mg/L)	Minimum (mg/L)
SQS	100	48.1	112.0	10.0
Sunway Belfield	100	25.8	97.0	2.0
SV2PB	100	20.3	35.0	9.0
SV2PA	100	18.3	23.0	9.0
SMC4	100	36.3	236.0	4.0
SFBJ	50	47.8	143.0	8.0
3C4	100	4.0	8.0	0.0
JHB1X0	50	17.6	56.0	4.0
K2	150	61.5	73.0	50.0
LSS4 Kapar	100	13.0	20.0	2.0
LSS4 Gopeng	50	42.0	72.0	17.0

KEY PERFORMANCE DATA

NOISE MONITORING

Project Site	Day		Night	
	Average Baseline - LAeq - dB(A)	Average Reading - LAeq - dB(A)	Average Baseline - LAeq - dB(A)	Average Reading - LAeq - dB(A)
LRT3 GS07&08	68.4	64.5	64.1	62.4
LRT3 GS06	65.9	62.1	60.2	57.7
SQS	66.5	65.7	63.1	56.8
SV2PA	60.5	54.3	55.2	49.9
Sunway Belfield	63.7	59.7	59.0	56.2
SFBJ	62.8	60.0	57.7	52.1
SMCD	73.1	68.8	68.4	66.7
SMC4	64.1	66.7	59.1	61.7
3C4	71.6	64.2	63.3	59.1
SV2PB	68.0	64.5	58.3	58.7
SMCI	64.8	60.1	58.2	55.0
JHB1X0	60.0	66.8	63.3	57.2
K2	63.6	60.9	61.4	60.6
RTS	64.0	64.3	59.7	60.9
SC1R	72.5	72.5	66.5	66.5
LSS4 Kapar	54.6	55.3	53.0	52.6
LSS4 Gopeng	50.3	56.3	47.9	52.5

KEY PERFORMANCE DATA

The table below has incorporated the common and sector specific sustainability indicators as required by Bursa Malaysia under the Enhanced Sustainability Reporting Framework, and is presented in the prescribed format as shown in the Bursa Malaysia's Illustrative Sustainability Report that was published in September 2023.

	Measurement	2021	2022	2023
ENVIRONMENT				
Bursa (Water)				
Bursa C9(a) Total Water Use	Megalitres	326.73	354.66	340.08
Worksites	Megalitres	-	-	319.77
Accommodations	Megalitres	-	-	20.31
Water Use Intensity	Megalitres/RM mil'	0.19	0.16	0.13
Bursa (Energy Management)				
Diesel Consumption	mil' litres	2.20	2.33	2.63
Electricity Consumption	MWh	6,603	7,701	8,970
Worksites	MWh	-	-	8,634
Accommodations	MWh	-	-	336
Bursa C4(a) Total Energy Consumed	MWh	30,470	32,841	37,406
Energy Intensity	MWh/RM mil'	17.41	15.24	13.87
Bursa (Emission Management)				
Bursa C11(a) Scope 1:				
GHG Emissions from Company-Owned Vehicles and Machinery	Metric tonnes CO_2e (MT)	6,104	6,998*	7,440
Bursa C11(b) Scope 2:				
Indirect emissions from purchased electricity	Metric tonnes CO_2e (MT)	5,151*	6,007*	6,997
Bursa C11(c) Scope 3: Indirect Emissions from:				
- Business Travel (Land)				
CO_2 e	Metric tonnes (MT)	67	84	427
CO_2	Metric tonnes (MT)	53	65	333
CH_4	Metric tonnes (MT)	0	0	1
N_2O	Metric tonnes (MT)	1	0	1
- Business Travel (Air)				
tonnes CO_2 e	Metric tonnes (MT)	33	17	43
tonnes CO_2	Metric tonnes (MT)	27	17	42
tonnes CH_4	Metric tonnes (MT)	0	0	0
tonnes N_2O	Metric tonnes (MT)	0	0	0
- Employee Commuting	Metric tonnes CO_2e (MT)	-	-	1,368
- Waste Generation	Metric tonnes CO_2e (MT)	723	2,393	1,784
- Purchased Goods	Metric tonnes CO_2e (MT)	143,578	166,394	310,792

* *Restated*

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

KEY PERFORMANCE DATA

	Measurement	2021	2022	2023
ENVIRONMENT				
Bursa (Emission Management)				
Total Scope 3:				
CO_2 e	Metric tonnes (MT)	144,401	168,888	314,414
Total GHG Emission				
- GHG Emissions: Scope 1 & 2	Metric tonnes CO_2e (MT)	11,255*	13,005*	14,437
- Total GHG Emissions: Scope 1, 2 & 3	Metric tonnes CO_2e (MT)	155,656*	181,893*	328,851
Bursa (Waste Management)				
Bursa C10(a) Total waste generated	**Metric tonnes (MT)**	**36,408**	**11,980**	**14,079**
Bursa C10(a)(i) Total waste diverted from landfills	**Metric tonnes (MT)**	**2,383**	**2,696**	**2,808**
3R	Metric tonnes (MT)	-	9	1
Timber	Metric tonnes (MT)	-	-	108
Concrete	Metric tonnes (MT)	-	-	215
Steel	Metric tonnes (MT)	2,383	2,687	2,484
Bursa C10(a)(ii) Total waste disposed to landfills	**Metric tonnes (MT)**	**34,025**	**9,284**	**11,272**
Concrete	Metric tonnes (MT)	32,748	4,862	489
Timber	Metric tonnes (MT)	232	893	189
Construction	Metric tonnes (MT)	642	2,856	10,036
Domestic	Metric tonnes (MT)	403	673	559
Bursa (Biodiversity)				
Bursa S1(a) Operations Assessed for Biodiversity Risks	Percentage	N/A	N/A	N/A
Bursa S1(b) Size and Location of Habitat Areas Protected or Restored	Number	N/A	N/A	N/A
Bursa S1(c) Total Number of IUCN Red List Threatened Species with Habitats in Areas Affected by Operations	Number	N/A	N/A	N/A
Bursa (Effluents)				
Bursa S8(a) Total Water Discharged	m^3	N/A	N/A	0

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

KEY PERFORMANCE DATA

	Measurement	2021	2022	2023
SOCIAL - SUPPLY CHAIN MANAGEMENT				
Bursa (Materials)				
Bursa S5(a) Total Materials Used	**Metric tonnes (MT)**	**276,995**	**416,912**	**669,255**
- Steel bar	Metric tonnes (MT)	33,790	36,346	64,760
- Cement	Metric tonnes (MT)	26,989	34,578	38,810
- Sand	Metric tonnes (MT)	44,372	77,262	81,627
- Ready Mixed Concrete (RMC)	Metric tonnes (MT)	45,940	124,524	359,061
- Quarry	Metric tonnes (MT)	125,284	143,443	124,586
- Premix	Metric tonnes (MT)	620	759	410
Bursa (Supply Chain Management)				
Bursa C7(a) Proportion of Spending on Local Suppliers	Percentage	84%	93%	61%
Bursa (Supplier Environmental Assessment)				
Bursa S6(a) Assessment of New Suppliers	Percentage	100%	100%	100%
Bursa S6(b) No. of Suppliers Assessed for Environmental Impacts	Number	-	-	0
Bursa (Supplier Social Assessment)				
Bursa S7(a) Assessment of New Suppliers	Percentage	100%	100%	100%
Bursa S7(b) No. of Suppliers Assessed for Social Impacts	Number	-	-	475

SOCIAL - WORKPLACE				
Bursa (Diversity)				
Total Number of Employees	Number	1,466	1,621	1,759
Bursa C3(a) Percentage of Employees by Gender and Age:				
Age Group - Overall				
< 30	Percentage	24%	29%	29%
30 – 50	Percentage	62%	59%	60%
> 50	Percentage	14%	12%	11%
- Age Group by Employee Category				
Senior Management:				
< 30	Percentage	0%	0%	0%
30 – 50	Percentage	23%	28%	22%
> 50	Percentage	77%	72%	78%
Management:				
< 30	Percentage	0%	0%	0%
30 – 50	Percentage	73%	78%	73%
> 50	Percentage	27%	22%	27%

KEY PERFORMANCE DATA

	Measurement	2021	2022	2023
SOCIAL - WORKPLACE				
Bursa (Diversity)				
Bursa C3(a) Percentage of Employees by Gender and Age:				
- Age Group by Employee Category				
Executive:				
< 30	Percentage	25%	28%	35%
30 – 50	Percentage	62%	59%	54%
> 50	Percentage	13%	13%	11%
Non-Executive:				
< 30	Percentage	30%	34%	30%
30 – 50	Percentage	60%	58%	62%
> 50	Percentage	10%	8%	8%
Gender Group - Overall				
Male	Percentage	81%	84%	84%
Female	Percentage	19%	16%	16%
- Gender Group by Employee Category				
Senior Management:				
Male	Percentage	91%	94%	94%
Female	Percentage	9%	6%	6%
Management:				
Male	Percentage	74%	72%	71%
Female	Percentage	26%	28%	29%
Executive:				
Male	Percentage	65%	66%	64%
Female	Percentage	35%	34%	36%
Non-Executive:				
Male	Percentage	93%	95%	96%
Female	Percentage	7%	5%	4%
Number of Physically Challenged Employees	Number	2	2	2

KEY PERFORMANCE DATA

	Measurement	2021	2022	2023
SOCIAL - WORKPLACE				
Bursa (Diversity)				
C3(b) Percentage of Directors by Gender and Age Group				
Gender:				
Male	Percentage	75%	75%	75%
Female	Percentage	25%	25%	25%
Age:				
< 60	Percentage	25.0%	25.0%	25.0%
61 – 70	Percentage	37.5%	37.5%	37.5%
> 71	Percentage	37.5%	37.5%	37.5%
Ethnicity:				
Malay	Percentage	10%	12.5%	12.5%
Chinese	Percentage	80%	75.0%	75.0%
Indian	Percentage	10%	12.5%	12.5%

	Measurement	2021	2022	2023
Bursa (Labour Practices and Standards)				
Training				
Total Spent on Training*	RM	196,269	486,208	780,605
Employee Participation in Training	Number	1,028	863	1,239
Total Training Hours	Hours	18,908	23,175	37,769
- Training Hours by Employment Type				
Permanent Staff	Hours	17,502	21,660	32,851
Contract or Temporary Staff	Hours	1,406	1,515	4,918
- Bursa C6(a) Training Hours by Employee Category:				
Senior Management	Hours	650	812	689
Management	Hours	4,363	5,617	7,036
Executive	Hours	11,960	14,614	22,360
Non-Executive	Hours	1,936	2,132	7,684
Average Man-Days of Training per Employee	Days	2.18	2.97	4.47
Average Training Hours per Employee	Hours	17.5	23.8	35.7
Percentage of Employees with a Minimum of 3 Man-Days of Training	Percentage	23%	34%	52%
Bursa C6(b) Percentage of Employees that are Contractors or Temporary	**Percentage**	**35%**	**47%**	**52%**

** Total spent on training include foreign workers*

KEY PERFORMANCE DATA

	Measurement	2021	2022	2023
SOCIAL - WORKPLACE				
Bursa (Labour Practices and Standards)				
Employee Turnover Rates				
Attrition Rates	Percentage	14.5%	22.0%	18.5%
- Voluntary	Percentage	11.2%	17.9%	17.5%
- Involuntary	Percentage	3.2%	4.1%	1.0%
Employee Turnover:				
- Gender				
Male	Number	138	186	139
Female	Number	32	52	41
- Age				
< 30	Number	47	78	66
30 – 50	Number	92	124	80
> 50	Number	31	36	34
- Bursa C6(c) Employee Category				
Senior Management	Number	1	5	1
Management	Number	17	34	20
Executive	Number	88	112	111
Non-Executive	Number	64	87	48
Bursa C6(d) Number of Substantiated Complaints on Human Rights Violation	Number	0	0	0

	Measurement	2021	2022	2023
SOCIAL - PARENTAL LEAVE				
Parental Leave				
Employees Exercised Paternity Leave	Number	19	34	22
Employees Exercised Maternity Leave	Number	12	8	9
Return to Work Rates (Return to work after parental leave period:				
- Male	Percentage	100%	100%	100%
- Female	Percentage	100%	100%	100%

KEY PERFORMANCE DATA

	Measurement	2021	2022	2023
SOCIAL - COMPARISON OF PAY				
Comparison of Pay				
Total Men Basic Salary	RM	61,017,834	56,897,646	62,748,390
Average Annual Men Basic Salary	RM	76,368	80,592	81,386
Average Number of Men Paid	Number	799	706	771
Total Women Basic Salary	RM	19,265,874	18,746,518	21,814,020
Average Annual Women Basic Salary	RM	69,302	74,097	77,630
Average Number of Women Paid	Number	278	253	281
Ratio of Men to Women Pay Equity	Ratio	1.00 : 0.91	1.00 : 0.92	1.00 : 0.95
Remuneration Data Disclosure (Annual Pay)				
Group MD Annual Total Remuneration to Median Annual Total Remuneration	Ratio	37.3 : 1.0	32.6 : 1.0	30.2 : 1.0
Mean Pay	RM	92,432	111,147	130,367
Median Pay	RM	68,072	81,814	96,178
Lowest total pay	RM	18,519	20,203	24,077
Highest total pay*	RM	1,798,720	1,600,480	1,653,120

SOCIAL - OCCUPATIONAL HEALTH AND SAFETY				
Bursa (Health & Safety)				
Total Worked Man-hours	Manhours	17,869,038	17,393,348	16,156,813
Bursa C5(a) Work-related Fatal Accidents	Number	0	1	1
Lost Time Injury Accidents	Number	1	2	0
Total No. of Reportable Accidents	Number	1	3	2
Bursa C5(b) Lost Time Incident Rate (LTIR)	Rate	0.16	0.44	0.15
Accident Frequency Rate (AFR)	Rate	0.06	0.17	0.06
Bursa C5(c) No. of Employees Trained on Health & Safety Standards	Number	1,466	1,621	1,759
Bursa (Community / Society)				
Bursa C2(a) Total Amount Invested for External Beneficiaries	RM	RM1.5 million	RM2.09 million	RM2.63 million
Bursa C2(b) Total No. of Beneficiaries of the Investment in Communities	**Number**	-	**22,548**	**18,350**

** Highest total pay excludes remuneration of Group Managing Director*

KEY PERFORMANCE DATA

	Measurement	2021	2022	2023
GOVERNANCE				
Bursa (Anti-Corruption)				
- Bursa C1(a) Employees Trained on Anti-corruption				
Senior Management	Percentage	100%	100%	100%
Management	Percentage	100%	100%	100%
Executive	Percentage	100%	100%	100%
Non-Executive	Percentage	100%	100%	100%
- Bursa C1(b) Operations Assessed for Corruption Risk	Percentage	-	-	85%
- Bursa C1(c) Confirmed Incidents of Corruption	Number	0	0	0

Bursa (Data Privacy and Security)				
Bursa C8(a) No. of Substantiated Breaches Incidents	Number	0	0	0

GRI CONTENT INDEX

STATEMENT OF USE : Sunway Construction Group Berhad has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI Standards.

GRI 1 USED : GRI 1: Foundation 2021

GRI Standard	GRI Code	GRI Disclosure	Bursa SRG3 Alignment	F4GBM Alignment	SASB Alignment	UNSDG Alignment	UNGC Alignment	Page reference and reasons for omissions, if applicable
GRI 2: General Disclosures 2021	**PILLAR - ORGANISATIONAL OVERVIEW**							
	2-1	Organizational details	-	-	-	-	-	About SunCon (pages 6 to 9)
	2-2	Entities included in the organization's sustainability reporting	Scope and Basis of Scope					About This Report, Scope and Boundary (page 3)
	2-3	Reporting period, frequency and contact point						About This Report (pages 2 to 3)
	2-4	Restatements of information						Environmental KPIs and Targets (page 89); Total GHG Emissions (page 92); Bursa Malaysia's Enhanced Sustainability Report Requirements (pages 284 to 285); Key Performance Data (pages 291 to 298)
	2-5	External assurance	Assurance					Assurance Statements (pages 314 to 317)
	2-6	Activities, value chain and other business relationships	-					Our Business Model (page 46); Value Creation Model (pages 48 to 49)
	2-7	Employees	Labour Practices & Standards C6(b)	Labour Standards		SDG 5, 8	Principle 6	Employee Management (pages 103 to 105)
	2-8	Workers who are not employees						Employee Management (pages 103 to 105)
	PILLAR - SUSTAINABILITY GOVERNANCE							
	2-9	Governance structure and composition	Sustainability Governance	Corporate Governance	-	SDG 16, 17	Principle 10	Board Oversight on Governance and Sustainability (page 85); Profile of Board of Directors (pages 118 to 123); Board Committees (page 133); Board Sustainability Committee Statement (pages 140 to 141)
	2-10	Nomination and selection of the highest governance body						Nomination and Remuneration Committee Statement (pages 137 to 139)
	2-11	Chair of the highest governance body						Corporate Governance Overview Statement (pages 128 to 146)
	2-12	Role of the highest governance body in overseeing the management of impacts						
	2-13	Delegation of responsibility for managing impacts						
	2-14	Role of the highest governance body in sustainability reporting						Board Responsibility Statement (page 3); Material Matters (pages 63 to 65)
	2-15	Conflicts of interest						Conflicts of Interest (page 144)
	2-16	Communication of critical concerns						Risks and Mitigation Strategies (pages 66 to 69); Task Force on Climate-Related Financial Disclosures (pages 70 to 77); Whistleblowing Policy and Procedures (page 87)

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GRI Standard	GRI Code	GRI Disclosure	Bursa SRG3 Alignment	F4GBM Alignment	SASB Alignment	UNSDG Alignment	UNGC Alignment	Page reference and reasons for omissions, if applicable
GRI 2: General Disclosures 2021	2-17	Collective knowledge of the highest governance body	Sustainability Governance	Corporate Governance	-	SDG 16, 17	Principle 10	Annual Board and Board Committees Evaluation (page 139); Directors' Onboarding, Training and Development (pages 141 to 142)
	2-18	Evaluation of the performance of the highest governance body						
	2-19	Remuneration policies						Directors' Remuneration (pages 143, 176 & 211)
	2-20	Process to determine remuneration						
	2-21	Annual total compensation ratio						Key Performance Data (page 297)
	2-22	Statement on sustainable development strategy		Risk Management; Human Rights & Community			Principle 1, 2, 3, 7, 10	Chairman's Statement (pages 12 to 17); Sustainability Journey (page 80); Group Sustainability Framework (page 81); Sustainability Performance Metrics (page 82)
	2-23	Policy commitments						Governance and Ethical Business (pages 85 to 86)
	2-24	Embedding policy commitments						
	2-25	Processes to remediate negative impacts						Risks and Mitigation Strategies (pages 66 to 69); Task Force on Climate-Related Financial Disclosures (pages 70 to 77)
	2-26	Mechanisms for seeking advice and raising concerns						Whistleblowing Policy and Procedures (page 87); Grievance Mechanism (page 107)
	2-27	Compliance with laws and regulations			IF-EN-160a.1			Risk and Regulatory Compliance (pages 86 to 97)
	PILLAR - STAKEHOLDER							
	2-28	Membership associations	Sustainability Governance	Risk Management; Human Rights & Community	-	SDG 16, 17	Principle 1, 2, 3, 7, 10	Membership of Associations (page 83)
	2-29	Approach to stakeholder engagement						Stakeholder Engagement (pages 57 to 62)
	2-30	Collective bargaining agreements		Labour Standards				Collective Bargaining (page 106)
GRI 3: Material Topics 2021	**MATERIALITY - ECONOMIC**							
	3-1	Process to determine material topics	Materiality Assessment	-	-	-	-	Material Matters (pages 63 to 65)
	3-2	List of material topics						
GRI 201: Economic Performance 2016	3-3	Management of material topics	Management Approach	-	IF-EN-410b.1; IF-EN-410b.2; IF-EN-410b.3; IF-EN-000.A; IF-EN-000.B; IF-EN-000.C	SDG 1, 8, 10, 13	-	Management Discussion and Analysis (pages 18 to 45); Our Business Model (pages 46 to 47); Value Creation Model (pages 48 to 49)
	201-1	Direct economic value generated and distributed	-					
	201-2	Financial implications and other risks and opportunities due to climate change	TCFD Aligned Disclosure					Climate Change and Related Impacts (page 55); Task Force on Climate-Related Financial Disclosures (pages 70 to 77)
	201-3	Defined benefit plan obligations and other retirement plans	-					Recruitment, Retention and Remuneration (page 104)
	201-4	Financial assistance received from government	-					Not applicable

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GRI Standard	GRI Code	GRI Disclosure	Bursa SRG3 Alignment	F4GBM Alignment	SASB Alignment	UNSDG Alignment	UNGC Alignment	Page reference and reasons for omissions, if applicable
GRI 202: Market Presence 2016	3-3	Management of material topics	Management Approach	Human Rights & Community	-	SDG 5, 8, 10	Principle 6	SunCon at a Glance (page 8); External Trends and Developments (page 55)
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-					Key Performance Data (page 297)
	202-2	Proportion of senior management hired from the local community						Profile of Key Management (pages 124 to 127)
GRI 203: Indirect Economic Impacts 2016	3-3	Management of material topics	Management Approach	Human Rights & Community	-	SDG 4, 7, 8, 9, 11	-	Value Creation (page 29); Our Capitals (pages 50 to 51); Public Sector Infrastructure Expenditure (page 55); Stakeholder Engagement (pages 57 to 62); Community Enrichment (pages 113 to 114); Key Performance Data (page 297)
	203-1	Infrastructure investments and services supported	-					
	203-2	Significant indirect economic impacts						
GRI 204: Procurement Practices 2016	3-3	Management of material topics	Management Approach	Human Rights & Community	-	SDG 8, 17	-	Supporting Local Economy through Procurement (page 114)
	204-1	Proportion of spending on local suppliers	Supply Chain Management C7(a)					Key Performance Data (page 293)
GRI 205: Anti-corruption 2016	**MATERIALITY - GOVERNANCE**							
	3-3	Management of material topics	Management Approach	Anti-Corruption	IF-EN-510a.1; IF-EN-510a.2; IF-EN-510a.3	SDG 4, 16	Principle 10	Bribery and Corruption Risk (page 67); Anti-Bribery and Corruption (page 86); Responsible Supply Chain (pages 87 to 88); Key Performance Data (page 298)
	205-1	Operations assessed for risks related to corruption	Anti-Corruption C1(a) C1(b) C1(c)					
	205-2	Communication and training about anti-corruption policies and procedures						Anti-Bribery and Corruption (page 86); Key Performance Data (page 298)
	205-3	Confirmed incidents of corruption and actions taken						Whistleblowing Policy and Procedures (page 87); Key Performance Data (page 298)
GRI 206: Anti-competitive Behavior 2016	3-3	Management of material topics	Management Approach	-	-	SDG 8, 10, 16	Principle 10	Commitment to Fair Competition (page 86)
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-					
GRI 207: Tax 2019	3-3	Management of material topics	Management Approach	Tax Transparency	-	SDG 10, 16, 17	-	SunCon's Approach to Tax (page 23); Value Creation (page 29)
	207-1	Approach to tax	-					
	207-2	Tax governance, control, and risk management						
	207-3	Stakeholder engagement and management of concerns related to tax						
	207-4	Country-by-country reporting						

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GRI Standard	GRI Code	GRI Disclosure	Bursa SRG3 Alignment	F4GBM Alignment	SASB Alignment	UNSDG Alignment	UNGC Alignment	Page reference and reasons for omissions, if applicable
GRI 301: Materials 2016	**MATERIALITY · ENVIRONMENTAL**							
	3-3	Management of material topics	Management Approach	Pollution & Resources	IF-EN-410a.1	SDG 12	Principle 7, 8, 9	Rising Material Costs (page 53); Championing Green Building (page 95); Circular Economy (pages 96 to 98); Key Performance Data (page 293)
	301-1	Materials used by weight or volume	Materials S5(a)					
	301-2	Recycled input materials used						
	301-3	Reclaimed products and their packaging materials						
GRI 302: Energy 2016	3-3	Management of material topics	Management Approach	Energy Management C4(a)	IF-EN-410a.2	SDG 7, 12, 13	Principle 7, 8, 9	Sustainable Energy Services (pages 38 to 39); Rising Energy Costs (page 52); Climate Action (pages 90 to 95); Key Performance Data (page 291)
	302-1	Energy consumption within the organization	Energy Management C4(a)					
	302-2	Energy consumption outside of the organization						
	302-3	Energy intensity						
	302-4	Reduction of energy consumption						
	302-5	Reductions in energy requirements of products and services						
GRI 303: Water and Effluents 2018	3-3	Management of material topics	Management Approach	Water Use Pollution & Resources	-	SDG 6, 12	Principle 7, 8, 9	Water Protection (pages 99 to 101); Key Performance Data (pages 291 to 292)
	303-1	Interactions with water as a shared resource	Water C9(a) Effluents S8(a)					
	303-2	Management of water discharge-related impacts						
	303-3	Water withdrawal						
	303-4	Water discharge						
	303-5	Water consumption						
GRI 304: Biodiversity 2016	3-3	Management of material topics	Management Approach	Biodiversity	IF-EN-160a.2	SDG 14, 15	Principle 7, 8, 9	Biodiversity (page 101); Key Performance Data (page 292)
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity S1(a) S1(b) S1(c)					
	304-2	Significant impacts of activities, products and services on biodiversity						
	304-3	Habitats protected or restored						
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations						

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GRI Standard	GRI Code	GRI Disclosure	Bursa SRG3 Alignment	F4GBM Alignment	SASB Alignment	UNSDG Alignment	UNGC Alignment	Page reference and reasons for omissions, if applicable
GRI 305: Emissions 2016	3-3	Management of material topics	Management Approach	-	-	SDG 7, 12, 13	Principle 7, 8, 9	Climate Change and Related Impacts (page 55); Task Force on Climate-Related Financial Disclosures (pages 70 to 77); Climate Action (pages 90 to 95); Key Performance Data (pages 291 to 292)
	305-1	Direct (Scope 1) GHG emissions	Emissions Management C11(a) C11(b) C11(c)	Climate Change				
	305-2	Energy indirect (Scope 2) GHG emissions						
	305-3	Other indirect (Scope 3) GHG emissions						
	305-4	GHG emissions intensity						
	305-5	Reduction of GHG emissions						
	305-6	Emissions of ozone-depleting substances (ODS)	Emissions - Air Quality/ Pollution S4(a)	Pollution & Resources				Key Performance Data (pages 286 to 288)
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions						
GRI 306: Waste 2020	3-3	Management of material topics	Management Approach	Pollution & Resources	-	SDG 6, 12	Principle 7, 8, 9	Circular Economy (pages 96 to 98); Key Performance Data (page 292)
	306-1	Waste generation and significant waste-related impacts	Waste Management C10(a) C10(a)(i) C10(a)(ii)					
	306-2	Management of significant waste-related impacts						
	306-3	Waste generated						
	306-4	Waste diverted from disposal						
	306-5	Waste directed to disposal						
GRI 308: Supplier Environmental Assessment 2016	3-3	Management of material topics	Management Approach	Supply Chain (Environment)	IF-EN-160a.1; IF-EN-160a.2	SDG 8, 11, 12, 16	Principle 7, 8	Responsible Supply Chain (pages 87 to 88); Key Performance Data (page 293)
	308-1	New suppliers that were screened using environmental criteria	Supply Chain (Environment) S6(a) S6(b)					
	308-2	Negative environmental impacts in the supply chain and actions taken						

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GRI Standard	GRI Code	GRI Disclosure	Bursa SRG3 Alignment	F4GBM Alignment	SASB Alignment	UNSDG Alignment	UNGC Alignment	Page reference and reasons for omissions, if applicable
GRI 401: Employment 2016	**MATERIALITY - SOCIAL**							
	3-3	Management of material topics	Management Approach	Labour Standards	-	SDG 5, 8	Principle 6	Employee Management (pages 103 to 105); Fair Labour Practice (pages 106 to 107); Key Performance Data (pages 293 to 296)
	401-1	New employee hires and employee turnover	Labour Practices and Standards C6(c)					
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees						
	401-3	Parental leave						
GRI 402: Labor/ Management Relations 2016	3-3	Management of material topics	Management Approach	-	-	SDG 8	-	Fair Labour Practice (pages 106 to 107);
	402-1	Minimum notice periods regarding operational changes	-					
GRI 403: Occupational Health and Safety 2018	3-3	Management of material topics	Management Approach	Health and Safety	IF-EN-320a.1	SDG 3, 4, 8	-	Occupational Safety and Health (pages 108 to 111); Key Performance Data (page 297)
	403-1	Occupational health and safety management system	Health and Safety C5(a) C5(b) C5(c)					
	403-2	Hazard identification, risk assessment, and incident investigation						
	403-3	Occupational health services						
	403-4	Worker participation, consultation, and communication on occupational health and safety						
	403-5	Worker training on occupational health and safety						
	403-6	Promotion of worker health						
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships						
	403-8	Workers covered by an occupational health and safety management system						
	403-9	Work-related injuries						
	403-10	Work-related ill health						

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GRI Standard	GRI Code	GRI Disclosure	Bursa SRG3 Alignment	F4GBM Alignment	SASB Alignment	UNSDG Alignment	UNGC Alignment	Page reference and reasons for omissions, if applicable
GRI 404: Training and Education 2016	3-3	Management of material topics	Management Approach	Labour Standards	-	SDG 4, 5, 8	-	Employee Management, Talent Development (page 105); Key Performance Data (page 295)
	404-1	Average hours of training per year per employee	Labour Practices and Standards C6(a)					
	404-2	Programs for upgrading employee skills and transition assistance programs						
	404-3	Percentage of employees receiving regular performance and career development reviews						
GRI 405: Diversity and Equal Opportunity 2016	3-3	Management of material topics	Management Approach	Labour Standards	-	SDG 5, 8, 10	Principle 6	Employee Management, Diversity and Inclusivity (page 103); Key Performance Data (pages 293 to 295)
	405-1	Diversity of governance bodies and employees	Diversity C3(a) C3(b)					
	405-2	Ratio of basic salary and remuneration of women to men						Key Performance Data (page 297)
GRI 406: Non-discrimination 2016	3-3	Management of material topics	Management Approach	Labour Standards	-	SDG 5, 8, 10, 16	Principle 6	Fair Labour Practice (pages 106 to 107)
	406-1	Incidents of discrimination and corrective actions taken	-					
GRI 407: Freedom of Association and Collective Bargaining 2016	3-3	Management of material topics	Management Approach	Labour Standards	-	SDG 8, 10, 16	Principle 1, 2, 3	Fair Labour Practice (pages 106 to 107)
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-					
GRI 408: Child Labor 2016	3-3	Management of material topics	Management Approach	Labour Standards	-	SDG 8, 10, 16	Principle 1, 2, 5	Fair Labour Practice (pages 106 to 107) Responsible Supply Chain (pages 87 to 88)
	408-1	Operations and suppliers at significant risk for incidents of child labor	-					
GRI 409: Forced or Compulsory Labor 2016	3-3	Management of material topics	Management Approach	Labour Standards	-	SDG 8, 10, 16	Principle 1, 2, 4	Fair Labour Practice (pages 106 to 107) Responsible Supply Chain (pages 87 to 88)
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-					

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GRI Standard	GRI Code	GRI Disclosure	Bursa SRG3 Alignment	F4GBM Alignment	SASB Alignment	UNSDG Alignment	UNGC Alignment	Page reference and reasons for omissions, if applicable
GRI 413: Local Communities 2016	3-3	Management of material topics	Management Approach	Human Rights & Community	-	SDG 1, 2, 3, 4, 5, 7, 8, 9, 10, 11, 16, 17	-	Public Sector Infrastructure Expenditure (page 55); Stakeholder Engagement, General Public and Communities (page 62); Community Enrichment (pages 113 to 114); Key Performance Data (page 297)
	413-1	Operations with local community engagement, impact assessments, and development programs	Community/ Society C2(a) C2(b)					
	413-2	Operations with significant actual and potential negative impacts on local communities						
GRI 414: Supplier Social Assessment 2016	3-3	Management of material topics	Management Approach	Supply Chain (Social)	-	SDG 8, 10, 11, 16	Principle 1, 2	Responsible Supply Chain (pages 87 to 88) Fair Labour Practice (pages 106 to 107); Key Performance Data (page 293)
	414-1	New suppliers that were screened using social criteria	Supply Chain (Social) S7(a) S7(b)					
	414-2	Negative social impacts in the supply chain and actions taken						
GRI 415: Public Policy 2016	3-3	Management of material topics	Management Approach	Anti-Corruption	-	SDG 16	Principle 10	Political Position and Contributions (page 86)
	415-1	Political contributions	-					
GRI 418: Customer Privacy 2016	3-3	Management of material topics	Management Approach	Human Rights & Community	-	SDG 16	-	Data Privacy and Security (page 88); Key Performance Data (page 298)
	418-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Data Privacy and Security C8(a)					

NOTICE OF 10TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 10th Annual General Meeting of SUNWAY CONSTRUCTION GROUP BERHAD [201401032422 (1108506-W)] ("**Company**") will be conducted virtually through live streaming and using online remote polling platform from the Broadcast Venue at Penthouse, Level 20, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on **Thursday, 20 June 2024** 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 2023 together with the Directors' and Auditors' Reports thereon.
   (Please refer to Explanatory Note No. 1)

2. To approve the payment of fees to Non-Executive Directors amounting to RM795,000 for the financial year ended 31 December 2023. *(Ordinary Resolution 1)*

3. To approve the payment of benefits payable to Non-Executive Directors of up to RM200,000 for the period from 21 June 2024 until the conclusion of the next Annual General Meeting of the Company to be held in 2025. *(Ordinary Resolution 2)*

4. To re-elect the following Directors:

   4.1 Dato' Ir Goh Chye Koon who retires by rotation pursuant to Clause 106(1) of the Company's Constitution and being eligible, offers himself for re-election. *(Ordinary Resolution 3)*

   4.2 Dr Sarinder Kumari A/P Oam Parkash who retires by rotation pursuant to Clause 106(1) of the Company's Constitution and being eligible, offers herself for re-election. *(Ordinary Resolution 4)*

   Dato' Dr Johari Bin Basri who also retires by rotation pursuant to Clause 106(1) of the Company's Constitution, has expressed his intention not to seek for re-election. Hence, he will retain office until the close of the 10th Annual General Meeting.

5. To re-appoint Messrs BDO PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 5)*

AS SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modification(s), the following Resolutions:

6. **ORDINARY RESOLUTION:**
   Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

   "THAT subject always to the Companies Act 2016 ("**Act**"), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), the Company's Constitution and the approvals of the relevant government and / or regulatory authorities, the Board of Directors (the "**Board**" or the "**Directors**") be and is hereby empowered pursuant to Sections 75 and 76 of the Act to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

NOTICE OF 10TH ANNUAL GENERAL MEETING

THAT pursuant to Section 85 of the Act, read together with Clause 49(1) of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares in the Company arising from the allotment and issuance of new shares pursuant to the exercise of authority granted pursuant to Sections 75 and 76 of the Act AND THAT the Board is exempted from the obligation to offer such new shares first to the existing shareholders of the Company, provided however that if following the passing of this resolution, this paragraph is or is found to be in any way void, invalid or unenforceable, then this paragraph shall be ineffective to the extent of such voidness, invalidity or unenforceability and the remaining provisions of this resolution shall remain in full force and effect." *(Ordinary Resolution 6)*

7. **ORDINARY RESOLUTION:**
Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions from time to time, which are necessary for the day-to-day operations as set out in Section 2D of Part A of the Company's Circular to Shareholders dated 30 April 2024 which are of a revenue or trading nature and carried out in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company, subject to the compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Companies Act 2016 ("**Act**"), the Company's Constitution and all other applicable laws, guidelines, rules and regulations.

THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company at which time the mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed; or

(b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND 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 7)*

8. **ORDINARY RESOLUTION:**
Proposed Renewal of Share Buy-Back Authority

"THAT subject to the Companies Act 2016 ("**Act**"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other relevant authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company PROVIDED THAT:

NOTICE OF 10TH ANNUAL GENERAL MEETING

(a) the aggregate number of ordinary shares in the Company ("**SunCon Shares**") which may be purchased and / or held by the Company shall not exceed 10% of the total number of issued shares in the ordinary share capital of the Company at any point of time, subject to a restriction that the share capital of the Company does not fall below the applicable minimum share capital requirements of the Main Market Listing Requirements of Bursa Securities;

(b) the maximum funds to be allocated by the Company for the purpose of purchasing the SunCon Shares shall not exceed the Company's audited retained profits at any point of time;

(c) the authority conferred by this resolution will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

   (i) the conclusion of the next Annual General Meeting ("**AGM**") at which time it shall lapse unless by Ordinary Resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

   (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or

   (iii) revoked or varied by Ordinary Resolution passed by the shareholders of the Company in a general meeting,

   whichever occurs first; and

(d) upon completion of the purchase(s) of the SunCon Shares by the Company, the Directors of the Company be and are hereby authorised to cancel the SunCon Shares so purchased or to retain the SunCon Shares so purchased as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act), or to retain part of the SunCon Shares so purchased as treasury shares and cancel the remainder and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act, the Main Market Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the purchase(s) of the SunCon Shares with full powers to assent to any conditions, modifications, variations and / or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company." *(Ordinary Resolution 8)*

By Order of the Board

TAN KIM AUN (MAICSA 7002988) (SSM PC No. 202008001249)
CHANG MEI YEE (MAICSA 7064078) (SSM PC No. 201908000539)
Company Secretaries

Bandar Sunway
30 April 2024

NOTICE OF 10TH ANNUAL GENERAL MEETING

NOTES:

1) *The 10th Annual General Meeting ("**AGM**") of the Company will be conducted virtually through live streaming and online remote voting using Digital Ballot Form ("**DBF**") provided by the appointed Poll Administrator for the 10th AGM ("**Poll Administrator**"), Mega Corporate Services Sdn Bhd.*

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the 10th AGM to be at the main venue of the 10th AGM. ***NO SHAREHOLDERS / PROXIES / CORPORATE REPRESENTATIVES / ATTORNEYS*** *from the public shall be physically present at the Broadcast Venue on the day of the 10th AGM.*

*Shareholders of the Company who wish to participate, speak (in the form of real time submission of typed texts) and vote (collectively, "**participate**") remotely via DBF at the 10th AGM will have to register via the link at https://vps.megacorp.com.my/hjj03K. Please refer to the Administrative Notes for the 10th AGM for further information.*

Only shareholders whose name appear on the Record of Depositors of the Company as at 13 June 2024 shall be entitled to participate at the 10th AGM or appoint proxy(ies) or corporate representative(s) to participate on their behalf.

2) *A shareholder of the Company who is entitled to participate at the 10th AGM, may appoint more than 1 proxy to participate on his / her behalf. A proxy may but need not be a shareholder.*

3) *Shareholders may use the Questions' Pane facility (located at the top right corner of the screen) to submit questions in real time during the meeting via the Live-Streaming solution. Shareholders may also submit questions in relation to the agenda items for the 10th AGM to the Board of Directors of the Company prior to the 10th AGM via email to irsuncongroup@sunway.com.my no later than 3.00 p.m. on 19 June 2024 or via email to AGM-support.SunCon@megacorp.com.my no later than 2.30 p.m. on 20 June 2024.*

4) *Where a shareholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*

5) *Where a shareholder is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*

6) *Where a shareholder appoints more than 1 proxy, the appointment shall be invalid unless he / she specifies the proportions of his / her shareholdings to be represented by each proxy. A proxy appointed to participate at the 10th AGM shall have the same rights as the shareholder to participate at the 10th AGM.*

7) *If a shareholder has appointed a proxy to participate at the 10th AGM and subsequently, he / she decides to participate at the 10th AGM instead of the proxy, he / she has to revoke the appointment in writing / email which must reach us not later than 24 hours before the 10th AGM. The appointed proxy shall therefore be null and void.*

8) *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his / her attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or the hand of its officer or attorney duly authorised.*

9) *The instrument for the appointment of a proxy must be completed and deposited at the office of the Poll Administrator,* ***Mega Corporate Services Sdn Bhd,*** *at* ***Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan, Malaysia*** *not less than 24 hours before the time appointed for holding the 10th AGM or any adjournment thereof, either by hand, post or electronic mail to AGM-support.SunCon@megacorp.com.my.*

10) *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), all resolutions set out in the Notice of 10th AGM will be put to vote on poll.*

EXPLANATORY NOTES:

Ordinary Business

1. **To Receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Directors' and Auditors' Reports thereon**

The Audited Financial Statements are for discussion only as they do not require shareholders' approval pursuant to the provision of Section 340(1) of the Companies Act 2016 ("**Act**"). As such, this agenda will not be put for voting.

2. **Ordinary Resolutions 1 and 2**

Section 230(1) of the Act provides amongst others, that fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval is sought for the payment of fees and benefits payable to the Non-Executive Directors ("**NEDs**"), in two (2) separate resolutions as follows:

NOTICE OF 10TH ANNUAL GENERAL MEETING

(a) Ordinary Resolution 1 – Directors' fees to the NEDs amounting to RM795,000 for the financial year ended 31 December 2023

The fees structure for the NEDs:

Board / Audit Committee	Chairman (RM / annum)	Member (RM / annum)
Board	180,000	100,000
Audit Committee	6,000	3,000

The payment of the NED's fees in respect of the preceding financial year ended 31 December 2023 will only be made if the proposed Ordinary Resolution 1 has been passed at the 10th Annual General Meeting ("**AGM**").

There is no revision to the proposed fees.

(b) Ordinary Resolution 2 – Benefits payable to the NEDs for the period from 21 June 2024 until the conclusion of the next AGM of the Company to be held in 2025 ("Current Period")

The benefits payable to the NEDs of the Company comprises the following:

(i) meeting allowance of RM500 per meeting for attending the Board or Board Committee Meetings; and
(ii) other emolument, including but not limited to the meeting allowance or construction site visit allowance of RM1,000 per meeting / visit for discharging the duty as Chairman of the Board Sustainability Committee of the Company.

The total amount of benefits payable to the NEDs is estimated to be up to RM200,000 for the Current Period taking into account the number of scheduled and special meetings for the Board and Board Committees as well as the number of NEDs involved in these meetings. This amount is the same as the approved amount at the 9th AGM which was up to RM200,000. The payment of the NEDs' benefits payable for the Current Period will be paid as and when they are incurred.

The Board opined that the payments to the NEDs are just and equitable taking into account their roles and responsibilities towards the Group and the services that they have rendered to the Group.

NEDs who are shareholders of the Company will abstain from voting on the aforesaid resolutions concerning remuneration to the NEDs at the 10th AGM.

3. **Ordinary Resolutions 3 and 4 – Re-election of Directors**

Clause 106(1) of the Company's Constitution provides that one-third or the number nearest to one-third of the Directors of the Company (including Managing Director) for the time being shall retire by rotation at each AGM of the Company. Each Director shall retire from office once at least in each three (3) years but shall be eligible for re-election.

Dato' Ir Goh Chye Koon and Dr Sarinder Kumari A/P Oam Parkash (collectively, the "**Retiring Directors**"), who retire by rotation in accordance with Clause 106(1) of the Company's Constitution, being eligible, have offered themselves for re-election at the 10th AGM.

Dato' Dr Johari Bin Basri who retires by rotation in accordance with Clause 106(1) of the Company's Constitution has expressed his intention not to seek re-election at the 10th AGM as a Director of the Company. Hence, he will hold office as Director of the Company until the conclusion of the 10th AGM.

The Nomination and Remuneration Committee ("**NRC**") has assesed the performance and the contribution of the Retiring Directors including their skills, experience, character, integrity, competency, commitment and contribution as well as the independence of the Retiring Directors to determine their eligibility to stand for re-election at the 10th AGM. The NRC has also considered the fitness and propriety of the Retiring Directors in accordance with the Company's Fit and Proper Policy.

Based on the findings of the Directors' Peer Evaluation, Board and Board Committees Evaluations for financial year 2023 carried out by the Company Secretary, the performance and contribution of the Retiring Directors were found to be satisfactory and they are competent and able to discharge their fiduciary duties as Directors of the Company. Furthermore, the NRC asserts that the Retiring Directors remain uncompromised in their exercise of independent judgement and capacity to act in the Company's best interests when making decisions. The Board benefits from their seasoned experience, which has yielded valuable insights into the Company. The Retiring Directors also consistently engage in effective and constructive challenges to Management, actively express their views and objectively participate in the deliberations and decision-making of the Board.

NOTICE OF 10TH ANNUAL GENERAL MEETING

The NRC is satisfied that the Retiring Directors meet the fit and proper criteria as set out in the Company's Fit and Proper Policy. The Retiring Directors also have complied and satisfied the independence criteria mandated by the Listing Requirements of Bursa Securities. The Retiring Directors do not have any conflict of interest or potential conflict of interest, including interest in any competing business with the Group.

Based on the above, the Board had endorsed the NRC's recommendation to seek shareholders' approval for the re-election of the Retiring Directors at the 10th AGM.

The detailed profile of each Retiring Director are set out in the Profile of the Board of Directors on pages 118 to 123 of the Company's Integrated Annual Report 2023.

The Retiring Directors had abstained from all deliberations and decisions on their own eligibility to stand for re-election at the relevant NRC and / or Board Meetings. Any retiring Director who is a shareholder of the Company will abstain from voting on the resolution in respect of his / her re-election at the 10th AGM.

4. **Ordinary Resolution 5 – Re-appointment of Messrs BDO PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration**

Based on the results of the External Auditors Evaluation for the financial year ended 31 December 2023 and at the recommendation of the Audit Committee, the Board had at its meeting on 29 March 2024 approved the re-appointment of Messrs BDO PLT ("**BDO**") as Auditors of the Company on the basis that BDO had satisfactorily performed their audit and that BDO had discharged their professional responsibilities in accordance to the rules on professional conduct and ethics of BDO and the By-Laws (on Professional Ethics, Conducts and Practice) issued by the Malaysia Institute of Accountants.

The Board was also satisfied that the provisions of non-audit services by BDO to the Company for the financial year ended 31 December 2023 did not in any way impair their objectivity and independence as External Auditors of the Company.

Special Business

5. **Ordinary Resolution 6 – Authority to Issue Shares**

The Company is always on the lookout for investment opportunities to enhance the earnings potential of the Company. If any investment opportunities involve the issue of new shares, the Directors, under present circumstances, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the total number of issued shares of the Company.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be empowered to issue new shares in the Company, up to an amount not exceeding in total 10% of the total number of issued shares of the Company at any time, for such purpose. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company. By voting in favour of Ordinary Resolution 6, the shareholders of the Company will agree to waive their statutory pre-emptive rights under Section 85 of the Act read together with Clause 49(1) of the Company's Constitution to allow the Directors to issue new shares which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to issuance of new shares under this general mandate.

The renewal of this mandate will provide flexibility to the Company for any potential fund raising activities, including but not limited to placement of shares, for purpose of funding future investments, working capital and / or any acquisition.

At this juncture, there is no decision to issue new shares under this general mandate. Should there be a decision to issue new shares after the authorisation is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

The Company did not issue any new shares under the general mandate which was approved at its 9th AGM held on 19 June 2023.

6. **Ordinary Resolution 7 – Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The details on the proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature are set out in Part A of the Company's Circular to Shareholders dated 30 April 2024.

7. **Ordinary Resolution 8 – Proposed Renewal of Share Buy-Back Authority**

The details on the Proposed Renewal of Share Buy-Back Authority by the Company are set out in the Share Buy-Back Statement in Part B of the Company's Circular to Shareholders dated 30 April 2024.

NOTICE OF 10TH ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY

By registering for the remote participation and electronic voting and / or submitting an instrument appointing a proxy(ies) and / or representative(s) to participate at the 10th AGM and / or any adjournment thereof, a shareholder of the Company is hereby:-

*(i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 10th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 10th AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and / or guidelines (collectively, the "**Purposes**"),*

(ii) warrants that where the shareholder discloses the personal data of the shareholder's, proxy(ies) and / or representative(s) to the Company (or its agents or service providers), the shareholder has obtained the prior consent of such proxy(ies) and / or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and / or representative(s) for the Purposes; and

(iii) agrees that the shareholder will fully indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

For the purposes of this paragraph, "personal data" shall have the same meaning given in Section 4 of the Personal Data Protection Act 2010.

ASSURANCE STATEMENTS

INDEPENDENT ASSURANCE STATEMENT

SIRIM QAS INTERNATIONAL SDN BHD
INDEPENDENT ASSURANCE STATEMENT

To Board of Directors, Stakeholders, and Interested Parties,

SIRIM QAS International Sdn. Bhd. was engaged by Sunway Construction Group Berhad (hereafter referred to as SunCon) to perform an independent verification and provide assurance of SunCon Sustainability Statement 2023. The main objective of the verification process is to provide assurance to SunCon and its stakeholders on the accuracy and reliability of the information as presented in this statement. The verification by SIRIM QAS International applied to sustainable performance information (subject matter) within the assurance scope which is included in SunCon Sustainability Statement 2023.

The management of SunCon was responsible for the preparation of the Sustainability Statement. The objective and impartiality of this statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the SunCon's Sustainability Statement, and the Integrated Annual Report 2023.

The assurance engagement was designed to provide limited assurance in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and BURSA Sustainability Reporting Guide, irrespective of the organization's ability to achieve its objectives, targets or expectations on their subject matter and sustainability-related issues. The assurance activity evaluates the adequacy of SunCon Sustainability Statement and its overall presentation against respective frameworks such as UN-SDGs, GRI Standards requirement, and other relevant frameworks. The assurance process involves verification of specific subject matters presented through the Environment, Social and Governance Section, respectively. Details are provided in Appendix 1.

The verification was carried out by SIRIM QAS International in April 2024, with the following methodologies:

- Reviewing and verifying the traceability, consistency and accuracy of information collected from various sources; internal and external documentation which are made available during the conduct of assessment.
- Verification of data presented in the Sustainability Statement includes a detailed check of the sampled data.
- Interviewing key personnel responsible for collating information and writing various parts of the report to substantiate the veracity of the claims.

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of other information reported in SunCon Integrated Annual Report 2023.
- The corporate office at Menara Sunway, Sunway City KL, was visited as part of this assurance engagement. The verification process did not include physical inspections of any of SunCon's buildings, offices and sites. And,
- The verification team did not verify any contractor or third-party data.

ASSURANCE STATEMENTS

Conclusion

SIRIM QAS International, a Conformity Assessment Body in Malaysia, is accredited to both ISO/IEC 17021-1:2015 and ISO/IEC 17065:2012 covering all our operational activities. The appointed assessors performing the assurance engagement were selected appropriately based on our internal qualifications, training and experience. The verification process is reviewed by management to ensure that the approach and assurance are strictly followed and operated transparently. During the verification process, issues were raised, and clarifications were sought from the management of SunCon relating to the accuracy of some of the information contained in the report. In response to the raised findings, the Sustainability Statement was subsequently reviewed and revised by SunCon. It is confirmed that changes that have been incorporated into the final version of the report have satisfactorily addressed all issues. Based on the scope of the assessment process and evidence obtained, nothing has come to our attention that causes us to believe that SunCon has not complied, in all material respects, with the referred assurance standard and guide. The following represents SIRIM QAS International's opinion:

- The level of data accuracy included in SunCon Sustainability Statement 2023 is fairly stated;
- The level of disclosure of the specific sustainability performance information presented in the report was found to be properly prepared;
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the report;
- The Sustainability Statement offers a reasonable and balanced presentation of SunCon's sustainability performance.

List of Assessors.

1)	Ms. Aernida Abdul Kadir	:	Team Leader
2)	Ms. Kamini Sooriamoorthy	:	Team Member
3)	Ms. Nur Ruzaini Ab. Bakar	:	Team Member
4)	Ms. Suzalina Kamaralarifin	:	Team Member

Statement Prepared by:

AERNIDA BINTI ABDUL KADIR
Team Leader
Management System Certification Department
SIRIM QAS International Sdn. Bhd.
Date: 15 April 2024

Statement Approved by:

Ts. MD ADHA BIN RAHMAT
Senior General Manager
Management System Certification Department
SIRIM QAS International Sdn. Bhd
Date: 19 April 2024

Note 1: This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd does not express an opinion on, nor guarantees the integrity and/or accuracy of the information provided with the view that the conclusion was conducted post verification assessment, hence not verified. SIRIM QAS International shall not be responsible for any changes or additions made after the referred date (8 April 2024).

ASSURANCE STATEMENTS

Appendix 1 The topics and subject matters covered in this assessment is tabulated below:	**CLASSIFICATION OF DATA**			
	HIGH	**MEDIUM**	**LOW**	**UN SUBSTANTIATED**
Group Sustainability Framework				
Governance				
Governance and Ethical Business				
Anti-Bribery and Corruption				
Risk and Regulatory Compliance				
Responsible Supply Chain				
Data Privacy and Security				
Environmental				
Climate Action				
Circular Economy				
Water Protection				
Biodiversity				
Social				
Employee Management				
Fair Labour Practice				
Occupational Safety and Health				
Product Quality and Responsibility				
Community Enrichment				
Key Performance Data				

Note 1:
This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd shall not be responsible for any changes or additions made after the referred date (8 April 2024).
Note 2:
The assurance involves activity aims to obtain sufficient appropriate evidence to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party, about the subject matter information. It comprises of activities carried out to assess the quality and credibility of the qualitative and quantitative information reported by the organization. This assurance is different from activities used to assess or validate the organization's performance, such as compliance assessments or the issuing of certifications against specific standards.
Note 3:
Definition of HIGH, MEDIUM, LOW and UNSUBSTANTIATED Classification of Data in this Appendix 1.
HIGH: The data and information reviewed has been confirmed with the direct owners. The source of the data origin was provided during the conduct of the assessment.
MEDIUM: Data and information have been confirmed with the direct owners. However, the source of the data has been based on secondary data, where the data origin is not accessible by the verifiers during the conduct of the assessment.
LOW: Data and information reviewed has been based on information endorsed by the data owners. Verifiers did not have access to the source of the data origin. It has been identified as one of the limitations during the conduct of the assessment.
UNSUBSTANTIATED: The sources of data and information disclosed were not made available during the assessment review period due to reasons like confidentiality, unattainable data source and unavailable data owner. It has been identified as one of the limitations during the conduct of the assessment.

ASSURANCE STATEMENTS

ASSURANCE STATEMENT BY INTERNAL AUDIT DEPARTMENT

Assurance undertaken

In strengthening the credibility of the Sustainability Statement, selected indicators of this Sustainability Statement has been subjected to an internal review by the company's internal auditors and has been approved by the company's Audit Committee.

Subject matter

All Common Sustainability Matters and accompanying Indicators identified by Bursa for FY2023.

Scope

The boundary of the internal review includes all Sunway Construction Group Berhad's operations in Malaysia and Singapore.

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PROXY FORM
10th Annual General Meeting

SUNWAY® CONSTRUCTION

SUNWAY CONSTRUCTION GROUP BERHAD
Registration No.: 201401032422 (1108506-W)
(Incorporated in Malaysia)

Number of share(s) held	
CDS Account No.	

*I / We *(Full Name)* ____________________, *NRIC No. / Passport No. / Registration No. ____________,

of *(Full Address)* ____

____

having Tel. / Mobile No. ____________ and email address ____________________

being a shareholder of **SUNWAY CONSTRUCTION GROUP BERHAD** ("**Company**") and entitled to vote, hereby appoint:

Full Name	NRIC No. / Passport No.	Proportion of Shareholdings Represented	
Tel. / Mobile No.	Email Address.	No. of Shares	%

and / or failing *him / her,

Full Name	NRIC No. / Passport No.	Proportion of Shareholdings Represented	
Tel. / Mobile No.	Email Address.	No. of Shares	%

or failing *him / her, the CHAIRMAN OF THE MEETING as *my / our proxy to participate and vote for *me / us on *my / our behalf at the 10th Annual General Meeting of the Company to be conducted virtually through live streaming and using online remote polling platform from the Broadcast Venue at Penthouse, Level 20, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on **Thursday, 20 June 2024** at **3.00 p.m.** and at any adjournment thereof. My / our proxy / proxies shall vote as follows:

* *Strike out whichever not applicable*

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of fees to the Non-Executive Directors		
2.	To approve the payment of benefits payable to the Non-Executive Directors		
3.	To re-elect Dato' Ir Goh Chye Koon as Director		
4.	To re-elect Dr Sarinder Kumari A/P Oam Parkash as Director		
5.	To re-appoint Messrs BDO PLT as Auditors and to authorise the Directors to fix their remuneration		
6.	To authorise the Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
7.	To approve the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
8.	To approve the Proposed Renewal of Share Buy-Back Authority		

Please indicate with an "**X**" in the spaces provided above as to how you wish your votes to be cast. If no specific direction as to voting is given, the proxy / proxies will vote or abstain from voting on the resolutions at his / her / their discretion.

Dated this ________ day of ________________ 2024

Common Seal

Signature of Shareholder ____________________

NOTES:

1) *The 10th Annual General Meeting (“**AGM**”) of the Company will be conducted virtually through live streaming and online remote voting using Digital Ballot Form (“**DBF**”) provided by the appointed Poll Administrator for the 10th AGM (“**Poll Administrator**”), Mega Corporate Services Sdn Bhd.*

   *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the 10th AGM to be at the main venue of the 10th AGM. **NO SHAREHOLDERS / PROXIES / CORPORATE REPRESENTATIVES / ATTORNEYS** from the public shall be physically present at the Broadcast Venue on the day of the 10th AGM.*

   *Shareholders of the Company who wish to participate, speak (in the form of real time submission of typed texts) and vote (collectively, “**participate**”) remotely via DBF at the 10th AGM will have to register via the link at https://vps.megacorp.com.my/hjj03K. Please refer to the Administrative Notes for the 10th AGM for further information.*

   Only shareholders whose name appear on the Record of Depositors of the Company as at 13 June 2024 shall be entitled to participate the 10th AGM or appoint proxy(ies) or corporate representative(s) to participate on their behalf.

2) *A shareholder of the Company who is entitled to participate at the 10th AGM, may appoint more than 1 proxy to participate on his / her behalf. A proxy may but need not be a shareholder.*

3) *Shareholders may use the Questions' Pane facility (located at the top right corner of the screen) to submit questions in real time during the meeting via the Live-Streaming solution. Shareholders may also submit questions in relation to the agenda items for the 10th AGM to the Board of Directors of the Company prior to the 10th AGM via email to irsuncongroup@sunway.com.my no later than 3.00 p.m. on 19 June 2024 or via email to AGM-support.SunCon@megacorp.com.my no later than 2.30 p.m. on 20 June 2024.*

4) *Where a shareholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*

5) *Where a shareholder is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account (“**Omnibus Account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*

6) *Where a shareholder appoints more than 1 proxy, the appointment shall be invalid unless he / she specifies the proportions of his / her shareholdings to be represented by each proxy. A proxy appointed to participate at the 10th AGM shall have the same rights as the shareholder to participate at the 10th AGM.*

7) *If a shareholder has appointed a proxy to participate at the 10th AGM and subsequently, he / she decides to participate at the 10th AGM instead of the proxy, he / she has to revoke the appointment in writing / email which must reach us not later than 24 hours before the 10th AGM. The appointed proxy shall therefore be null and void.*

8) *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his / her attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or the hand of its officer or attorney duly authorised.*

9) *The instrument for the appointment of a proxy must be completed and deposited at the office of the Poll Administrator, **Mega Corporate Services Sdn Bhd,** at **Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan, Malaysia** not less than 24 hours before the time appointed for holding the 10th AGM or any adjournment thereof, either by hand, post or electronic mail to AGM-support.SunCon@megacorp.com.my.*

10) *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of 10th AGM will be put to vote on poll.*

PLEASE FOLD HERE

STAMP

Poll Administrator
SUNWAY CONSTRUCTION GROUP BERHAD
Registration No. 201401032422 (1108506-W)
c/o Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur, Wilayah Persekutuan
Malaysia

PLEASE FOLD HERE

PERSONAL DATA PRIVACY

By registering for the remote participation and electronic voting and / or submitting an instrument appointing a proxy(ies) and / or representative(s) to participate at the 10th AGM and / or any adjournment thereof, a shareholder of the Company is hereby:

(i) *consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 10th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 10th AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and / or guidelines (collectively, the “**Purposes**”),*

(ii) *warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and / or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and / or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and / or representative(s) for the Purposes; and*

(iii) *agrees that the shareholder will fully indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.*

For the purposes of this paragraph, “personal data” shall have the same meaning given in Section 4 of the Personal Data Protection Act 2010.

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SUNWAY CONSTRUCTION GROUP BERHAD
Registration No. 201401032422 (1108506-W)

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Fax : 603 5639 9530
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