

SUNWAY[®]
CONSTRUCTION



**GROWING
A BETTER,
SUSTAINABLE
FUTURE**

INTEGRATED ANNUAL REPORT 2022



Cover Rationale

Having firmly established itself as a construction and infrastructure solutions leader for over 40 years, SunCon continues to strengthen its capabilities and brand profile – innovating and evolving in tandem with a dynamic operating environment. It continues to embrace change as the catalyst for elevating its value proposition, which beyond conventional construction and engineering capabilities, now extends into sustainable energy solutions and Private Finance Initiative (PFI); all towards providing enhanced value that resonates across a triple bottom line of people, planet and profit.

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.

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

VISION

To be a leading regional construction and engineering group.

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

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



MISSION

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

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

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

Annual General Meeting

Date & Time - Monday, 19 June 2023 | 3.00 pm

Virtual Meeting Through Live Streaming at Broadcast Venue

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

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

INTRODUCTION

Sunway Construction Group Berhad (SunCon or the Group) hereby presents its integrated annual report for financial year ended 31 December 2022 (FY2022).

The SunCon Integrated Annual Report 2022 (IAR2022) builds on the disclosures of the previous years and provides an increased focus on the Group's consumption of the Six Capitals (resources), its environmental, social and governance (ESG) performance and continued efforts to create stakeholder value.

The narrative explores in greater detail the relationships between non-financial matters with the continued creation of financial and business performance as well as non-financial performance.



SCOPE AND BOUNDARY

Disclosures in IAR2022 have been scoped to information that is material to Enterprise Value Creation (EVC) as well as information that is material to environmental and social impacts over the short, medium and long term perspectives¹.

Matters Material to EVC	Any issue, topic, concern, trend or development that is material to the creation of financial values as well as business and operational performance.
Matters Material to Environmental and Social Impacts	Any issue, topic, concern, trend or development that is material from the perspective of impacts to the environment and society. In essence, the level of impact caused to the physical environment and local communities.

The reporting boundary for IAR2022 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.

Please refer to the Group Corporate Structure on for further information.

BASIS OF PREPARATION

In developing IAR2022's contents, an Integrated Thinking and Strategy workshop was held for senior decision-makers, Heads of Departments, data owners and other personnel. The workshop was facilitated by a certified Integrated Reporting Guidance and Advisory firm.

Information gathered from these workshops as well as the strategic perspectives shared by attendees were developed into disclosures based on the Integrated Reporting Framework. The framework comprises the Six Capitals, Seven Guiding Principles and Eight Content Elements.

<p>6 Capitals</p> <ul style="list-style-type: none"> Financial Manufactured Intellectual Human Social Natural 	<p>7 Guiding Principles</p> <ul style="list-style-type: none"> Strategic focus and future orientation Connectivity of information Conciseness Reliability and completeness Consistency and comparability Materiality Stakeholder relationships 	<p>8 Content Elements</p> <ul style="list-style-type: none"> Organisational overview and external environment Governance Business model Risks and opportunities Strategy and resource allocation Performance Outlook Basis of preparation and presentation
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Additionally, IAR2022's content has been developed based on the information requirements set out by the following frameworks:

- Companies Act 2016 (Act)
- Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad
- Malaysian Code on Corporate Governance 2021 (MCCG 2021)
- Bursa Malaysia Sustainability Reporting Guide – Third Edition

Financial statements have been prepared in accordance to the following:

- Malaysian Financial Reporting Standards (MFRS)
- International Financial Reporting Standards (IFRS)
- Indian Accounting Standards (Ind AS)
- Singapore Financial Reporting Standards (SFRS)
- Myanmar Financial Reporting Standards (MFRS)

¹ Short term is defined as within 18 months, while anything between 18 months - 5 years is considered medium term. Long term is defined as timeframes beyond 5 years.

ABOUT THIS REPORT



FORWARD-LOOKING STATEMENTS

Consistent with the Strategic Focus and Future Orientation principle of Integrated Reporting, IAR2022 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 31 December 2022.

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 IAR2022'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 31 December 2022 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 IAR2022.

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

The full assurance report is provided on *of this Integrated Annual Report 2022 (IAR2022).*

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 IAR2022. 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 2023.

BOARD APPROVAL

DATO' IR GOH CHYE KOON
Chairman

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CORPORATE PROFILE

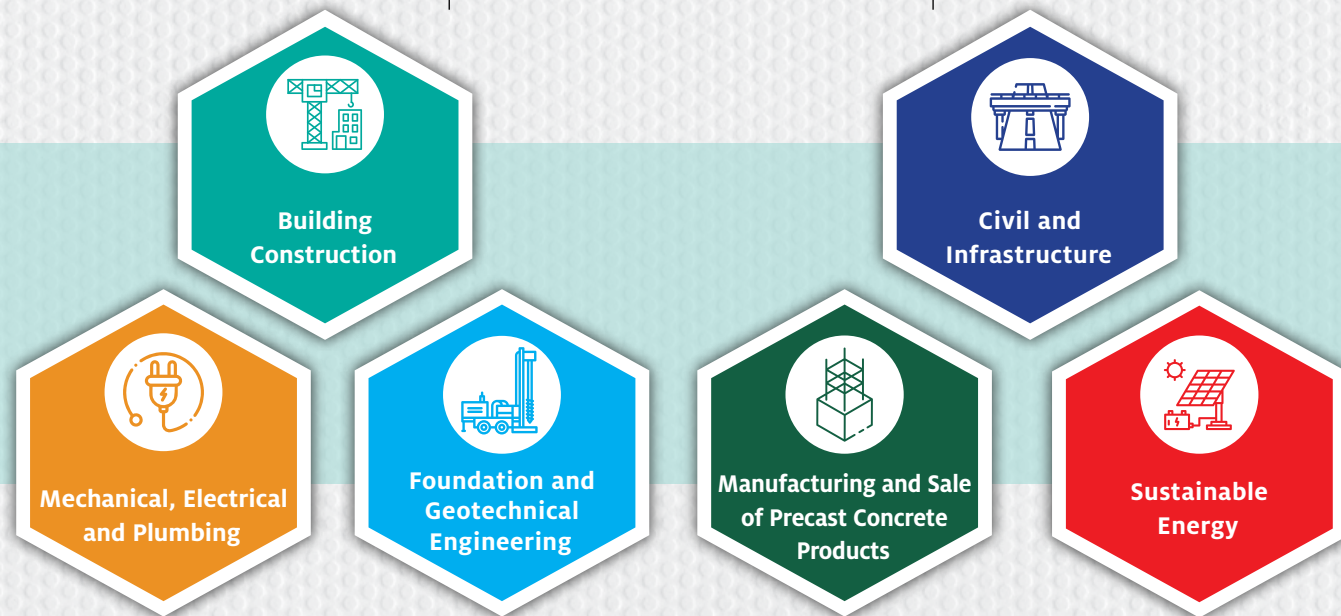
Sunway Construction Group Berhad (SunCon or the Group) is an integrated construction services company, with the capabilities to provide integrated services and products across different phases of construction, from project design to completion.

Our design and construction services include building, civil engineering / 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 further strengthened 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.




As one of Malaysia's largest pure play construction company, we play a key role in building essential structures such as public and private infrastructure and residential buildings, therefore improving mobility, and providing better living conditions for the well-being of the people and the development of the nation.






Since 1981, SunCon has undertaken more than RM34 billion in total projects across seven countries. The Group continues to set the benchmark as a leading, integrated solutions provider both in Malaysia and the region.



CORPORATE PROFILE

OUR BUSINESS STRENGTHS

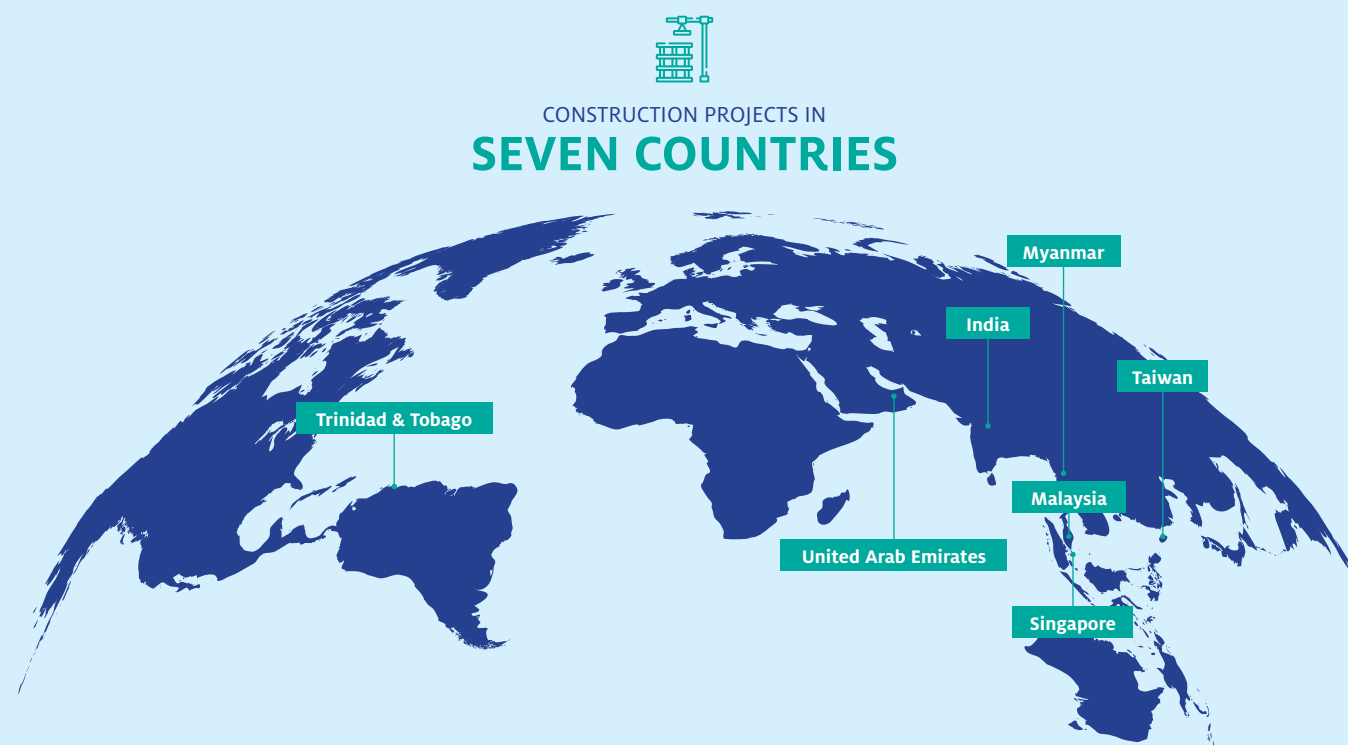
Business Strengths / Competitive Advantages	Significance / Importance To The Business Model
 <p>Fully Integrated Construction Company</p>	<p>Leveraging its unique position as an integrated, end-to-end design and construction solutions provider, SunCon is able to undertake a wide range of infrastructure projects including large-scale projects. The Group's value proposition is its diversified capabilities across various sub-segments of the construction sector.</p> <p>As a one-stop solutions provider, SunCon can effectively meet clients' requirements for turnkey or EPC solutions - bringing vast expertise, experience and equipment to ensure effective project management, execution and delivery across all phases of the construction value chain.</p>
 <p>Solid Order Book</p>	<p>SunCon stands tall on an order book of RM5.3 billion (as at 31 December 2022) comprising jobs secured from within the Sunway Group as well as external contracts both within Malaysia and abroad. These include various notable jobs as well as other distinguishing or game-changing projects.</p> <p>The Group has also been able to secure repeat works and contract extensions from existing clients, a further testament to the confidence and trust that customers have in SunCon's proven capabilities.</p> <p>Beyond providing visibility on revenue and earnings, the ability to successfully sustain its order book is testament to SunCon's competitive ability and the continued trust and confidence the Group holds among customers.</p> <p>On the back of order book replenishment, the Group is able to strengthen its brand credibility, secure favourable financing terms from bankers and investors and continues to generate both financial and non-financial values.</p>
 <p>Synergistic Support</p>	<p>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.</p> <p>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.</p>

Business Strengths / Competitive Advantages	Significance / Importance To The Business Model
 <p>Presence in both Local and International Markets</p>	<p>SunCon has established its presence in various markets across Asia. This reduces the Group's reliance on any single market, while providing it with exposure to various projects which further enriches the construction capabilities and experience within the Group.</p>
 <p>Ability To Tap Emerging Sectors</p>	<p>Beyond traditional brick and mortar projects such as highways, rail systems and buildings, SunCon has been successful in venturing into fast-growing niche sectors such as Renewable Energy (RE).</p> <p>Through its Sustainable Energy Division, SunCon has secured Large Scale Solar 4 (LSS4) projects in Malaysia as the Engineering, Procurement, Construction and Commissioning (EPC) contractor, and has invested in other solar rooftop projects. In addition, via joint-venture partnerships, SunCon is exploring potentials in the design and build of data centres, semiconductor manufacturing plants and facilities, warehouses and more.</p>
 <p>Virtual Design and Construction (VDC) Enabled</p>	<p>One of SunCon's unique advantages is its VDC capabilities, which enables the Group to offer clients a more efficient and cost effective approach in designing projects. Through VDC and Building Information Modelling (BIM), SunCon's business model promotes reduced costs, wastages, shorter construction periods and reduced environmental and social impacts. All of which, strengthens the Group's competitive ability when tendering for projects.</p>
 <p>Healthy Balance Sheet and Robust Asset Position</p>	<p>SunCon's financial position remains robust on the back of strong cashflows, ample liquidity and internally generated funds. Supporting these is the Group's access to external financing, which presently remains at a low net cash position.</p> <p>SunCon's robust financial position enables it to offer Private Finance Initiative (PFI) to clients which further augments the overall value proposition of the Group.</p>
 <p>ESG Driven Business Model</p>	<p>SunCon holds the distinction of being one of select few construction companies with a growing focus on ESG. This 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 a "greener" and more sustainable business.</p>

SUNCON AT A GLANCE

SunCon's business operations are primarily located in Malaysia as well as in Singapore and India. Aside from its Malaysia projects, SunCon operates an Integrated Construction & 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 in the Management Discussion and Analysis section of IAR2022.



More than **40 YEARS** of excellence

NO.1 pure play contractor listed on Bursa Malaysia

3 precast plants at **200,000 m³ CAPACITY**

Turnover recorded to-date **RM34 BILLION**

Invested in Virtual Design & Construction since 2010 **MORE THAN RM40 MILLION**

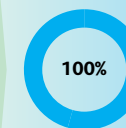
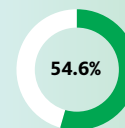
1,621 including direct workers
84% - Male
16% - Female

GROUP CORPORATE STRUCTURE

Sunway Berhad

Sunway Construction Group Berhad

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.

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%

Associate

- ISZL Consortium - 25%

Incorporated Joint Venture

- HL - Sunway JV Private Limited - 49%
- Sunway Aneka Pertama Geotechnics (PH) Inc. - 43%

Unincorporated Joint Venture

- Taisei - Sunway Joint Venture - 50%
- GME - SE Joint Venture - 50%

* Only major subsidiaries and joint ventures are illustrated

DIVISIONAL PROFILES



BUILDING CONSTRUCTION

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 Studio, Legoland Malaysia Theme Park, and Government Buildings in Putrajaya, among others. We have also completed several projects overseas in the past years.



DIVISIONAL PROFILES

MECHANICAL, ELECTRICAL AND PLUMBING



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. We have the resources and know-how to complete the most technically challenging project of any size.



CIVIL AND INFRASTRUCTURE

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.



SUSTAINABLE ENERGY



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



FOUNDATION AND GEOTECHNICAL ENGINEERING

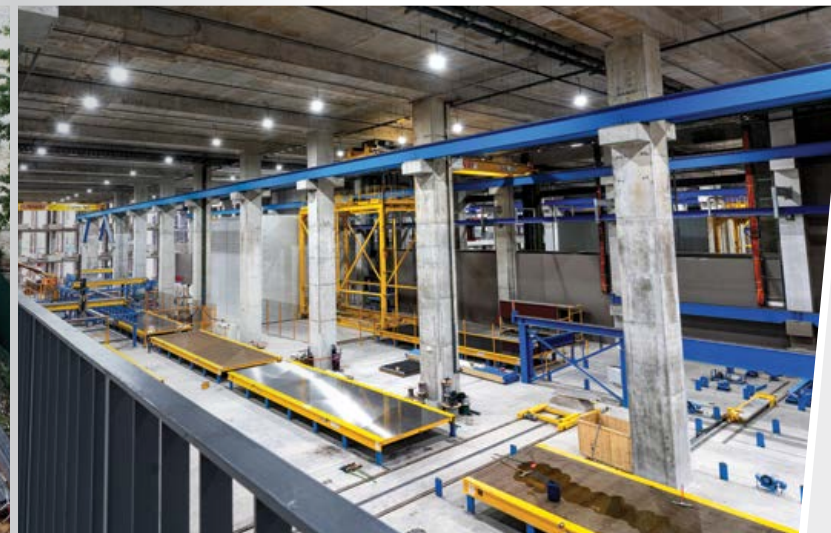
SunCon has expertise in foundation and geotechnical engineering works including piling, large diameter bored piles, diaphragm wall construction, deep basement construction, top down construction and ancillary work. We also own a fleet of machines which enables us to provide integrated geotechnical solutions 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 all building and civil infrastructure projects that we obtain as a Group. Hence, we are able to have better control of the projects through on-site coordination and more efficient machineries utilisation.



MANUFACTURING AND SALE OF PRECAST CONCRETE PRODUCTS

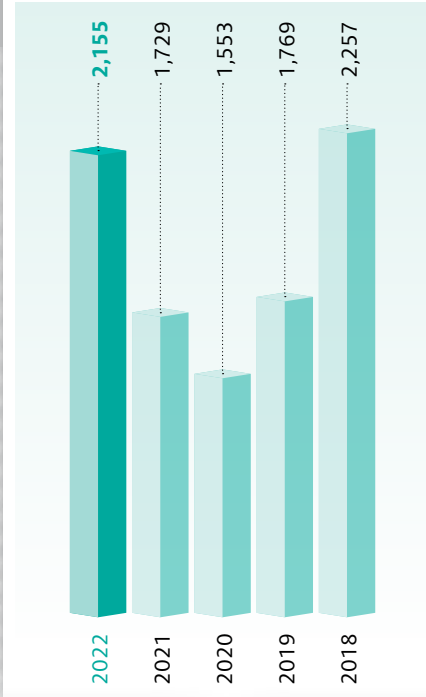


We develop, design, manufacture and supply precast concrete products with manufacturing plants located in Iskandar and Senai in Johor, Malaysia and an Integrated Construction and Prefabrication Hub (ICPH) in Singapore. We are among the first to be awarded the license to produce Prefabricated Bathroom 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.

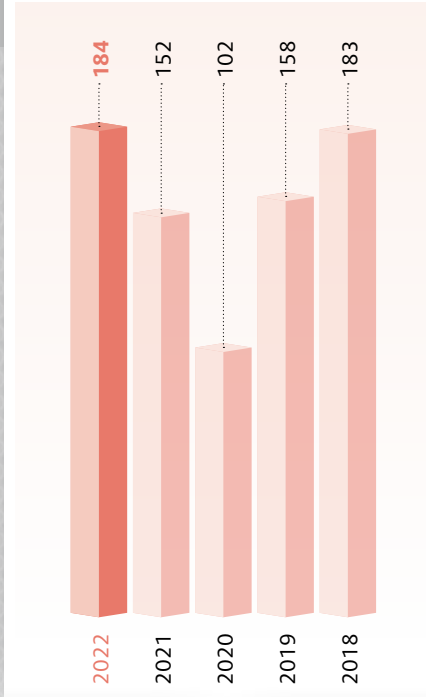


FIVE-YEAR FINANCIAL HIGHLIGHTS

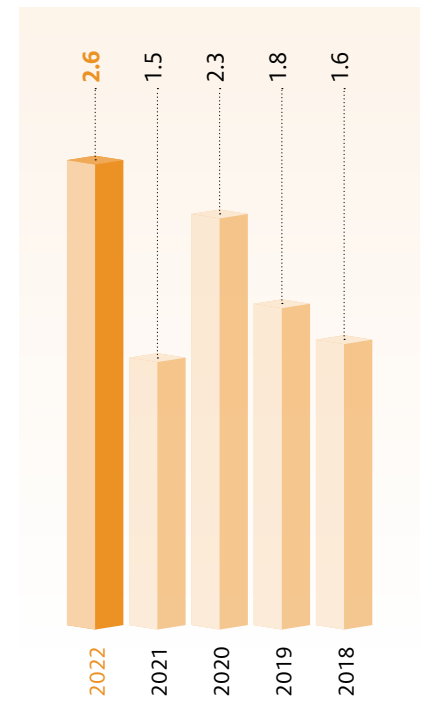
Revenue
(RM'million)



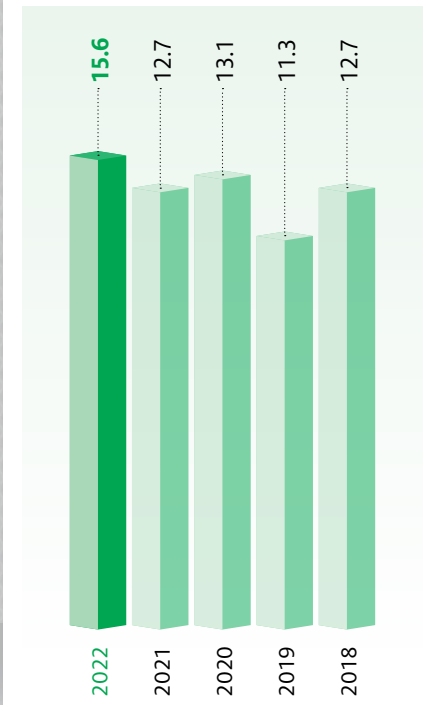
PBT
(RM'million)



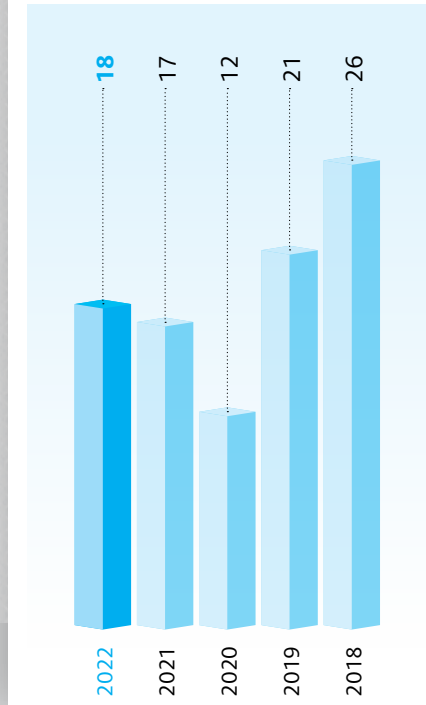
New Order Book
(RM'billion)



Staff Productivity
(times)



Average ROE
(%)



Sunway Serene, Petaling Jaya



LRT3 Package GS07&08

VALUE CREATION MODEL

In FY2022, 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.



VISION To be a leading regional construction and engineering group.



CHAIRMAN'S STATEMENT



Dear Shareholders,

FY2022 was a milestone year for Sunway Construction Group Berhad (SunCon or the Group). Despite the lingering effects of the COVID-19 pandemic on the global and domestic economy as well as supply chain disruptions, labour shortages and increasing material prices that were prevalent in FY2022, SunCon recorded a stellar performance with profit before tax (PBT) of RM184 million, the Group's highest since its listing in 2015. Our performance is a testament to our commitment to deliver on our financial and strategic priorities and to create stakeholder value.

DATO' IR GOH CHYE KOON
Chairman



Our order book stands at **RM5.31 billion** on the back of RM2.58 billion in new orders secured

FY2022

- Revenue **RM2,155 million**
- PBT **RM184 million**

In Malaysia, the construction sector posted an 8.8% rebound after a two-year declining trend. However, operating conditions were still far off pre-pandemic levels. This was particularly evident in the civil engineering and residential building sub-sectors which posted only marginal positive growth of 2.7% and 3.4% respectively¹. Total value of work done in FY2022 stood at RM121.9 billion, 16.7% lower than FY2019's pre-pandemic period of RM146.4 billion.

In FY2022, the private sector was the main impetus for construction growth as public sector contract awards continued to be subdued for the most part of the financial year.

The full details of the operating environment faced by construction players including SunCon, and its ensuing impacts is provided in the External Trends and Developments Section from

¹ Source: Department of Statistics, Malaysia (DOSM)

EXEMPLIFYING RESILIENCE AND STRENGTH

SunCon, in FY2022 continued to pursue its business strategies – adapting and evolving in tandem with the dynamic operating environment. This included continued pursuit of business and operational diversification and increased technological adoption, in particular digital capabilities.

As we improved our internal capabilities, the Group also actively sought to build its order book. In particular, we looked to venture further into emerging niche segments such as sustainable energy projects, data centres and power plants. This, we embarked on our own

and also through strategic collaborations with joint venture (JV) partners. Whilst SunCon is a pure play construction company, we have also looked to expand our income streams by being open to any Private Finance Initiative (PFI) as well as suitable asset ownership and management opportunities.

Our strategic efforts in FY2022 have yielded positive results, which are reflected in the various business and operational highlights achieved by our business divisions throughout the year under review.

HIGHLIGHTS AND ACHIEVEMENTS

With the transition to the endemic phase and gradual relaxation of restrictions, our focus was to expedite construction activities on our backlog of projects, and to actively tender for projects in Malaysia and abroad.

All efforts were made to ramp up the pace of works at all operational sites, while continuing to uphold high quality standards. As we expedited works, we continued to ensure that there was no compromise on occupational safety and health measures at all sites. We also focused on ensuring that the quickened pace of works would not have additional impact on community stakeholders located adjacent to, and / or within close proximity to our sites.

During the year, we achieved a new operational milestone with the completion of six building projects. This noteworthy achievement attests to our capabilities and track record as one of Malaysia's, and the region's leading construction companies. The completed projects were located nationwide across Peninsular Malaysia as shown on the right.

We achieved a **New Operational Milestone** with the completion of **six** building projects

CHAIRMAN'S STATEMENT

Peninsular Malaysia

Central Region

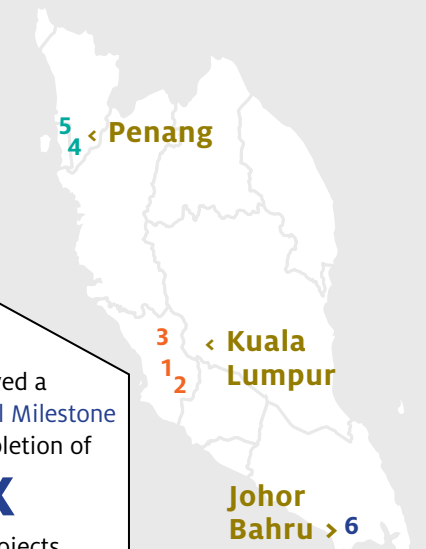
- 1 TNB HQ Campus Phase 2, Kuala Lumpur
- 2 Sunway Serene, Petaling Jaya
- 3 Sunway International School, Sunway City Kuala Lumpur

Northern Region

- 4 Sunway Medical Centre, Seberang Jaya, Penang
- 5 Sunway Carnival Mall Extension, Seberang Jaya, Penang

Southern Region

- 6 Sunway Big Box Office, Sunway City Iskandar Puteri



CHAIRMAN'S STATEMENT

The Civil and Infrastructure division substantially completed Package GS07&08 for the Light Rail Transit 3 (LRT3) project from Bandar Utama to Johan Setia, and is currently undertaking the balance of works for Package GS06 which entails construction of a 3.9 km viaduct and related station works.

Our Mechanical, Engineering and Plumbing division (MEP) successfully completed works for the MRT Line 2 Underground Stations at Chan Sow Lin and Sentul West. The division also completed the Air Conditioning and Mechanical Ventilation system at the IOI City Mall Phase 2 project, which includes a Thermal Energy Storage (TES) tank.

Our Geotechnical division experienced slower growth during the year as it was affected by the slowdown in the construction market. However, completion of the substructure works at South Quay Square, Sunway City Kuala Lumpur was successfully achieved as per schedule.

The Sustainable Energy division commenced construction of the RM40 million District Cooling System (DCS) at the mixed development in South Quay Square, in collaboration with ENGIE Southeast Asia. The project is on track for completion in FY2024 and marks SunCon's maiden foray in jointly operating a DCS system. SunCon, in the past, completed three DCS projects in Putrajaya.

The DCS will provide an energy efficient cooling solution to reduce carbon footprint and it bolsters SunCon's credentials as a sustainable energy and infrastructure solutions provider in Malaysia and the region.

On a related note, we commenced construction on both of our Large Scale Solar 4 (LSS4) projects in Kampar, Perak and Klang, Selangor. We look forward to completing both solar photovoltaic installations by December 2023. Another highlight is the completion of the solar photovoltaic panel installation at Universiti Sains Malaysia (USM) campus in Nibong Tebal, Penang. The panels are capable of producing 4,325

kWp of clean energy, sufficient to meet the building's energy requirements. The project achieved its commercial operation date (COD) on 1 January 2023 with a Power Purchase Agreement (PPA) of 20 years.

In December 2022, SunCon's precast division, completed and commissioned the Integrated Construction and Prefabrication Hub (ICPH) in Pulau Ponggol Barat, Singapore. The new plant, with an annual capacity of 73,500 m³ of precast components, is able to cater to a wider range of product mix. This includes large panel slabs and various 3D components. With this added capacity, the division is actively working towards building up its order book.

On the international front, our two on-going highway projects in India, (Meensurutti-Chidambaram Highway and Thorapalli Agraharam – Jittandahalli Highway) which are being implemented using the Hybrid Annuity Model (HAM), are progressing with target completion by end of 2023 and mid of 2024 respectively. We are currently carrying out

the earthworks, pavement works and bridge works for both highways.

Our technological capabilities such as Virtual Design and Construction (VDC) continued to lend us a competitive edge while enabling a wide range of operational efficiencies.

VDC in particular, has further strengthened our 3D, 4D and 5D field implementation capabilities. The technology provides a connected common data environment that facilitates a collaborative working environment between all project stakeholders. This translates into reduced conflicts in design, faster decision-making and more importantly, reduced errors and accelerated project lifecycle which eventually translate into cost optimisation.

Full project details are provided on the Management Discussion and Analysis section of this IAR2022.



TNB HQ Campus Phase 2, Kuala Lumpur

FINANCIAL AND BUSINESS PERFORMANCE

On the back of continued robust operational performance, SunCon has seen improvements in both revenue recognition and earnings. For FY2022, the Group registered higher revenues of RM2,155 million and PBT of RM184 million.

As at 31 December 2022, our order book stands at RM5.31 billion on the back of RM2.58 billion in new orders secured. This surpasses management's internal order book replenishment target of RM2.00 billion. The outstanding order book, as at 31 December 2022 will provide SunCon with revenue and earnings visibility for the next two years.

Among the notable contracts secured are the RM1.7 billion hyperscale data centre project in Sedenak, Johor, and the RM278 million Sunway Flora Residence in Bukit Jalil.

COMMITMENT TO SHAREHOLDERS RETURNS

Supported by robust performance in FY2022 and a healthy balance sheet, the Board has declared dividends of 5.5 sen per share in respect of FY2022.

This is equivalent to a dividend payout of RM70.9 million and translates to a payout ratio equivalent to 53% of net profit for the year. This exceeds the Group's dividend policy to return at least 35% of net profit for the year to shareholders.

DIVIDENDS



DIVIDEND POLICY

	2022	2021	2020	2019	2018
Dividend per share (RM'sen)	5.50	5.25	4.00	7.00	7.00
Dividend payout (RM'000)	70,915	67,691	51,574	90,256	90,457
Profit After Tax and MI (RM'000)	135,181	112,586	72,786	129,324	144,426
Dividend Payout Ratio	53%	60%	71%	70%	63%
Share price opening 1 Jan	1.56	1.88	1.91	1.33	2.51
Dividend Yield	3.5%	2.8%	2.1%	5.3%	2.8%

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

NOTABLE AWARDS & ACCOLADES

In FY2022, SunCon continued to garner a wide range of industry and other awards and accolades – a clear recognition of the Group's financial and operational excellence.

1	2	3	4	5
The Edge Billion Ringgit Club Award 2022	National Annual Corporate Report Award 2022	Australasian Reporting (ARA) Awards 2022	Annual Report Competition (ARC) Awards 2022	Talentbank Graduates' Choice Awards 2023
– Highest Return on Equity Over Three Years (Construction Sector)	– Excellence Awards for Companies with RM2b-10b in market capitalisation - Gold	– Silver Award	– PDF version of Annual Report – Integrated AR & CSR – Asia / Pacific: Traditional Format – Bronze	– Champion in the Construction Sector

CREATING NON-FINANCIAL VALUES

The pursuit of sustainability and non-financial values is necessary and underpins our ability to sustain and grow financial values. Increasingly, an organisation's ability to remain relevant, competitive and resilient against inherent and emerging risks hinges on excellent management of material environmental, social and governance (ESG) matters.

SunCon's approach to ESG is clearly defined by the Sunway Sustainability Framework comprising 14 focus areas and 24 commitments. The framework, focus areas and commitments are consistent with the ultimate goal of the Sunway Group, which is Net Zero Carbon Emissions by 2050.

We have strategised our sustainability efforts in accordance to three macro goals:

- GOAL** 1 Enabling sustainable construction
- 2 Investing in a fair, safe and inclusive workplace
- 3 Ensuring compliance and embracing transparency

Within each goal, specific material matters have been identified and each of these shall continue to receive the Board of Directors' and Senior Management's focus. Among these include governance and ethical business, risk and regulatory compliance, climate action, employee management, safety and health, product quality and responsibility, and responsible supply chain.

I am happy to say that we have continued to progress on our ESG agenda. Notably, SunCon has been upgraded to 'AA' rating in FY2022 by the MSCI Index which benchmarks our ESG practices with both local and international peers. We are honoured to have achieved such a positive rating, where we deem this as a recognition of the effectiveness of our ESG strategies in managing environmental and social impact, and we will continue to strive for excellence in driving our sustainability agenda.

The full details of our efforts and outcomes in pursuing sustainability is provided on in the Sustainability Statement of this IAR2022.

TALENT MANAGEMENT AND DEVELOPMENT

The availability of competent, professional talent remains one of the major issues faced by construction players in the region. A continued lack of qualified, experienced professionals is a serious factor as this dampens industry growth. In addition, the prevailing scarcity of talent has contributed to higher recruitment and retention costs as well as higher talent attrition.

We are cognisant of the talent issues faced and hence, redoubled efforts in FY2022 to focus on talent management initiatives. These are specific strategies to attract, develop and retain a highly skilled workforce. We are committed to providing our talent with opportunities to develop themselves professionally, as well as to drive positive engagement within the organisation.

The full details of our talent management efforts are provided on in the Sustainability Statement of this IAR2022.

Our management approach is being increasingly cascaded to our supply chain towards ensuring that our vendors and subcontractors also embed a talent-focused approach within their business operations and strategies.

OUTLOOK AND PROSPECTS

Looking ahead, the construction sector in Malaysia is expected to maintain its momentum of recovery on the back of new and on-going mega infrastructure projects. These include the revival of rail and infrastructure projects.

Given our proven track record for a wide range of infrastructure projects including rail, buildings, bridges and more, the Group is well poised to bid for projects as they are announced. As at 31 December 2022, SunCon had submitted tenders with a cumulative value of RM23 billion.



We expect to turn a new page by rebuilding our order book with non-conventional, higher value-added tech sector projects, such as data centres, power plants, semiconductor manufacturing facilities and others. We continue to actively seek out opportunities to expand our order book through strategic collaborations with reputable JV partners. This enables us to pool our complementary capabilities and expertise to take on more challenging projects and broaden our offerings to clients, at the same time reducing our risks.

SunCon maintains a healthy order book of RM5.3 billion extending into FY2024 and we are actively working towards replenishing our order book. With a robust balance sheet, the Group has the necessary financial resources and flexibility to capitalise on future opportunities and navigate the challenges ahead.

In terms of regional expansion, we will continue to explore opportunities in ASEAN and India. We believe that our strong track record in delivering total solutions will be a competitive advantage when tendering for more projects abroad. Our recent foray into

Vietnam has seen SunCon enter into an EPC agreement for an approximately USD2.4 billion power plant project.

While we remain open to suitable conventional energy projects, our focus remains on the sustainable / renewable energy segment, which continues to offer ample growth opportunities.

Under the Corporate Green Power Programme (CGPP), a quota of 800 MW for clean energy has been made available (based on the Virtual Power Purchase Agreement mechanism).

This is a welcome move as it provides opportunities for business entities – both local and multi-national, to participate in the promotion and use of renewable energy in their business operations.

Leveraging our Build-Own-Operate-Transfer (BOOT) capabilities, the Group intends to also pursue opportunities for asset ownership and management. This approach was leveraged for the DCS project in South Quay Square, Sunway City Kuala Lumpur where the JV entity will continue to manage and operate the asset over the 25-year concession period.

Strengthening our competitive edge and to Sustain Value Creation for stakeholders

Our combined strategy of geographic market expansion, penetration and expansion into new and existing segments, including high-growth sectors and a focus on developing a diverse asset portfolio shall hold us in good stead going forward.

Our strategies are aimed at accelerating business growth, strengthening our competitive edge and to sustain value creation for stakeholders.

In addition, our approach will also address inherent industry risks such as cyclical risks while reducing dependence on a single operating market and further developing our internal capabilities to remain relevant and resilient amidst a rapidly evolving market environment.

On the whole, FY2022 was a challenging year, but one where SunCon has successfully sustained value creation for stakeholders. We continue to build a distinctive path towards future growth, while strengthening our fundamentals towards maintaining competitiveness and relevance amidst a dynamic market environment.

APPRECIATION AND ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I wish to take this opportunity to express our thanks to the many stakeholders who contributed in our journey of progress in FY2022.

The Board wishes to express its gratitude to our employees for their contributions throughout the course of FY2022. Similarly, I wish to convey my appreciation to our clients, business partners and investors for being part of our journey of growth in FY2022.

May we journey forth together towards continued success in the year ahead.

DATO' IR GOH CHYE KOON
Chairman

CHAIRMAN'S STATEMENT

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

“ In FY2022, SunCon continued to register an improved financial performance as reflected in growth in both revenue and earnings. The Group’s balance sheet was also strengthened and it maintains a healthy fiscal position going forward.

STATEMENT OF FINANCIAL PERFORMANCE

CONDENSED FINANCIAL STATEMENT

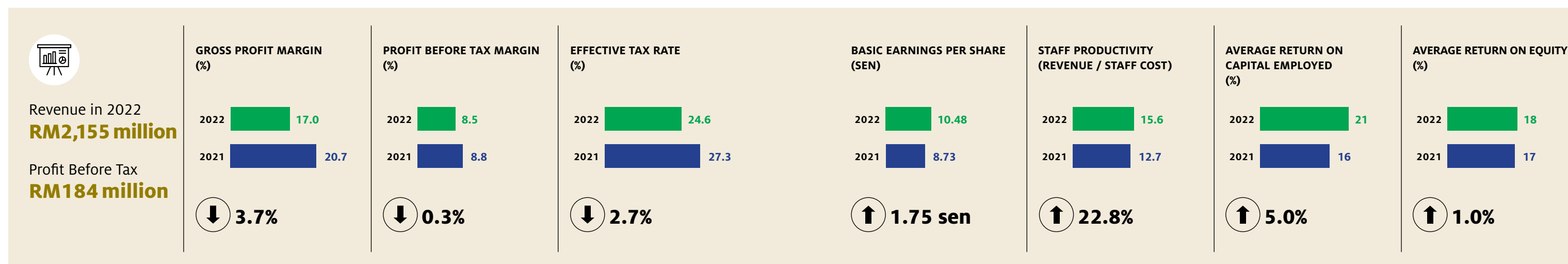
	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
Revenue	2,155,231	1,729,155	1,552,652	1,768,727	2,256,835
Profit Before Tax	184,057	152,245	101,504	157,925	182,731
Income Tax Expense	(45,318)	(41,495)	(27,777)	(27,066)	(37,966)
Profit Net of Tax	138,739	110,750	73,727	130,859	144,765
Profit Attributable to:					
- Non-Controlling Interest	3,558	(1,836)	941	1,535	339
- Owners of the Parent	135,181	112,586	72,786	129,324	144,426
FINANCIAL RATIOS					
Gross Profit Margin (%)	17.0%	20.7%	17.4%	21.4%	19.7%
Profit Before Tax Margin (%)	8.5%	8.8%	6.5%	8.9%	8.1%
Effective Tax Rate (%)	24.6%	27.3%	27.4%	17.1%	20.8%
Basic Earnings Per Share (sen)	10.48	8.73	5.64	10.02	11.18
Staff Productivity (Revenue / staff cost)	15.6	12.7	13.1	11.3	12.7
Average Return on Capital Employed (%)	21%	16%	12%	23%	32%
Average Return on Equity (%)	18%	17%	12%	21%	26%

SEGMENTAL REVENUE

	2022 RM'000	%	2021 RM'000	%	2020 RM'000	%	2019 RM'000	%	2018 RM'000	%
Building Construction	1,349,610	68%	1,060,586	66%	901,424	62%	1,033,113	64%	1,377,444	65%
Civil and Infrastructure	532,438	27%	400,536	25%	416,961	29%	460,830	28%	570,042	27%
Foundation and Geotechnical Engineering	102,532	5%	58,138	4%	143,620	10%	237,954	15%	252,752	12%
Mechanical, Electrical and Plumbing	425,083	22%	437,450	27%	367,995	25%	330,176	20%	510,555	24%
Sustainable Energy	9,692	0%	22,946	1%	9,050	1%	-	-	-	-
Others	4,778	0%	5,024	0%	1,871	0%	2,151	0%	6,669	0%
Consolidated Adjustment	(450,485)	-22%	(378,432)	-23%	(385,695)	-27%	(445,310)	-27%	(594,300)	-28%
Total Construction	1,973,648	100%	1,606,248	100%	1,455,226	100%	1,618,914	100%	2,123,162	100%
Total Precast	181,583		122,907		97,426		149,813		133,673	
Total Turnover	2,155,231		1,729,155		1,552,652		1,768,727		2,256,835	

SEGMENTAL PROFIT

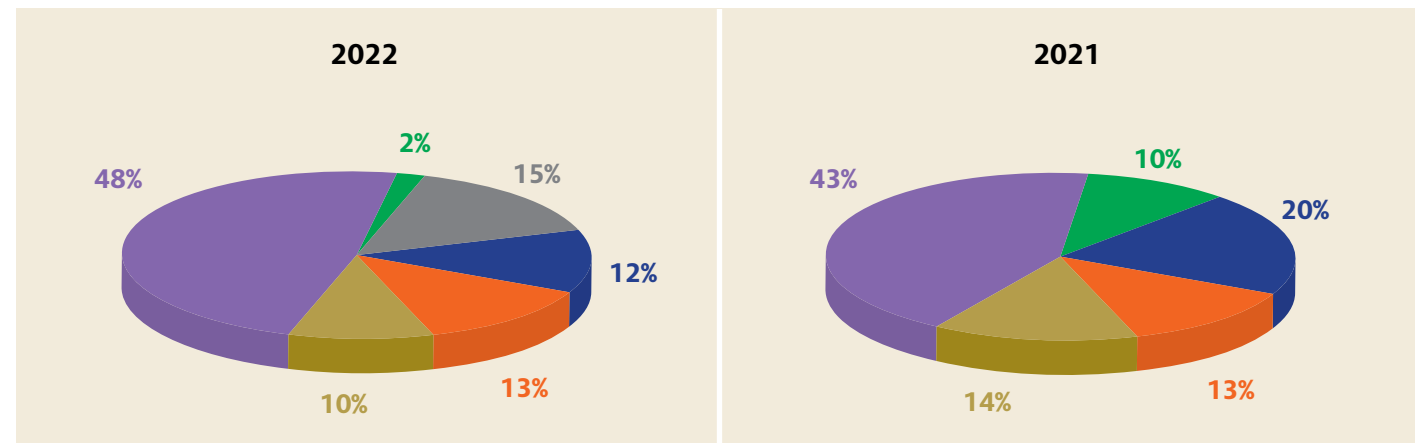
	2022	2021	2020	2019	2018					
GROSS PROFIT MARGIN										
Construction	17.4%	21.5%	18.0%	22.4%	20.6%					
Precast	12.8%	9.4%	9.9%	9.9%	4.8%					
Total	17.0%	20.7%	17.4%	21.4%	19.7%					
PROFIT BEFORE TAX	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Construction	173,341	8.8%	148,784	9.3%	98,775	6.8%	155,172	9.6%	181,764	8.6%
Precast	10,716	5.9%	3,461	2.8%	2,729	2.8%	2,753	1.8%	967	0.7%
Total	184,057	8.5%	152,245	8.8%	101,504	6.5%	157,925	8.9%	182,731	8.1%



MANAGEMENT DISCUSSION AND ANALYSIS

MAJOR CUSTOMERS

	2022 RM'000	2021 RM'000
Tenaga Nasional Berhad	265,308	210,453
Setia Utama LRT3 Sdn Bhd	233,603	329,000
National Highway Authority of India	289,190	-
Petronas Management Training Sdn Bhd	45,181	152,871
In-House	938,252	695,940
Others	202,114	217,984
Total Construction Turnover	1,973,648	1,606,248



Revenue

	2022 RM'000	2021 RM'000
Construction	1,973,648	1,606,248
Precast	181,583	122,907
Total	2,155,231	1,729,155

CONSTRUCTION SEGMENT

Revenue improved in this current financial year due to contribution from projects in India as well as resumption of economic activities in full as compared to the preceding financial year where productivity was affected by various pandemic-related movement control orders across various states.

Changes:
↑ 22.9%

PRECAST SEGMENT

Revenue recorded for the current year improved compared to the previous year as FY2021 was affected more severely by both the MCO in Malaysia and the Circuit Breaker in Singapore. Further to that, there was also a brief period of total closure in both our precast plants in Johor during the third quarter of the preceding financial year.

Changes:
↑ 47.7%

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit Margin

	2022	2021
Construction	17.4%	21.5%
Precast	12.8%	9.4%

CONSTRUCTION SEGMENT

Gross profit margin for the previous year ended was much higher due to finalisation of accounts and re-calibration of margin for projects which were approaching the completion stage as certainty of margins were more visible.

↓ 4.1%

PRECAST SEGMENT

Gross profit margin for the current year ended increased in tandem with the increase in revenue. Further to that, there was also reversal of provision on raw materials for completed projects.

↑ 3.4%

Profit Before Tax

	2022 RM'000	%	2021 RM'000	%
Construction	173,341	8.8%	148,784	9.3%
Precast	10,716	5.9%	3,461	2.8%
Total	184,057	8.5%	152,245	8.8%

CONSTRUCTION SEGMENT

The higher profit before tax in this current year ended was in tandem with the increase in revenue even though there was an increase in administrative expenses compared to previous financial year due to normalisation of expenses.

↑ 16.5%

PRECAST SEGMENT

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

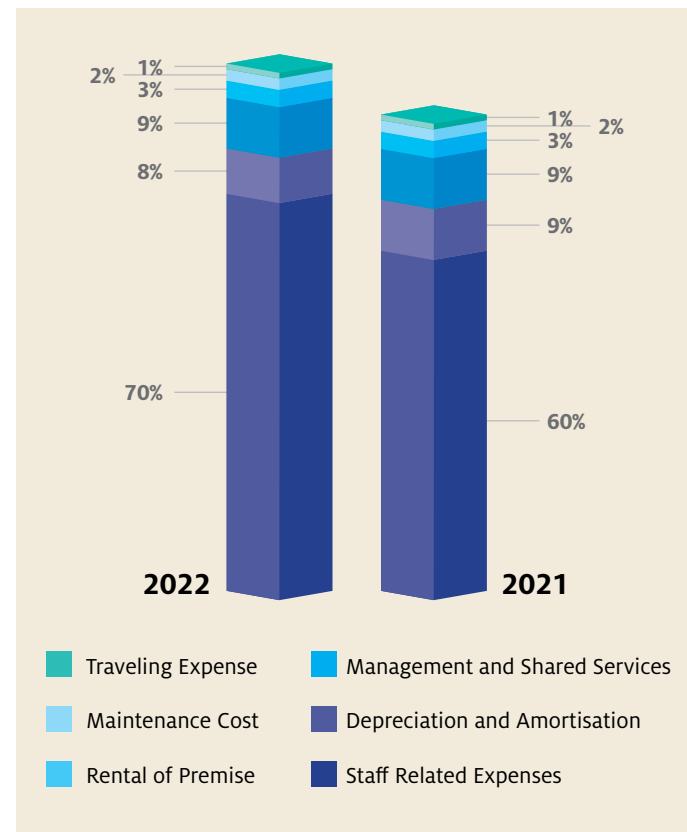
↑ >100%

Other Income

Other income FY2022 was at RM23.0 million (2021: RM21.3 million). The slight increase in other income was due to the reversal of provision made for certain legal cases on prudence ground. We also continued to receive COVID-19 assistance from the Singapore Government in FY2022. Apart from that, there were also gains recorded on disposal of assets and scrap.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative Expenses



Administrative Expenses decreased by 14.6% from RM218.6 million in FY2021 to RM186.6 million in FY2022 mainly due to:

- a) Group staff strength continued to consolidate in FY2022 with a 10% reduction in the number of staff (excluding direct workers) in line with the Group's continuous effort to improve staff productivity.
- b) Reduction in depreciation cost by 21% as some of our assets were already fully depreciated.
- c) Reduction in professional cost more than doubled as there was upfront bank charges incurred for India HAM projects financial close in FY2021.
- d) Provision for certain legal cases on prudence ground in FY2021.

Net Impairment Losses on Financial Assets and Other Expenses

The total net impairment losses on financial assets and other expenses amounted to RM15.6 million (2021: RM20.9 million). These expenses were mainly the allowance for MFRS 9.

Finance Income and Finance Cost

Malaysia: Finance income for FY2022 was at RM11.3 million (2021: RM4.1 million). Malaysia's Overnight Policy Rate (OPR) during FY2022 increased by 1% from 1.75% to 2.75%. As a result, FY2021's effective interest rate was lower than that of FY2022. Finance income is mainly tax exempt as it is placed with money market instruments with special tax exemption. Despite the higher weighted average OPR rate in FY2022, the Malaysia operations managed to maintain its interest expense at RM2.6 million (2021: RM2.8 million) due to effective financial instruments management.

Singapore: In FY2022, Singapore's overnight rate increased from 0.2% to 2.53%. As a result of this rate hike, the interest expense has increased to RM4.3 million (2021: RM1.2 million).

India: India's rate is at an average of 8.74% where the interest expense is at RM10.6 million.

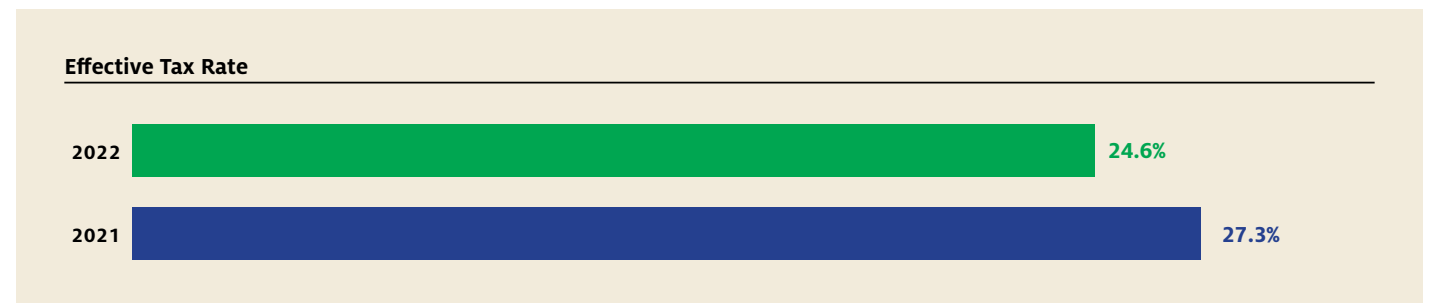
Further details on SunCon's Capital Management on is presented as part of the Management Discussion and Analysis section.

2022	
Finance Income	
Cash and bank	2,556
Structured entities	8,867
Others	2,451
Finance Cost	
MYR	(2,634)
SGD	(4,337)
India	(10,625)
MFRS 16	(429)
2021	
Finance Income	
Cash and bank	3,170
Structured entities	489
Others	494
Finance Cost	
MYR	(2,797)
SGD	(1,242)
India	-
MFRS 16	(544)

MANAGEMENT DISCUSSION AND ANALYSIS

2022	2021
Finance Income Rate 1.85% to 2.63%	Finance Income Rate 1.62% to 2.55%
Finance Cost Rate - Malaysia 2.44% to 2.67%	Finance Cost Rate - Malaysia 2.18% to 2.33%
Finance Cost Rate - Singapore 2.32% to 5.03%	Finance Cost Rate - Singapore 0.70% to 0.95%
Finance Cost Rate - India 8.74%	

Taxation



The effective tax rate for FY2022 is slightly higher than the Malaysia statutory tax rate of 24% due to a slight under provision of tax in the prior year. In FY2021, the higher effective tax rate of 27.3% was mainly due to non deductibility of expenses from a general provision made on a legal case.

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 is handled by Sunway FSSC Sdn Bhd where there is a dedicated tax team to ensure tax installment payments and tax submission to the 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 overseas ventures, we also have external tax agents assisting us including local JV partners who are more familiar with complex foreign tax laws (eg, India).

For the 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 occurrence of over / under estimation of tax payable.

MANAGEMENT DISCUSSION AND ANALYSIS

STATEMENT OF FINANCIAL POSITION

KEY BALANCE SHEET

	Note	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
Property, Plant and Equipment	1	107,521	124,668	107,321	138,507	176,468
Investments in Joint Arrangements	2	223,131	126,601	44,805	44,261	44,739
Other Non Current Assets	3	268,034	598,150	451,637	12,411	9,673
Total Non Current Assets		598,686	849,419	603,763	195,179	230,880
Trade Receivables	4	677,726	600,607	866,397	817,936	884,359
Cash and Bank and Placement	*	491,628	98,845	200,071	614,605	493,615
Intercompany		175,459	189,243	143,395	123,190	83,516
Tax Recoverable	5	18,897	19,710	19,720	21,721	22,100
Other Current Assets (inventory + other debtors + financial assets)	6	273,652	106,391	72,717	229,700	216,361
Total Current Assets		1,637,362	1,014,796	1,302,300	1,807,152	1,699,951
Total Assets		2,236,048	1,864,215	1,906,063	2,002,331	1,930,831
Trade Payables	7	716,220	766,656	836,187	674,640	656,182
Borrowings and Lease Liabilities	*	178,159	97,708	235,620	235,907	117,267
Intercompany		24,812	25,393	13,347	14,408	62,460
Other Current Liabilities		184,138	102,254	108,840	195,252	226,840
Total Current Liabilities		1,103,329	992,011	1,193,994	1,120,207	1,062,749
Borrowings and Lease Liabilities	*	311,925	152,547	72,729	61,553	10,739
Intercompany		-	-	-	95,833	96,314
Other Non Current Liabilities		-	2,886	730	2,273	6,536
Total Non Current Liabilities		311,925	155,433	73,459	159,659	113,589
Total Liabilities		1,415,254	1,147,444	1,267,453	1,279,866	1,176,338
Total Equity		820,794	716,771	638,610	722,465	754,493
Total Liabilities and Equity		2,236,048	1,864,215	1,906,063	2,002,331	1,930,831

* Please refer to Capital Management on

FINANCIAL RATIOS

	Note	2022	2021	2020	2019	2018
Precast Segment						
Trade Receivables Turnover (Days)	4	172	148	185	190	127
Trade Payables Turnover (Days)	7	74	118	77	88	76
Inventory Turnover (Days)	6	104	139	143	65	85
Construction Segment						
Trade Receivables Turnover (Days)	4	98*	99	162	132	103
Trade Payables Turnover (Days)	7	61	102	125	91	84
Net working capital days		37	5	34	64	42

* 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	2022	2021
Freehold Land	8,538	8,538
Buildings	9,872	10,929
Plant and Machinery	59,618	58,889
Motor Vehicles	1,859	4,001
Office Equipment	2,356	1,831
Capital Work in Progress	16,336	28,545
Right of Use Assets	8,942	11,935
Total	107,521	124,668

There is an additional acquisition of RM27.0 million (2021: RM34.8 million) and total disposal of NBV of RM24.5 million (2021: RM0.9 million) in this financial year. Most of the acquisition spent was for plant and machineries to be utilised for production in the ICPH plant. These plant and machinery will subsequently be disposed to the JV consortium once it is completely installed for use.

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

The net book value of RM9.9 million under the Buildings category consists of our casting yards and site offices for both our Iskandar and Senai precast plant. Both the precast plants are located in Johor, Malaysia.

In terms of Motor Vehicles, SunCon owns a fleet of four-wheeled drives and motorcycles that are 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 RM2.4 million is mainly IT equipment in the likes of hardware and specialised software.

Note 2 : INVESTMENT IN JOINT ARRANGEMENTS

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

Note 3 : OTHER NON CURRENT ASSETS

The other non current assets in the current financial year mainly comprises the 60% of the construction work done for our two Hybrid Annuity Model (HAM) projects in India which will only be paid after the completion of construction over an annuity payment of 15 years. As for

FY2021, the other non current assets are mainly due to our investment in Maybank Shariah Institutional Fund and Kenanga Money Extra Fund 2.

Note 4 : TRADE RECEIVABLES

Trade receivables turnover for the construction segment is relatively the same for both FY2022 and FY2021 after the recovery from the COVID-19 pandemic impact in the fourth quarter of FY2021.

Trade receivable turnover for precast segment is generally higher due to the longer duration required for settlement as the process for final account tends to drag pending resolutions of issues at the main contractor level.

Note 5 : TAX RECOVERABLE

Total tax recoverable amounted to RM18.9 million (2021: RM19.7 million). Amount recoverable from India's tax authorities amounted to RM10.6 million (2021: RM11.0 million) are mostly under legal proceeding. SunCon continues to pursue its recoverability of taxes from the tax authorities in India. The legal proceedings were largely delayed and postponed due to the COVID-19 pandemic.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Note 6 : INVENTORY

Precast Segment's inventory turnover mainly comprised of finished goods (2022: 81%; 2021: 67%). The level of finished goods is very dependent on the ability of our client to take delivery of our precast component as per schedule. For the current financial year, we saw improvement in the holding days for inventory from 139 days to 104 days mainly due to recovery of construction progress in Singapore after the relaxation in border restriction and easing of entry of migrant workers.

Note 7 : TRADE PAYABLES

Precast Division: Despite longer receivables turnover period, precast pays its creditor obligation timely (2022: 74 days; 2021: 118 days) in order to receive rebates for prompt payment. Further to that, higher payable days in the previous financial year was mainly due to higher steel bar purchase in the last month of the year to take advantage of the lower steel bar prices.

Construction Division: Payment terms to our creditors improved in line with better trade debtors collection (2022: 61 days; 2021: 102 days).

STATEMENT OF CASH FLOWS

CONDENSED CASH FLOW STATEMENT

	Financial Year Ended				
	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
Dividend from Joint Venture	-	211	110	790	731
Other operating cash flows	(215,024)	238,499	87,692	193,333	196,062
Total Operating Cash Flows	(215,024)	238,710	87,802	194,123	196,793
Acquisition of Property, Plant and Equipment	(27,114)	(34,819)	(3,393)	(8,312)	(56,169)
Disposal of Property, Plant and Equipment	25,208	3,290	1,537	3,564	1,393
Disposal / (Acquisition) of Investment	472,027	(147,550)	(359,017)	3,216	(73,219)
Net cashflow from equity contribution of non-controlling interest	20,050	18,043	10,633	(66,052)	162,817
Net cashflow from loss of control of structured equity	-	-	(5,890)	-	-
(Placement in) / Withdrawal of funds	-	-	-	(24,490)	24,125
(Placement) / Withdrawal of deposits pledged to licensed banks	(45,695)	43,986	181,753	(263,784)	-
Other investing cash flows	(20,706)	(56,961)	1,200	-	237
Total Investing Cash Flows	423,770	(174,011)	(173,177)	(355,858)	59,184
Dividend	(90,255)	(51,574)	(61,245)	(90,357)	(96,918)
(Repayment to) / Advanced received from related Company	-	-	(95,833)	(46,618)	24,413
Other financing cash flows	232,945	(70,804)	9,783	156,459	(29,574)
Total Financing Cash Flows	142,690	(122,378)	(147,295)	19,484	(102,079)

Operating Cash Flows

Operating cashflow was at negative in the current financial year mainly due to the 2 HAM (Hybrid Annuity Model) projects in India, whereby 60% of the receivables will only be paid post project completion over 15 years on an annuity basis.

MANAGEMENT DISCUSSION AND ANALYSIS

Investing Cash Flows

This financial year saw an increase in disposal of investment mainly due to the accounting treatment change for Maybank Shariah Institutional Income Fund from associate to subsidiary after an increase in the placement that had exceeded 50% of the total fund size.

Capital expenditure was higher in this financial year due to the plant and machinery spent for our ICPH plant. Some of the plant and machinery spent for ICPH plant was subsequently disposed of to the JV Consortium which thus lead to higher disposal of property, plant and equipment in current financial year.

Financing Cash Flows

The positive financing activities for this financial year was mainly from the drawdown of Singapore loan to finance the balance ICPH construction and plant and machineries, as well as drawdown of India loan to finance the 60% construction which will only be paid post project completion over 15 years on an annuity basis.

CAPITAL MANAGEMENT

	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
Term Loans - Long term	308,541	145,390	67,203	52,656	-
Term Loans - Short term	82,352	-	76,367	76,270	-
Loan Bills Discounting	77,827	65,524	107,345	157,124	107,544
Revolving Credits	12,000	27,000	50,000	-	6,087
Total Borrowings	480,720	237,914	300,915	286,050	113,631
Total Finance Cost (financial institute only)	13,608	4,039	5,750	7,729	4,177
Total Finance Income (financial institute only)	2,556	3,170	5,944	12,363	15,170
Net Finance Income	(11,052)	(869)	194	4,634	10,993
FINANCIAL RATIOS					
Net Gearing Ratio (Times)	Net Cash	0.19	0.16	← Net Cash →	
Interest Coverage Ratio	14	35	16	18	42

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

The Group's objective is to optimise internal funds and to minimise external borrowings and to also source for the most reasonable rate for both placements and borrowings. SunCon's manages its funds by planning payment ahead of time to ensure that we keep a minimum

bank balance at all times. This enables the placement of excess funds in quest to obtain a higher return. With this, the Group is able to arbitrage between placement and borrowing rates differential.

Payment and collection are mostly transacted in Ringgit Malaysia, Singapore Dollars for our precast business in Singapore and Indian Rupees for India projects. SunCon undertakes constant monitoring on its foreign currency exposure and ensures that it is hedged accordingly when opportunity arises.

MANAGEMENT DISCUSSION AND ANALYSIS

Debt Management

SunCon has borrowings of RM77.8 million (2021: RM65.5 million) from Loan Bill Discounting where monthly project progress certificates are used as an instrument for lending with maturity tenures ranging from 30 to 120 days. These short term borrowings are mainly used to manage the receivables turnaround period. It is also used to support the initial capital requirement of new projects, capital expenditure requirements, bulk purchase of materials for better economies of scale and optimisation of interest rates differential.

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

Due to accounting treatment of the placement in Maybank Shariah Institutional Income Fund to investment in subsidiaries and Kenanga Money Extra Fund 2 to other investments, SunCon registered a net cash position in this financial year as opposed to the previous financial year's net gearing position of 0.19 times when both wholesale funds were recognised as investment in associate.

Invoice Factoring

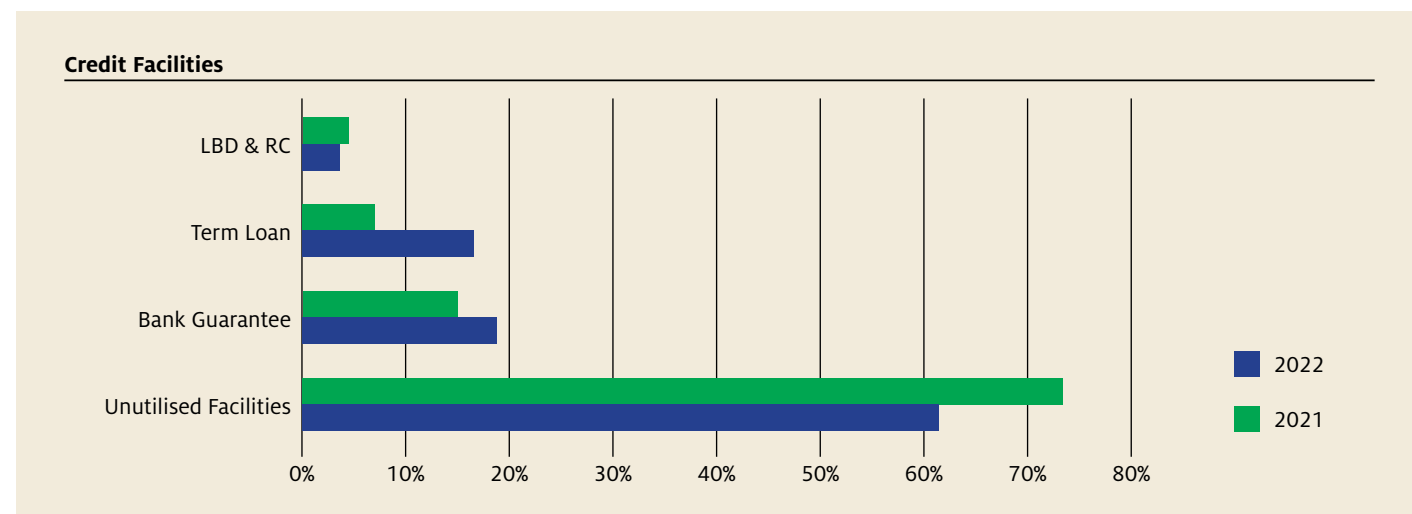
In any construction job, cash turnaround is of great importance. As such, SunCon strives to ensure that payments to subcontractors and suppliers are on a timely basis so that they have sufficient cash flow. Any disruption to our subcontractors and suppliers will have a chain effect on the progress at 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 Leasing so that they are able to obtain their required funds within 3 business days with competitive rates. As at December 2022, a total RM111 million (2021: RM52 million) was financed through Sunway Credit Factoring.

Shariah Compliant Funds

SunCon has cash under conventional accounts and investments of RM535.2 million (2021: RM98.8 million), the ratio of cash under conventional accounts and instruments over total assets was at 24% (2021: 5%) hence satisfying the regulatory compliance 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 2022 amounted to RM2,236.0 million (2021: RM1,864.2 million).

Credit Facilities

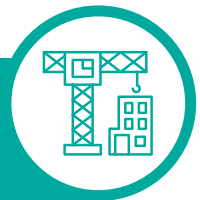
It is important to ensure that SunCon has sufficient credit facilities on hand to seize any job opportunity in the market. SunCon's credit facilities vary for the issuance of bank guarantees such as performance bond, advanced payment bonds, tender bonds, security bonds, loan bill discounting and revolving credit. In 2022, SunCon utilised 37% (2021: 27%) of its credit facilities.



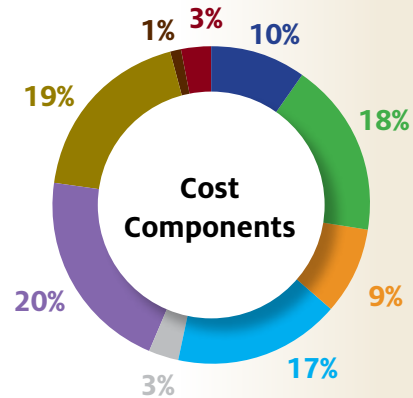
MANAGEMENT DISCUSSION AND ANALYSIS

VALUE CREATION

Financial Year Ended	2022 RM'000	2021 RM'000		
VALUE ADDED				
Revenue	2,155,231	1,729,155		
Purchases of goods and services	(1,781,987)	(1,416,826)		
	373,244	312,329		
Share of profits of associates	3,699	8,621		
Share of profits of joint ventures	(1,999)	4,639		
Adjustment arising from MFRS 9	(11,878)	(15,456)		
Financing Cost	(18,025)	(4,583)		
Other Income and Expenses	19,267	15,855		
TOTAL VALUE ADDED	364,308	321,405		
RECONCILIATION:				
Profit for the year	135,181	112,586		
Add: Depreciation and amortisation	23,760	27,417		
Finance cost	18,025	4,583		
Staff costs	138,466	137,160		
Taxation	45,318	41,495		
Minority Interests	3,558	(1,836)		
TOTAL VALUE ADDED	364,308	321,405		
Value Distributed				
Employees				
Salaries and other staff costs	138,466	137,160	38%	43%
Government				
Corporate Taxation	45,318	41,495	12%	13%
Providers of Capital				
Dividends	90,255	51,574	25%	16%
Finance costs	18,025	4,583	5%	1%
Minority Interest	3,558	(1,836)	1%	-1%
Reinvestment and growth				
Depreciation and amortisation	23,760	27,417	7%	9%
Income retained by the Group	44,926	61,012	12%	19%
TOTAL DISTRIBUTED	364,308	321,405	100%	100%



BUILDING CONSTRUCTION SERVICES



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

6 projects completed in 2022
Total contract value
RM1.76 billion



TNB HQ Campus Phase 2, Kuala Lumpur

Despite the various business and operating challenges faced in FY2022¹, the Building Division continued to register robust business and operational performance. Among these were the division's new milestone of successfully completing six major building projects during the financial year.

The completed buildings are located nationwide – three in the central region, two in the northern region and one in the southern region.

COMPLETED BUILDING PROJECTS IN 2022

Central Region	Northern Region	Southern Region
<ol style="list-style-type: none"> TNB HQ Campus Phase 2, Kuala Lumpur Sunway Serene, Petaling Jaya Sunway International School, Sunway City Kuala Lumpur 	<ol style="list-style-type: none"> Sunway Medical Centre, Seberang Jaya, Penang Sunway Carnival Mall Extension, Seberang Jaya, Penang 	<ol style="list-style-type: none"> Sunway Big Box Office, Sunway City Iskandar Puteri

¹ Please refer to the External Trends and Developments section on for more information.

MANAGEMENT DISCUSSION AND ANALYSIS

The successful completion of all six building projects firmly attests to the division's expertise and capabilities as one of the nation's leading construction players.

Replenishing its order book was the RM278 million Bukit Jalil Residence project by Sunway Flora Sdn Bhd. The project comprises two residential towers – 45 and 46 storeys respectively with a total of 748 units and gross floor area of 176,912 m².

In addition to the above, the Group is currently undertaking a wide range of building construction projects at different stages of construction. These comprise projects secured from external clients as well as within the Sunway Group. They include construction of several medical centres, high-rise residential projects as well as mixed development projects with a total cumulative value of RM3.56 billion.

The continued use of Virtual Design and Construction (VDC) has enhanced the division's capabilities. The technology enables significantly less design conflicts, increased collaboration and greater efficiency and improved project management. Cumulatively, the end result is improved build quality and shorter construction periods.

OUTLOOK AND PROSPECTS

Despite the challenges expected from a highly competitive and turbulent operating environment, prospects for the division remain positive.

The Building division aims to expand its portfolio – taking on more complex and technically demanding projects. This would enable SunCon to pursue more commercially lucrative projects, where there is comparatively less competition vis-à-vis conventional building projects.

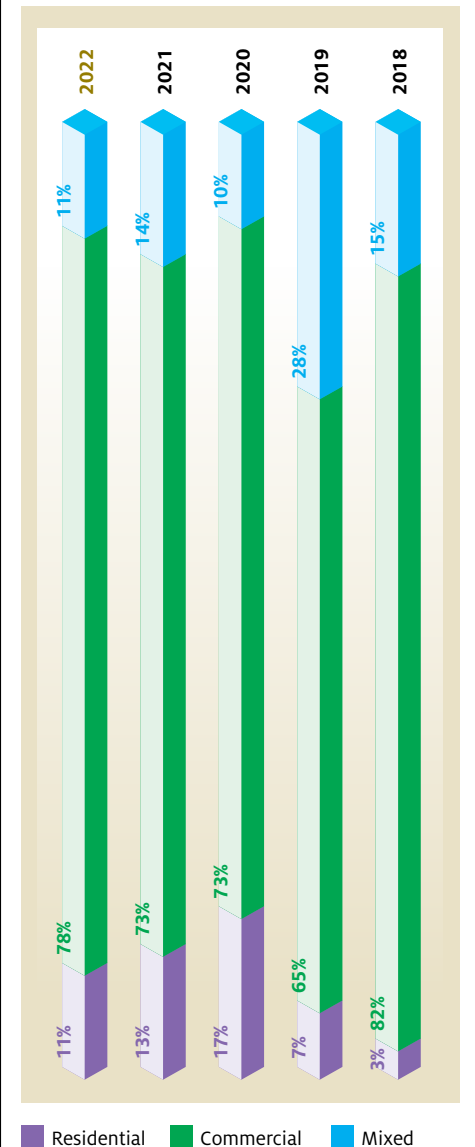
The division will continue to leverage on its strengths; including its BIM and VDC capabilities. Both will be pivotal in providing more effective analysis and control over the traditional construction process and ultimately, strengthening 3D, 4D and 5D implementation towards improving project productivity and efficiency.

The division will also look to tap collaborations with existing and new joint venture partners to explore new segments such as the construction of special purpose facilities i.e. semiconductor, data centres, logistics warehousing facilities.



Sunway Carnival Mall Extension, Seberang Jaya, Penang

Revenue Mix



WORKFORCE

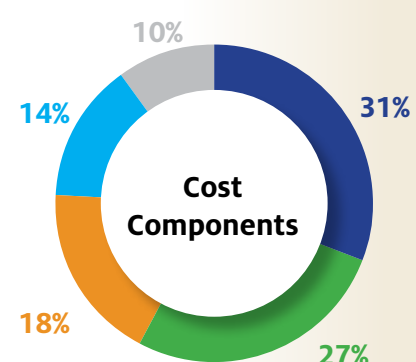
Staff Force	2022	2021	2020
Male	763	460	533
Female	91	100	98
Total	854	560	631

Staff Category (%)	2022	2021	2020
Executive	30	50	43
Non-Executive	70	50	57

MANAGEMENT DISCUSSION AND ANALYSIS



CIVIL AND INFRASTRUCTURE SERVICES



- Viaduct
- Preliminaries
- Station
- MEP Works
- Piling

Highway Projects

Total length constructed **437 km**
Total contract value **RM3.6 billion**

Rail & Mass Transit Projects

Total length constructed **38.1 km**
Total contract value **RM5.1 billion**



LRT3 Package GS07&08

Post COVID-19 pandemic related disruptions, works were expedited on all projects in Malaysia and India.

In Malaysia, these included the RM1.29 billion LRT3 Package GS07&08 project which stretches 9.2 km from Bandar Utama to Johan Setia. Ongoing works during the year primarily focused on completing Station 17. This included structural, architectural and fit out works. Completed portions of works have been handed over to the specialised trackworks and system works contractors.

As at 31 December 2022, 89% of the project has been completed, with the balance portion of works to be completed by the second quarter of FY2023. The remaining work scope includes Package GS06 (RM191 million) as part of the variation order to Package GS07&08. This includes construction of the viaduct and station, with completion targeted by end FY2023.

In India, the extreme weather conditions of heavy rainfall and floods in the second half of the year severely hampered the progress of both our India highway projects. We have continued to adapt our project planning and management approach accordingly in line with the changing weather events. The Meensurutti-Chidambaram highway is targeted for completion by end of FY2023 while the Thorapalli Agraharam-Jittandahalli highway is expected to be completed by the second quarter of FY2024. The two highway projects in India were secured based on a hybrid annuity model (HAM) approach, which provides the project owners a 15 years repayment period for 60% of the contract sum.

OUTLOOK AND PROSPECTS

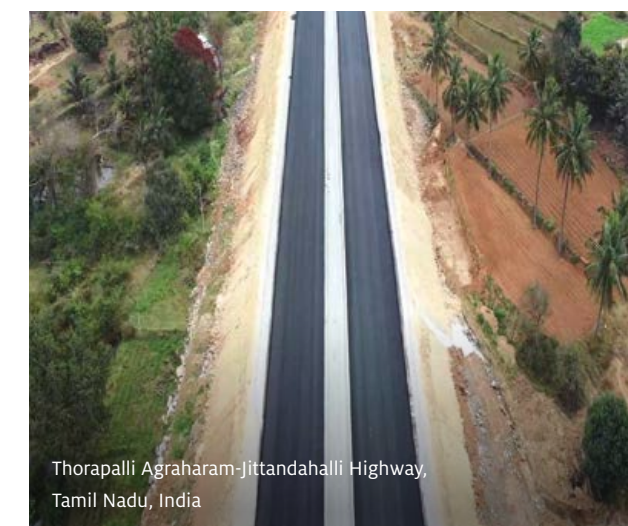
Moving forward, construction activity in Malaysia is expected to witness a gradual recovery in the coming year, in tandem with the recovery in economic activities and the anticipated rollout of new and on-going mega infrastructure projects such as the MRT3. SunCon is poised to ride on the wave of recovery with our full-fledged integrated capabilities ranging from turnkey, design and build, EPCC, to Private Finance Initiative (PFI).

WORKFORCE

Staff Force	2022	2021	2020
Male	131	208	374
Female	18	29	38
Total	149	237	412

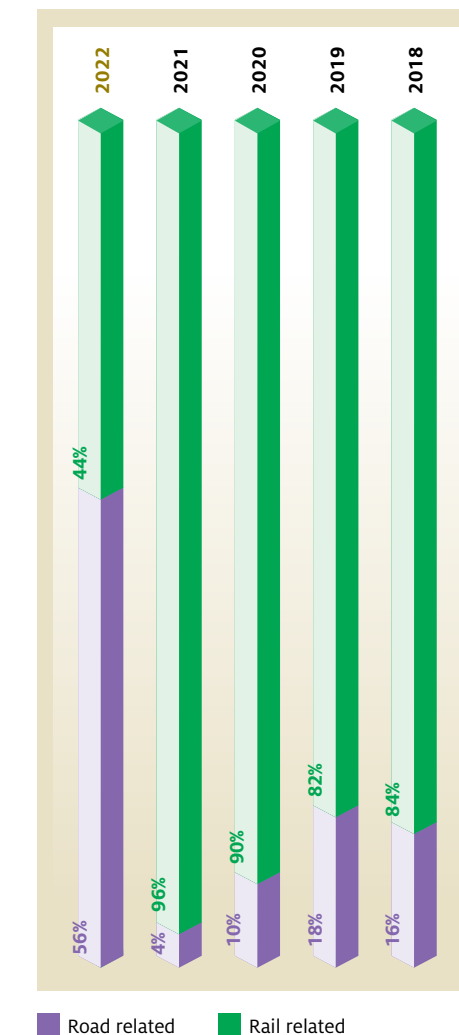
Staff Category (%)	2022	2021	2020
Executive	35	31	28
Non-Executive	65	69	72

MANAGEMENT DISCUSSION AND ANALYSIS



Thorapalli Agraharam-Jittandahalli Highway, Tamil Nadu, India

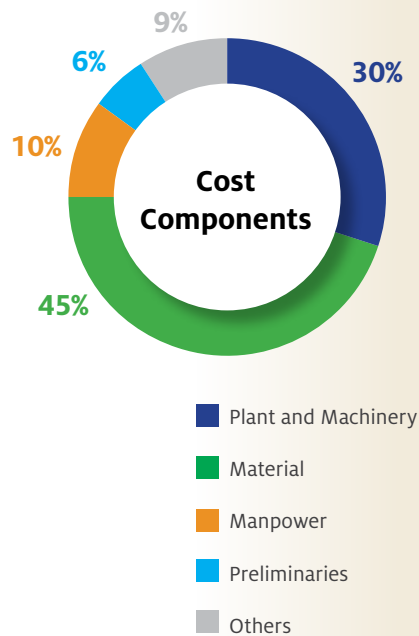
Revenue Mix



MANAGEMENT DISCUSSION AND ANALYSIS



FOUNDATION AND GEOTECHNICAL ENGINEERING SERVICES



4 projects completed in 2022
Total contract value **RM17 million**



Completed foundation works at South Quay Square, Sunway City Kuala Lumpur

Despite facing manpower issues, rising material costs and supply chain disruptions, the division succeeded in clearing its backlog of projects in FY2022. Four projects were completed during the financial year. The completed projects include the bored piling works for Kelantan Bridge 1 and Bridge 7 upgrading project, Butterworth Kulim Expressway (BKE) to Sunway Carnival Mall in Penang, LRT3 Package G506 project, as well as bored piling works for the three-storey TASCO warehouse in Shah Alam, Selangor.

We are currently undertaking the foundation and geotechnical works for the mixed development at South Quay Square, Sunway City Kuala Lumpur, with close to 85% of the works being completed as at end FY2022. We have completed the construction of the RC retaining wall, ground anchors, steel beam struts, foundation piling and rock bolting

during the year and the remaining portion of works is the earthworks and basement RC work for the 5-level basement. The project is on track for completion by the first half of FY2023.

Downtime served as an opportune period to undertake right-sizing activities on piling machinery and tools. The division also pursued recertification of its management systems based on the ISO 9001, ISO 14001 and ISO 45001 standards.

RIG UTILISATION RATE

	2022	2021	2020
No. of Rigs	26	26	26
Rig Utilisation Rate	26%	30%	55%

WORKFORCE

Staff Force	2022	2021	2020
Male	52	69	98
Female	12	15	22
Total	64	84	120

Staff Category (%)	2022	2021	2020
Executive	72	61	56
Non-Executive	28	39	44

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK AND PROSPECTS

The Foundation and Geotechnical Engineering Services division is continuing to actively tender for projects to replenish its order book. It continues to explore opportunities both locally and abroad. The division can count on its full range of piling and foundation services, including micropiles, precast piles, caisson piles and substructure works to provide a competitive advantage. The complete suite of services enables the division and SunCon to offer a one-stop solution for bore piling and related expertise as well as being able to undertake a wide range of substructure jobs.



Foundation works at TASCO project, Shah Alam

Revenue Mix



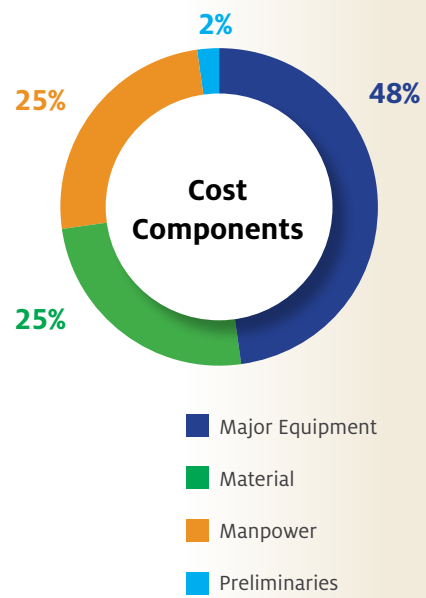
MANAGEMENT DISCUSSION AND ANALYSIS



MECHANICAL, ELECTRICAL AND PLUMBING SERVICES



MEP works at MRT Sentul West Underground Station



8 projects completed in 2022
Total contract value
RM382 million

MANAGEMENT DISCUSSION AND ANALYSIS



Facade lighting installation at TNB HQ Campus Phase 2, Kuala Lumpur

As China's strict COVID-19 lockdowns were still in effect for the most part of FY2022, many of the division's supply chains were significantly affected leading to higher material prices and various logistical issues.

Despite prevailing conditions, the Mechanical, Electrical and Plumbing services (MEP) division successfully delivered 8 projects in FY2022.

Among the projects completed were the installation of Air Conditioning and Mechanical Ventilation (ACMV) systems and the Thermal Energy Storage (TES) tank at IOI City Mall Phase 2. The TES tank enables reduced energy consumption for the 2.5 million sq ft mall and is part of the ongoing drive by SunCon to undertake more green or eco-friendly infrastructure projects.

Other projects successfully completed were the RM54 million MRT Line 2 Chan Sow Lin and RM48 million Sentul West underground stations. The projects have been delivered to the client, Klang Valley Mass Rapid Transit (KVMRT).

Also completed were the MEP works for the Tenaga Nasional Berhad (TNB) Headquarters Campus Phase 2 project located at Bangsar, Kuala Lumpur.

During the year, the Group was awarded the General Contractor Services Contract for a data centre construction project located in Sedenak Tech Park (STeP) in Johor, for RM1.7 billion. Construction works commenced in FY2022 and the project is on track for completion by the third quarter of FY2024.

Apart from that, the division was re-awarded the Oxley Tower project from the new main contractor, BUCG (M) Sdn Bhd. The re-awarding comes with additional work scope with an upward revised contract value of RM68 million. Work has commenced and is slated for completion by FY2024.

OUTLOOK AND PROSPECTS

SunCon's MEP division is strategically placed to capitalise on emerging opportunities. It possesses extensive and growing internal capabilities, which is being augmented through JV collaborations. Beyond technical skills and industry expertise, JVs also enable geographic expansion – supporting the MEP division's aspirations to expand its operating base. In essence, JVs will pave the way for knowledge transfer that enables a swifter and more successful entry into niche market segments, while driving new business opportunities in new markets.

Demand for niche products in new segments i.e. data centres, cleanroom facilities and others continue to increase at an accelerated pace. These niche market segments involve new MEP capabilities and services such as back-up and redundancies capabilities, cleanroom processes and more.

Bolstering MEP sustainability credentials is the fact that the division's equipment is certified "green". Coupled with the division's experience in undertaking District Cooling System (DCS) and Thermal Energy Storage (TES) projects, the division is well positioned to capitalise on emerging opportunities going forward. The Division is also exploring the possibility of developing a DCS in Sunway City Ipoh.

WORKFORCE

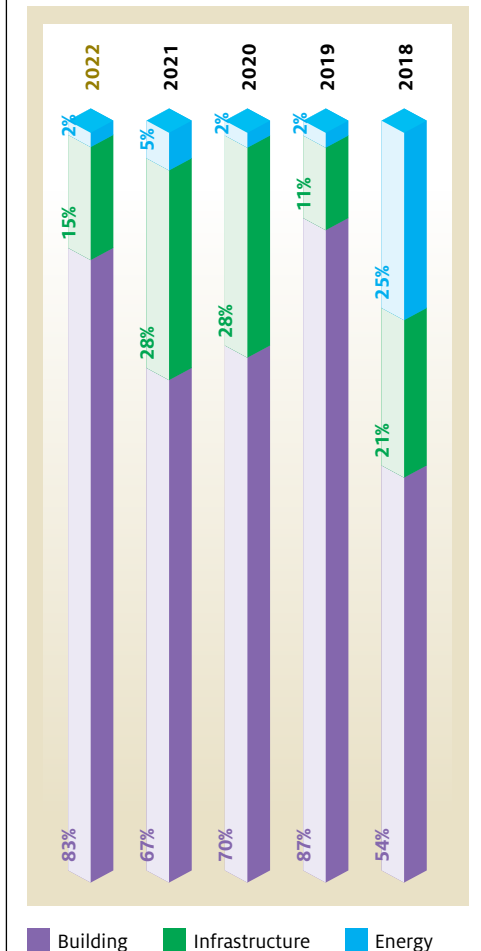
Staff Force	2022	2021	2020
Male	109	115	121
Female	21	24	22
Total	130	139	143

Staff Category (%)	2022	2021	2020
Executive	85	82	81
Non-Executive	15	18	19

The MEP division will also look progressively to adopt prefabrication strategies i.e. Design for Manufacture and Assembly (DfMA) to increase efficiency and reduce cost. It will continue to leverage on BIM technologies for overall MEP coordination, contract awards and to improve project management.

Synergistic opportunities will also be a priority as the division combines its strengths with other divisions within SunCon or within the Sunway Group to secure projects and to develop new solutions and value propositions that offer a distinctive competitive edge.

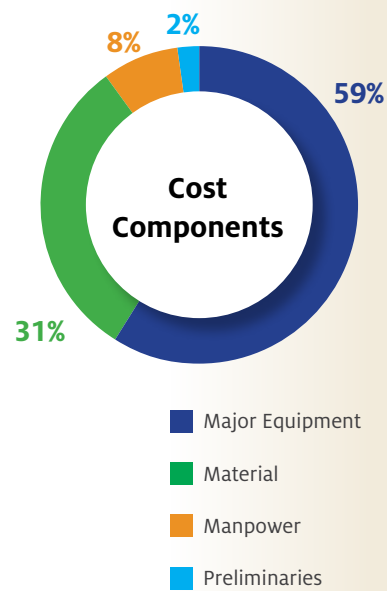
Revenue Mix



MANAGEMENT DISCUSSION AND ANALYSIS



SUSTAINABLE ENERGY SERVICES



• EPCC and Investment
Total Installed Solar Capacity to date

27.8 MWp

• EPCC District Cooling System
Total installed to date

44,250 RT



USM Engineering Campus, Penang

FY2022 remained a challenging year for the Sustainable Energy industry, which continued to grapple with supply chain bottlenecks, manpower shortages, and high solar panel prices. These impacts were the results of various after-effects from the COVID-19 pandemic as well as other global developments. The latter included rising raw material costs, trade and ongoing geopolitical conflicts.

Domestically, there was a delay in the rollout of renewable energy (RE) projects, especially large scale solar (LSS) farms, due to the aforementioned high prices of solar panels. This was an industry wide effect and consequently, the Energy Commission (EC) took decisive action to announce new measures to maintain the viability of LSS4 projects. Among the measures announced were extension of the duration of Power Purchase Agreements (PPA) by 4 years, from 21 years to 25 years.

Engineering, Procurement, Construction and Commissioning (EPCC) works on the LSS4 projects continue to proceed smoothly with

the Schedule Commercial Operation Date for both projects to be achieved by end FY2023. Both projects – the one in Kapar, Selangor and Kampar, Perak entail development of photovoltaic energy generating facilities, capable of producing 50 MWac of clean energy each.

On 20 July 2022, the division commenced construction of the District Cooling System (DCS) at the mixed development in South Quay Square, Sunway City Kuala Lumpur in collaboration with ENGIE South East Asia. The project is on track for completion in FY2024 and is the first DCS project within the Sunway Group's townships. The project will provide an energy efficient cooling solution and is aligned with the Sunway Group's continued focus on reducing carbon footprint and developing more sustainable townships.

During FY2022, the division completed the installation of solar PV panels at Universiti Sains Malaysia (USM) Engineering Campus in Penang, with a PPA duration of 20 years and an energy generating capacity of 4,325 kWp.

Including the USM solar project, the division completed a total of 18 solar projects with a cumulative clean energy generating capacity of 17,866 kWp. Among the completed projects were the F&N Beverages Manufacturing and F&N Dairies Manufacturing Solar PV Systems (5,839 kWp and 3,757 kWp respectively), Sunway Putra Mall Solar PV System (182 kWp), Sunway Giza Solar PV System (505 kWp) and various other solar PV projects for residential, commercial and industrial facilities.

The division's ongoing projects are varying in sizes and power generating capacity. These include the Molnlycke Health Care Solar PV System (987 kWp), the Sunway International School, Sunway City Kuala Lumpur (505 kWp) and various others. All projects are expected to be completed and to receive their Scheduled Commercial Operation Date (SCOD) within FY2023. With this, the Sustainable Energy Division would have installed another 2,030 kWp of clean energy generation capability.

OUTLOOK AND PROSPECTS

FY2023 is expected to see more conducive operating conditions as supply chain bottlenecks and disruptions are resolved and prices of materials including solar panels stabilise.

The long term growth outlook for renewable energy remains strong driven by rising concern for climate change, sustainability, increased ESG focus, and as an alternative to rising fossil fuel prices.

Malaysia is targeting to achieve the national aspiration whereby renewable energy accounts for 31% of energy capacity by 2025 and 40% by 2035 through the implementation of the Malaysia Renewable Energy Roadmap (MyRER). This augurs well for the division and the RE industry as a whole. MyRER will provide much-needed impetus for the RE sector and should fuel new expansion opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of strategic priorities, SunCon's Sustainable Energy division shall accelerate implementation of its LSS4 projects going forward while exploring other potentials within the clean energy sector. Among these include hydropower plants, hydrogen-based energy solutions and others.

Where suitable opportunities are available, the division will also look into growing its recurring income streams. The Build, Own, Operate and Transfer (BOOT) agreement signed with Sunway South Quay under the ENGIE DCS JV set up is one such example and this paves the way for similar tie-ups going forward.

These will progressively expand SunCon's portfolio and EPCC capabilities into new and high-growth sectors. The division also intends to actively participate in tenders called for EPCC projects, especially with the introduction of virtual PPAs.

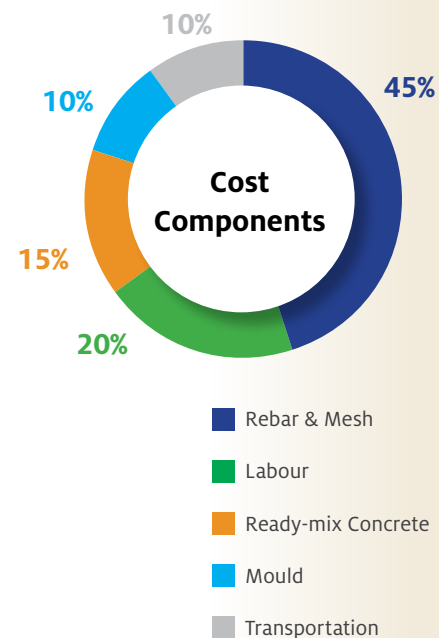


Sunway Giza Solar PV System

MANAGEMENT DISCUSSION AND ANALYSIS



MANUFACTURING AND SALE OF PRECAST CONCRETE PRODUCTS



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

Aside from global developments, the precast division's business and operational performance was influenced by prevailing operating conditions in Singapore (where the division's operations are largely based).

The announcement by the Singapore Housing Development Board (HDB) to launch 100,000 Build-To-Order (BTO) flats had increased demand for precast materials. However, the imposition of cooling measures on the Singapore housing sector and rising material prices due to supply chain disruptions had affected overall rise in demand.

The division responded proactively – increasing adoption of digital platforms to increase productivity, focusing on cost rationalisation and supply chain management to manage raw material costs. Specifically, material prices were monitored closely towards ensuring the best procurement solutions from suppliers. Business development efforts were also ramped up towards expanding the client base beyond HDB projects.

During the year, we completed and commissioned the Integrated Construction and Prefabrication Hub (ICPH) in Pulau Punggol Barat, Singapore in December 2022. The new plant, with an annual capacity of 73,500 m³ of precast components, is able to cater to a wider range of product mix such as large panel slabs and 3D components. To date, we have secured a HDB large panel slab contract which will be using the division's carousel plant to cast. We are currently working towards building up our order book for the ICPH plant.

With regard to ongoing projects, the Precast division continued to register a steady rate of progress on all ongoing projects. Several projects such as Jurong West N2C20, Tampines N9C18 and N6C3, as well as Ang Mo Kio are well on track for completion within FY2023.

Completed projects during the year were Kallang Whampoa C57, Clementi N8C1 and Toa Payoh N1C25A.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK AND PROSPECTS

Market conditions remain challenging though FY2023 is expected to see an easing of supply chain restrictions and disruptions. This should also translate into improved price stability of raw materials.

The ongoing transition driven by the Singapore government towards substituting fuel for natural gas to generate electricity augurs well for the Precast Division. This will enable cheaper energy prices, which will support reductions in operational cost. The reductions can be leveraged to offer more competitive tender bids going into FY2023.

Labour and talent remain issues and as such, the division will continue to prioritise talent recruitment, development and staff welfare as a key aspect of its strategic approach for FY2023.

Specifically, the Precast Division is actively providing opportunities for staff to upgrade their skills, knowledge and professional qualifications. The objective of this approach is to develop the internal talent pool of the divisions, to reward and motivate staff and to facilitate the career growth and advancement of employees.

A structured, comprehensive succession plan has also been introduced towards identifying and nurturing selected, high-performing talent that has been earmarked for leadership positions within the division.

The division will also explore on the expansion of its product range to different segments such as the infrastructure and tunnel segments in the medium term. In the longer term, the division will explore opportunities in exporting prefabricated homes beyond the Singapore region to the European market as there is a growing demand in exportation of prefabricated homes manufactured in Asia, as it is more cost effective.

PRECAST SEGMENT INDICATORS

	2022	2021	2020
HDB BTO Units Launched in Singapore	23,184	17,109	16,752
Precast Division Sales – Private (%)	0%	3%	10%
Precast Division Sales – HDB (%)	100%	97%	90%
Maximum Plant Capacity (m ³ per annum)	126,000	126,000	126,000
Overall Plant Utilisation Rate (%)	61%	44%	47%

WORKFORCE

Staff Force	2022	2021	2020
Male	89	87	85
Female	19	18	8
Total	108	105	93

Staff Category (%)	2022	2021	2020
Executive	46	42	20
Non-Executive	54	58	80



Clementi N2C3 project, Singapore

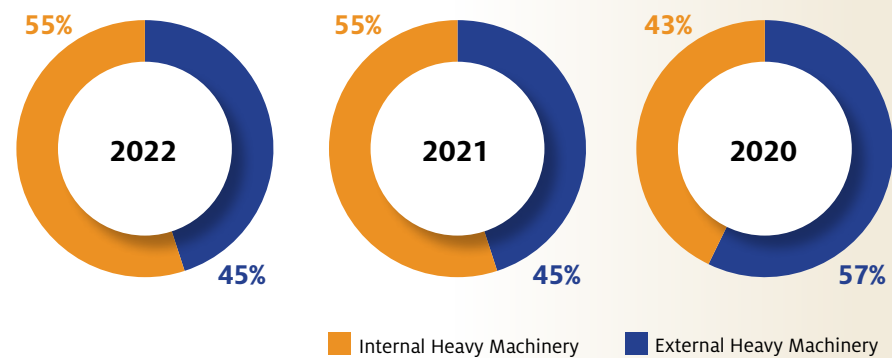
MANAGEMENT DISCUSSION AND ANALYSIS



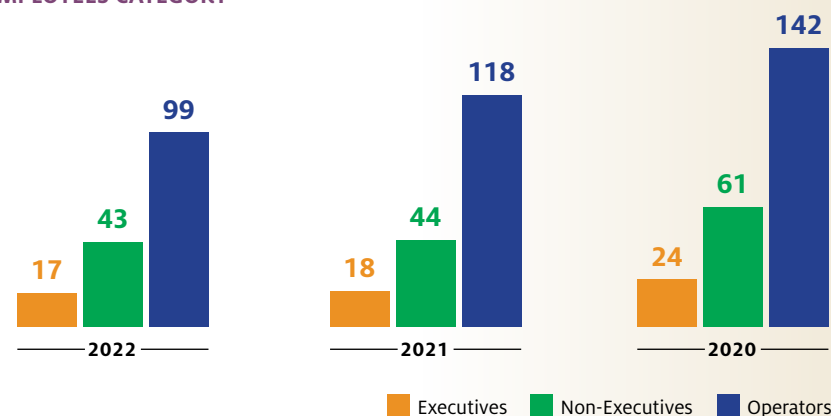
MACHINERY DIVISION



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



EMPLOYEES CATEGORY



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

All machinery has been registered and licensed with valid operating permits by the regulatory bodies. Operators of these machines have been certified by the Construction Industry Development Board (CIDB) and Jabatan Keselamatan Dan Kesihatan Pekerjaan (JKKP).

During the year, the utilisation rates of the majority of our plant, machinery and equipment was higher than expected due to the prolongation of project works from the COVID-19 pandemic. This was prevalent for both plant and machinery and formwork utilisation.

Whilst this posed challenges for the maintenance and upkeep of equipment, the extended periods of use translated into improved revenue for the division.

Where possible, idling assets were leased to generate revenues, or sent for maintenance works. This will ensure that such assets will be available at full operational capacity when required for any future projects.

MANAGEMENT DISCUSSION AND ANALYSIS

The spike in crude oil prices had led to increased fuel costs, given that a large portion of machinery and equipment are diesel / fuel powered. The subsidy provided by the government enabled significant savings of RM0.28 million in fuel costs in FY2022. With the aforementioned transition to more environmental friendly approach to construction, the division continues to transition its fleet of vehicles and machinery to electric based alternatives. The average age of our fleet is 8 years old and we continually upgrade the fleet to optimize efficiency and performance.

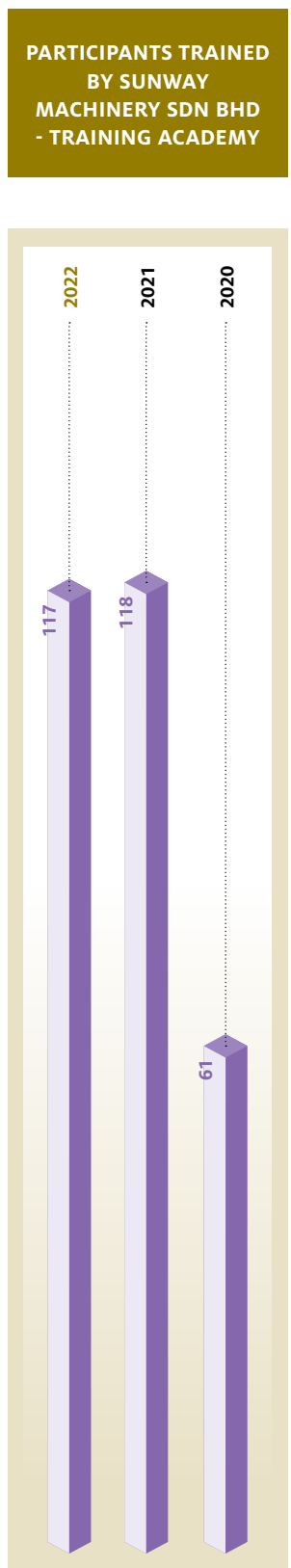
SunCon's machinery division is also closely involved in supporting the construction industry via the upskilling of machinery operators, mechanics and workers through the Sunway Machinery Sdn Bhd - Training Academy. During the year, we trained 117 participants at the Training Academy. Our skills training programmes are not only limited to our workforce but are also open to all our business partners as we recognise the importance of growing and learning together.

OUTLOOK AND PROSPECTS

With the expected pick-up in construction activities in Malaysia, the division is expected to see an increased demand for machinery. With this, operating conditions bode well for the Machinery division going forward.

Strategic priorities in FY2023 include streamlining the existing system formwork in place. The division will continue engaging with key stakeholders towards adopting systems that have a higher utilisation rate. In tandem with this, related strategies include replenishing incomplete components to ramp up existing capacity and to dispose of idling formwork.

The division will also look at talent management and development, namely the Industrial Manual Labour Group (IMG) to source for relevant talents. This is a blue ocean strategy, involving identifying potentials through different channels. This includes sourcing directly from vocational and technical schools or tapping into Technical and Vocational Education Training (TVET) programmes spearheaded by the government.



MANAGEMENT DISCUSSION AND ANALYSIS



VIRTUAL DESIGN AND CONSTRUCTION (VDC)

INCREASE GROSS MARGIN



ENTER NEW MARKETS



CREATE NEW PRODUCTS



INCREASE OPERATIONAL EFFECTIVENESS



SECURITY AND COMPLIANCE



In FY2022, Virtual Design and Construction (VDC) continued to be a key focus area for SunCon, as the Group looked to further leverage on this distinctive competency to improve business and operational performance, particularly in reducing wastage, resolving design conflicts and ultimately, enhancing the Group's capabilities and expediting project completion.

Specifically, in FY2022, the following strategic objectives were set in relation to VDC utilisation, entering new markets, creating new products, increasing operational effectiveness and security compliance.

Technology supports SunCon's approach towards making built environments to be as eco-friendly as possible. The use of digital construction methodologies is one effective means to realising leaner construction which ultimately reduces construction waste generation, reduced carbon footprint and environmental impacts.

While SunCon's long-standing experience and inherent internal capabilities (such as a strong technologically enabled talent pool and others) continue to provide a distinctive competitive edge for the Group, it is essential that continuous enhancements be undertaken. This is due to the use of

Building Information Modelling (BIM) and VDC becoming more widespread in the construction industry. Hence, it is imperative that SunCon continues to enhance its digital and technological capabilities towards maintaining a competitive advantage.

In realising its set objectives, the focus in FY2022 was to enhance 3D, 4D and 5D field implementation with a connected common data environment to enable a more collaborative working environment between all project stakeholders. Towards this end, the VDC team as well as related internal stakeholders focused on training and development for staff, resource management, development of internal technologies and research and development.

Emphasis was also placed on using digital technologies to promote greater transparency in the project management process; with all necessary information available to clients. This promoted greater client trust and confidence.

It is noteworthy that in FY2022, mandatory BIM and digitalisation for all new projects was implemented. This expedited the transition towards ultimately achieving 100% 3D and 4D utilisation for all new SunCon projects by FY2023.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK AND PROSPECTS

BIM has led to significant improvements in the Architecture, Engineering and Construction industry by providing more effective analysis and control over the conventional construction process.

Going forward, SunCon has established the following strategic priorities in FY2023:

- Autodesk Construction Cloud (ACC) collaboration – building on the pilot project launched for a data centre construction project in Sedenak Tech Park (STeP), Johor. The objective is to enhance design management collaboration processes.
- Digitalised Request For Information (RFI), which handles design change requests to further streamline project information management.
- Standardisation of 4D application towards providing Project Managers greater autonomy and to train all Planners on 4D application.
- Standardise and further roll-out 5D application, which will require closer collaboration with quantity surveyors and project managers. Specifically, there will be increased emphasis on training on 5D usage and quantity extraction.
- Leveraging BIM to accurately estimate required building material quantities, which will aid in establishing more precise Scope 3 emissions calculations.

SunCon continues to advocate VDC usage and in essence, the proliferation of related technologies i.e. 5G, AR and VR, Internet of Things (IoT) and Artificial Intelligence (AI). These bring a wide range of highly beneficial potentials and will ensure that the Group retains a distinctive edge amidst a highly competitive landscape going forward.

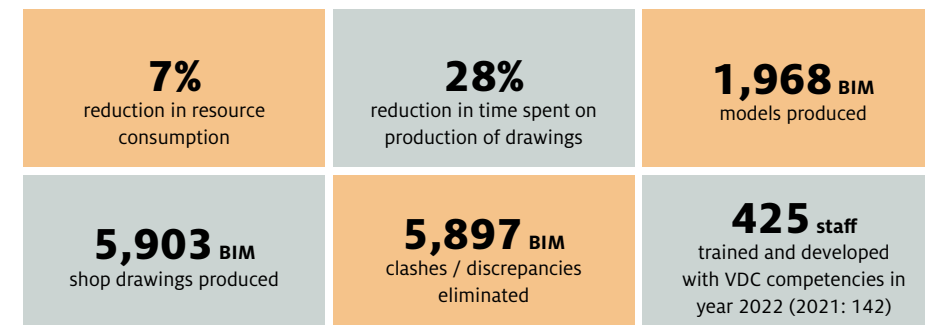
In FY2022, the following strategic priorities were initiated with regard to 3D, 4D and 5D implementation:

Focus on connectivity between BIM models and every stakeholder layer for greater stakeholder collaboration.	Increasing integration of 3D BIM with robotics, Augmented and Virtual Reality (AR & VR), drones and construction operations capabilities.
Increase Cloud usage for project management.	Usage of federated 3D models and standardised digital planning templates.
Successfully developed electronic Bill of Quantities (eBoQ). This approach has been progressively implemented at current project sites such as Sunway International School, Sunway Medical Centre Damansara and Sunway Medical Centre Ipoh as well as South Quay Square, Sunway City Kuala Lumpur.	

Another key highlight was the implementation of 5D solutions that enable efficient and accurate extraction of construction quantities via federated 3D models. This would empower quantity surveyors to make swift and precise site material comparison and verification to support more accurate and cost efficient procurement of materials. This would ultimately lead to automation of procurement requirements that would reduce wastages.

SunCon's VDC team continues to undertake research on this particular area, given that rebar modelling and quantity extraction remains a major and widespread challenge across the construction industry, including for the Group.

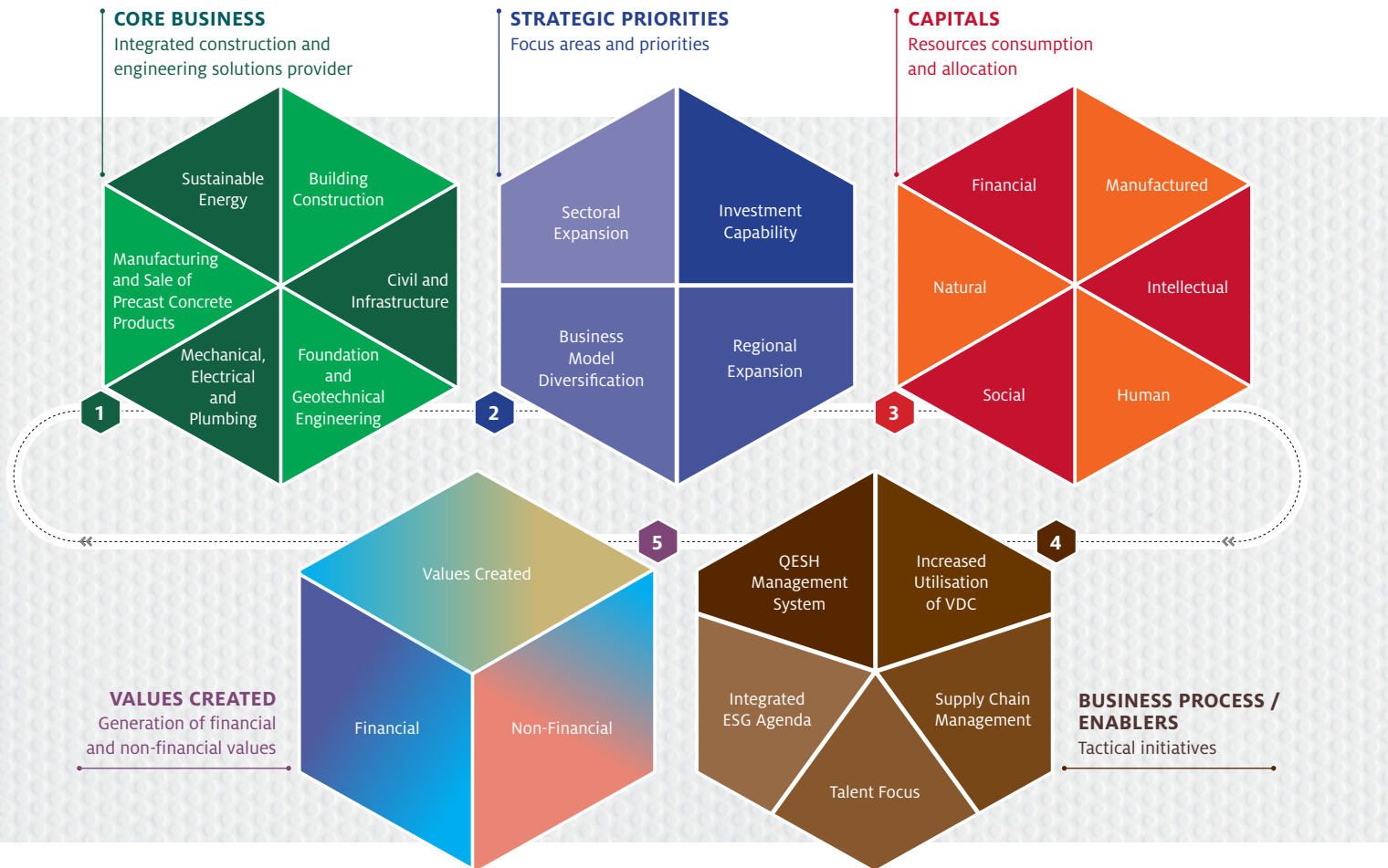
During the year, the Group's efforts in undertaking VDC have yielded effective results. Among which are:



Further details are provided on IAR2022.

in the Our Capitals (Intellectual Capital subsection) section of this

OUR BUSINESS MODEL



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 an integrated, one-stop 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.

Equally compelling, 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 as a wide range of capitals ranging from financial, natural and human as well as social capitals are required as inputs to support business activities and processes that ultimately create value.

However, 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 supports sustained Enterprise Value Creation (EVC) and stakeholder value creation over the short, medium and long-term perspectives.

EXTERNAL TRENDS AND DEVELOPMENTS



REDUCED PUBLIC SECTOR INFRASTRUCTURE EXPENDITURE

The continued political instability in Malaysia coupled with the COVID-19 pandemic throughout FY2020-FY2022 had affected economic growth. Many economic sectors, including the construction sector were affected as the lack of a stable government had led to delays or outright cancellations of many large-scale construction projects.

FY2022 saw a recovery in economic momentum and with that the construction sector rebounded, posting an industry growth of 8.8% for the financial year.

Though the sector posted a recovery in the third and fourth quarters of FY2022, key

sub-sectors such as the civil engineering and residential building sub-sectors saw only marginal positive growth of 2.7% and 3.4% respectively (Department of Statistics, Malaysia or DOSM).

In addition, the lack of political stability has also impacted foreign investor confidence. In FY2022, inflow of international investments was still comparatively lower compared to previous years.

Strategic Measures Implemented

In response to the slowdown in the domestic construction sector, SunCon looked to replenish its order book by venturing into new market segments such as design and build of data centres, semiconductor manufacturing facilities, power plants and various others.

The Group's efforts were successful with the awarding of the data centre project in Sedenak Tech Park, Johor and the entering into an EPC agreement for an approximately USD2.4 billion power plant in Vietnam.

The Group's aggressive tendering strategies were successful with a replenishment of the order book to RM5.3 billion as at 31 December 2022.

	2022	2021	2020	2019	2018
New Contracts Secured (RM'million)	2,584	1,474	2,334	1,772	1,553
Outstanding Order Book (RM'million)	5,305	4,751	5,059	5,231	5,219

EXTERNAL TRENDS AND DEVELOPMENTS



Meensurutti-Chidambaram Highway, Tamil Nadu, India

Given the financial constraints faced by public sector clients, SunCon, leveraging on its financial strength adopted the Private Finance Initiative (PFI) approach to propose and secure projects in FY2022.

Among these projects were the tender submitted for the MRT3 project. In India, SunCon is undertaking its two highway projects based on the hybrid annuity model (HAM). Under the HAM strategy, 60% of the contract sum is funded by the contractor and will be paid in annuity over a period of 15 years.

In Malaysia, SunCon's two LSS4 projects are turnkey contracts where the Group provides contractor's financing to client. The financing serves as a bridging loan until the project's scheduled commercial operations date (SCOD) is achieved.

SunCon also continued to focus on overseas tenders, with bids for projects in foreign markets reaching RM5.8 billion in FY2022.

RISING MATERIAL COSTS

FY2022 continued to see the costs of various construction and other materials rising due to geopolitical developments. The onset of the Ukraine-Russia war, a resurgence of the COVID-19 pandemic in China (which has led to the reimposition of strict economic and social lockdowns) and other developments had led to supply chain bottlenecks and impacted the supply of resources.

In FY2022, crude oil had peaked at USD107 per barrel (Brent Crude), which had a trickle-down effect on almost all construction materials such as cement, steel bars, diesel and copper. The higher costs of materials led to higher construction costs and / or reduced earnings margins. According to DOSM, the average unit price of steel bars increased 15.9% to RM3,897.11 per tonne year-on-year (June 2021: RM3,362). Cement saw a rise of 12.8% to RM21.05 per 50 kilogramme (kg) (June 2021: RM18.66 per 50 kg).

Solar panel prices had also risen significantly throughout FY2021-FY2022. Solar panels, which comprise of a significant portion of project costs (excluding land costs) had increased by 30%-40% in tandem with rising polysilicon and aluminium prices.

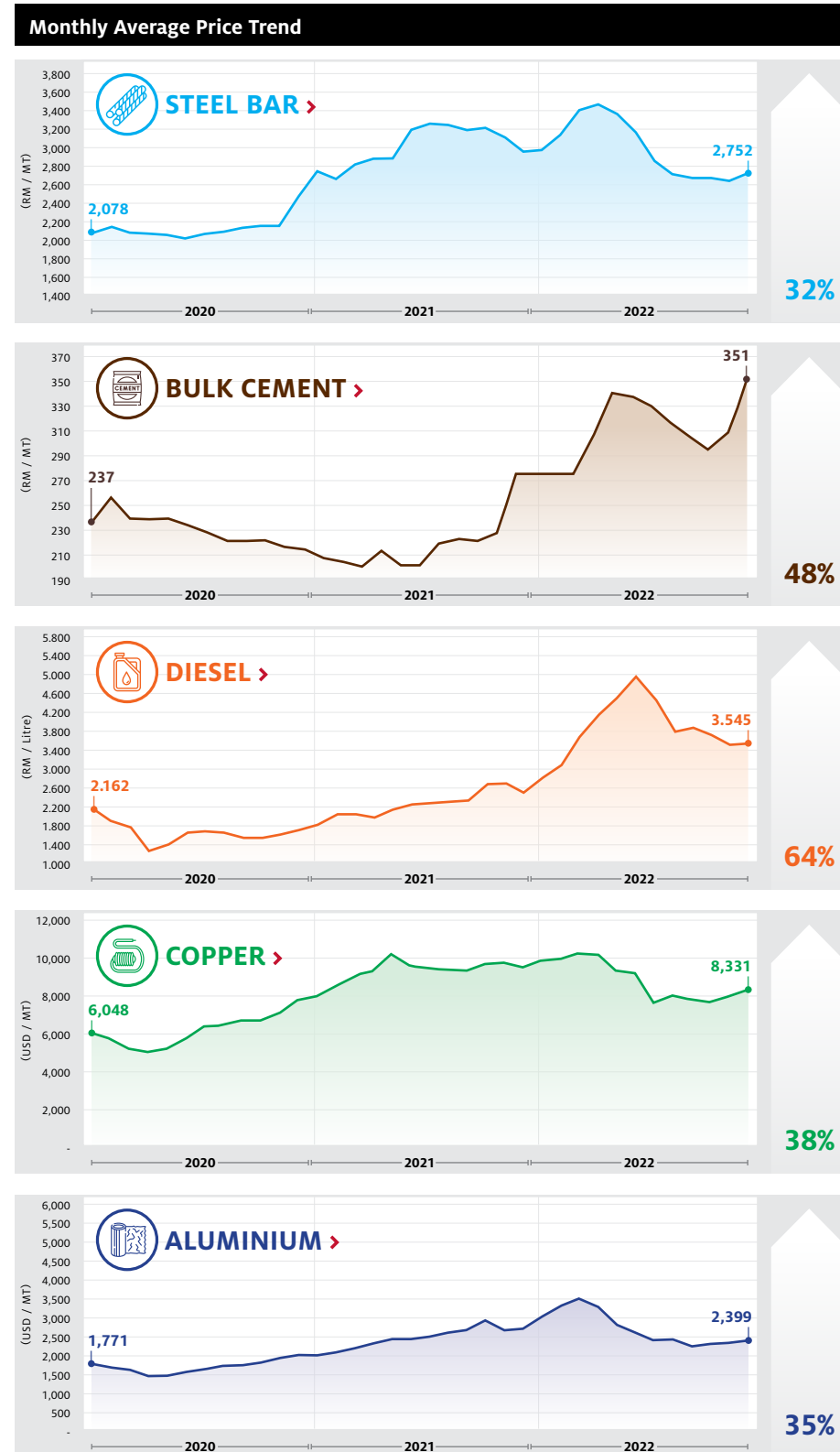
Particularly impacted was the Sustainable Energy industry, which continued to grapple with the aforementioned supply chain bottlenecks, manpower shortages, and high solar panel prices.

The situation consequently led to delays in the implementation of Renewable Energy (RE) projects, including solar projects secured under LSS4 in FY2021.

The projects are only expected to kickstart in FY2023, which has affected the revenue contribution of the Division for FY2022.

Specific information on divisional performance is provided on in the Management Discussion and Analysis section of this IAR2022.

EXTERNAL TRENDS AND DEVELOPMENTS



Strategic Measures Implemented

In response to rising material prices, SunCon's business divisions initiated a wide range of strategies. These included renegotiation with clients on project completion dates and variation costs, while closely managing inventories. Price volatility was addressed to the best possible extent through strategic procurement.

Areas focused on were freight costs and sourcing for equipment and expertise internally or from local suppliers. In anticipation of further price increases, materials were bought in bulk and in advance to meet existing and future resource requirements.

Supply chain management was also emphasised, notably the management of subcontractors towards yielding further operational and cost efficiencies.

SHORTAGE OF LABOUR

FY2022 continued to see labour shortage issues persisting. Scarcity of labour was triggered by the Movement Control Orders in 2020 and 2021 that saw many foreign workers returning to their countries of origin. This caused a delay in work progress and higher cost.

In addition, the government-imposed freeze on foreign worker recruitment from overseas had further exacerbated the issue.

The overall number of foreign workers available had decreased significantly, which contributed to rising labour costs.

The dual effects of worker shortage and rising labour costs had affected many construction players. Pertaining to SunCon, this affected the progress of our projects and incurred increased labour costs.

EXTERNAL TRENDS AND DEVELOPMENTS

While the government removed the freeze on foreign worker intake in July 2022, the full effects of the removal will not be felt until well into FY2023 due to supply backlogs.

Strategic Measures Implemented

SunCon continued to address the labour crunch faced in FY2022 via a two-pronged strategy.

The first was to upskill existing staff to address skill shortages and the second was to ramp up the adoption of machinery and technology towards reducing dependence on manual human labour. Increased use of precast systems was also implemented to reduce dependencies on manual labour.

Across all business divisions, efforts were made to source for alternative pools of workers including locals (Malaysians) while also offering better compensation packages for foreigners. Existing construction methods and project management processes were also reassessed towards seeking opportunities to reallocate resources.

CHANGING WEATHER PATTERNS

The onset of climate change has led to a wide range of physical impacts locally and regionally. Among those that are impacting our operations are extreme weather and increased frequency and intensity of meteorological events.

These physical risks may lead to various financial and non-financial impacts. Among these impacts include asset damages, delay in project works, cost overruns, 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 the occurrence of heatstroke.

Strategic Measures Implemented

As meteorological events are unpredictable, SunCon's approach in mitigating the physical risks of climate change is to continuously adapt its project planning and management

SOPs in line with the changing weather conditions. 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.

Further details are provided on in the Task Force on Climate-Related Financial Disclosures (TCFD) report.

INCREASED ESG SCRUTINY AND COMPLIANCE

The increasing scrutiny on ESG performance of businesses, especially in relation to contributory effects to climate change as well as labour practices have necessitated businesses to pay closer attention to non-financial performance.

Changes in legislation and contractual requirements towards ensuring more sustainable practices have become the norm rather than the exception. Such requirements have extended not just to the Group's business operations but also its supply chain.

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

However, the changes in government policies i.e. transition to clean energy offers opportunities for SunCon, especially in the sustainable energy business. The shift in consumers' appetite for green products increases demand for green buildings, where SunCon is equipped with the capacity and capability for such structures.

Strategic Measures Implemented

In FY2022, SunCon continued to focus on driving its ESG performance. The focus, as in previous years was to continue addressing energy consumption and emissions, improving labour practices and also improving waste management and increasing recycling efforts across all aspects of its operations.

The nature of the construction business is generally disruptive, with significant impacts caused to the environment through land clearing and other activities. Construction works also can affect society, causing temporary road closures and diversion of traffic, noise pollution, air emissions and more.

However, SunCon's approach has always been to minimise such impacts through responsible construction practices and methods. The Group ensures compliance with all social and environmental regulations at all times.

Further details on the Group's ESG related strategies as well as its performance on regulatory, social and environmental compliance is provided on in the Sustainability Statement of this report.



NEW BUSINESS OPPORTUNITIES

In recent years, the growing pivot towards sustainability has opened up new opportunities for established construction players. Increasingly, market demand for more sustainable or ESG based projects such as thermal energy storage (TES), district cooling systems (DCS), energy efficient or "smart" buildings, solar farms and solar panels have fuelled new high-growth potentials in the construction sector.

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

In tapping these high-growth sectors, SunCon has initiated strategic collaborations with local and international partners. The combination of the Group's experience, assets, machinery and capabilities coupled with the technical know-how of technology partners enable SunCon to venture successfully in the pursuit of various value accretive opportunities.



In recent years, SunCon's approach has been effective with the Group successfully securing District Cooling Systems (DCS) projects in Malaysia.

INCREASED MARKET ACCEPTANCE OF PFI

As public and private sector project owners grapple with financial challenges, including ability to secure loans and investors, there is an increased market acceptance of PFI approaches or contractor provided financing.

Both in Malaysia and abroad, project owners are expressing openness to consider PFI tender proposals, provided the rate of financing, repayment periods and if required, concession periods are acceptable to total project cost.

The PFI approach enables a wide range of opportunities for SunCon as proposals can be structured in multiple ways to best suit the project owners unique requirements.

Strategic Measures Implemented

Please refer to the Our Capitals - Financial Capital section on for more information.

EVOLUTION IN TALENT MANAGEMENT

While talent scarcity remains a significant challenge for the construction industry, SunCon's unique approach to addressing its talent needs has enabled the Group to rethink and remodel conventional strategies for talent recruitment, retention and development.

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.

To further optimise manpower, SunCon practices cross sharing of its talent pool across the organisation. This provides opportunities for staff to develop cross-functional capabilities while continually supporting the organisation's growth plans.

In essence, SunCon has and continues to develop a sustainable talent pipeline of professionals to meet employment requirements across the Group.

Strategic Measures Implemented

Please refer to the Our Capitals - Human Capital section on for more information.

EXTERNAL TRENDS AND DEVELOPMENTS

MATERIAL MATTERS

Given the Group’s Business Model and the various external trends and developments impacting business operations and the value chain, SunCon is well positioned to determine its material matters that are significant to environmental and social impacts as well as financial and non-financial value creation.

However, in being inclusive in its approach, SunCon has initiated a comprehensive materiality assessment exercise (MAE) – soliciting a wide range of its stakeholders to understand their perspectives on materiality. 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.

MAE PROCESS

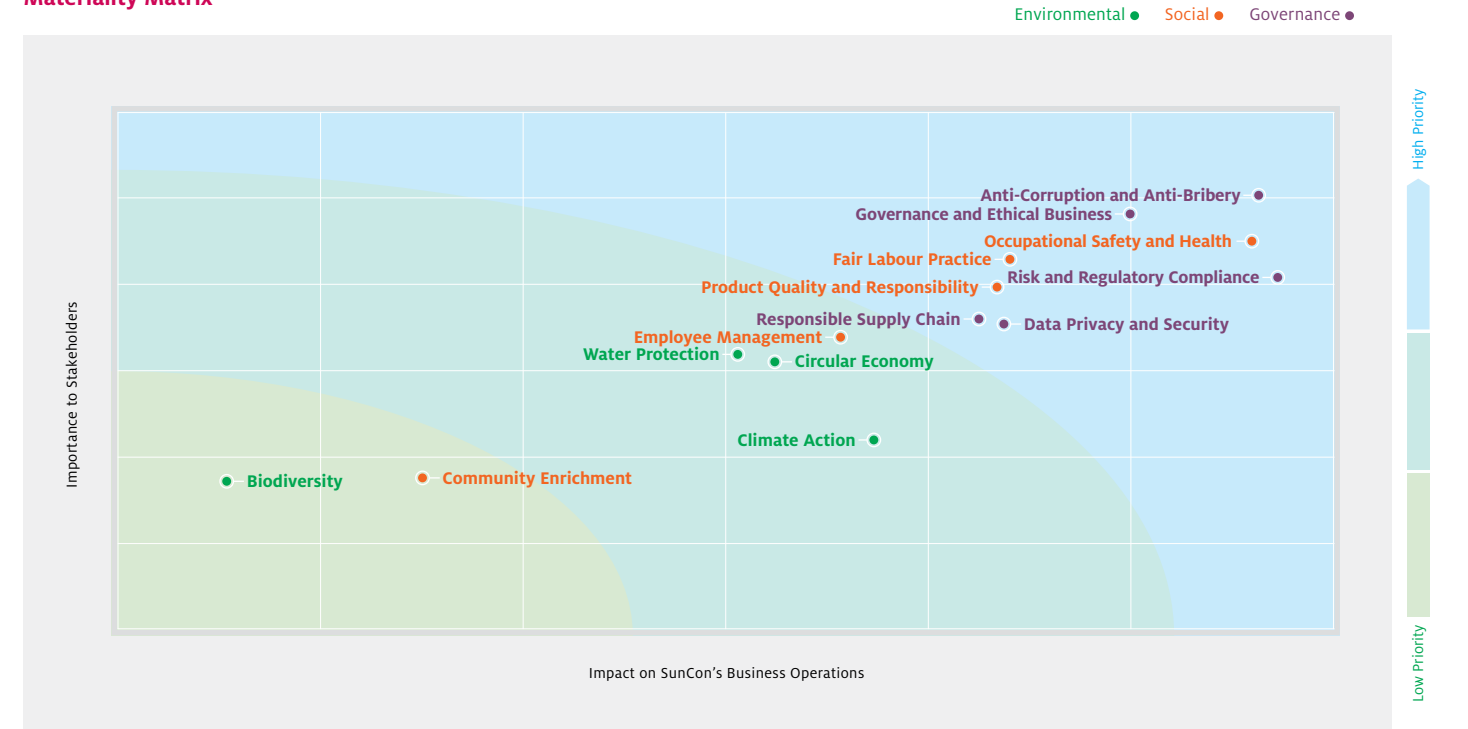
SunCon typically conducts the MAE once every three years to engage with internal and external stakeholders. However, in FY2022 the MAE was conducted towards better aligning ESG initiatives and reporting with the Group’s corporate strategy, current economic and sustainability trends, as well as industry peers. Prior to this, the last MAE was in FY2021.

Findings from the MAE, coupled with the Group’s understanding of its PESTLE factors, enables the development of a thorough strategic perspective.

Subsequently, comprehensive management approaches towards addressing these material topics are being developed and implemented. The effectiveness of the respective management approach is closely monitored with key indicator(s) to ensure the linkage between environmental and social impact to Group financial performance as well as stakeholders’ concerns and perspectives is sustained.

Specific information on these material matters including management approaches and performance achieved on these material matters is provided on Sustainability Statement of this IAR2022. in the

Materiality Matrix



01 Planning, Data Review & Comparative Analysis

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

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

ENVIRONMENTAL	SOCIAL	GOVERNANCE
<ul style="list-style-type: none"> Climate Action Circular Economy Water Protection Biodiversity 	<ul style="list-style-type: none"> Occupational Safety and Health Employee Management Product Quality and Responsibility Fair Labour Practice Community Enrichment 	<ul style="list-style-type: none"> Governance and Ethical Business Anti-Corruption and Anti-Bribery Responsible Supply Chain Risk and Regulatory Compliance Data Privacy and Security

02 Stakeholder Identification

9 stakeholder 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)

03 Materiality Assessment Rollout

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 / confirm the list of top 10 material issues.

04 Final Report Development

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:

<ul style="list-style-type: none"> Anti-Corruption and Anti-Bribery Occupational Safety and Health Governance and Ethical Business Risk and Regulatory Compliance Fair Labour Practice Product Quality and Responsibility 	<ul style="list-style-type: none"> Data Privacy and Security Responsible Supply Chain Employee Management Circular Economy Climate Action Water Protection Biodiversity Community Enrichment
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The results were presented to the Board Sustainability Committee and were approved and endorsed by the Board of Directors.

OUR CAPITALS

FINANCIAL CAPITAL 1

SunCon's robust financial position which includes a healthy balance sheet, strong cash flows and a healthy 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.

The Group's financial strength promotes greater confidence among customers and other stakeholders.

Leveraging on the robustness of its financial position, SunCon has approached clients with Private Finance Initiative (PFI) which have been effective in securing contracts.

Financial strength is maintained and enhanced through a robust capital management system that is based on the following financial strategies: capital preservation and growth, capital and operational expenditure (including business development expenditure and cost of sales), collections, 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. The impacts from the aforementioned are covered specifically in the Matters Material to EVC section.

CAPITAL CONSUMPTION

Share capital: RM258.6 million	Market capitalisation: RM2.0 billion
Retained profits: RM470.8 million	Cash and bank balances: RM98.8 million

VALUES CREATED

Revenue: RM2,155 million	PBT: RM184.1 million	PAT: RM138.7 million	Cash and bank balances: RM491.6 million
RM45.3 million paid in income taxes	RM138.5 million paid in wages	53% dividend payout of PAT after minority interests	
Market capitalisation: RM2.017 billion as at end FY2022	High Return on Equity (2022: 18% ; 2021: 17%) – Best ROE for 4 consecutive years in the Construction Sector awarded by The Edge Billion Ringgit Club		

A detailed discussion on the Group's financial performance is provided on in the Management Discussion and Analysis section of IAR2022.

TRADE-OFFS AND STRATEGIES

Financial resources are allocated strategically towards the operations of the business model and for operational and capital expenditures. In essence, financial capitals are consumed to acquire and to strengthen all other necessary capitals.

Hence, the preservation and growth of financial capital remains essential to the business model. However, it is evident that matters affecting other capitals can impact financial capitals. Hence, the need to invest in the development of human capital, to strive for the continued preservation and efficient use of natural resources and for technology acquisition.

All of the aforementioned will erode financial capitals, notably in the short-term. However, in the medium to longer-term, the strategic focus on other capitals leads to strengthening of the business model, improved competitiveness and operational resilience to changes in the external operating environment. All of these ultimately support the continued creation of financial capitals for stakeholders.

RISKS AND OPPORTUNITIES

- Financial Risks
- Collection Risks
- Risks of Bribery & Corruption Practices
- Cost Overrun Risks
- Return on Investment of Machinery / Assets & Idle Machines Risks
- Reliability of Subcontractors Risks
- Legal Workers Risks
- Dependence on The Property Market and Government Infrastructure Spending Risks
- Credit and Liquidity Risks
- Delay in Project Delivery Risks
- Anti-Money Laundering Act (AMLA) Risks

OUR CAPITALS

MANUFACTURED CAPITAL 2

As one of the country's largest pure-play, integrated construction players, SunCon's pool of assets, machinery and equipment (AME) remains one of the Group's core business strengths.

The Group's asset base comprises two precast plants located in Iskandar and Senai in Johor and the Integrated Construction and Prefabrication Hub (ICPH) in Pulau Punggol Barat, Singapore which was commissioned in December 2022.

The precast plants and ICPH facility augment SunCon's construction capabilities, enabling the Group to derive greater efficiencies and competitive advantages in the design and build aspects of its operations. The precast plants enable a steady supply of building materials that support the use of Industrial Building Systems (IBS). This reduces manpower requirements and wastage, promotes resource efficiency, expedites construction time and improves consistency of quality.

In particular, the new fully automated ICPH plant has a capacity of 73,500 m³ of precast components per year including large panel slabs and 3D components. This enables SunCon to expand its existing precast / IBS capabilities to adopt new, innovative designs, use varying materials and essentially deliver flexibility and more varied building solutions to meet project owners' requirements.

Besides size, the advanced capabilities of the Group's technologically enabled AME to support SunCon's ability to

successfully bid for a wide range of infrastructure development and other projects.

Presently, SunCon, like all construction players, continues to face the challenge of ensuring optimum utilisation during downturn periods. Present asset utilisation rates hover between 50%-60%.

Another challenge is achieving the optimum balance between owned assets as well as leased assets, with both options offering distinct advantages and disadvantages.

Where necessary, assets need to be refreshed with older legacy assets disposed of, and newer more efficient and eco-friendly assets acquired. The acquisition and leasing of machinery and equipment leads to higher capital expenditure due to increases in property, plant and equipment (PPE) costs which ultimately erodes financial values.

Maintenance of assets and equipment is also essential with maintenance costs increasing annually. Expenditure on PPE is budgeted annually. However, the availability of AME in sufficient quantities and at optimum operational capability is essential towards ensuring the desired quality, pace and productivity is achieved resulting in timely completion of projects.

In FY2022, SunCon continued to strengthen its track record for timely completion of projects.

CAPITAL CONSUMPTION

A wide range of plant and machineries	2 precast plants	1 ICPH in Singapore (commissioned in December 2022)
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VALUES CREATED

RM2.16 billion in projects progress for FY2022	5,051 Dwelling Units (DU) constructed using precast	Average QCLASSIC score: 82% (vs industry average 76%)
Advancing the construction and infrastructure landscape in Malaysia and the region leading to new technological based solutions and the advancement of the green building agenda	Setting higher benchmark for quality design and build	

TRADE-OFFS AND STRATEGIES

Investments into AME (the purchase, maintenance and storage of) can be financially intensive. However, the benefits provided include enhanced operational capability, reduced incidents of breakdowns and Occupational, Safety and Health (OSH) incidents, improved productivity as well as finished quality.

However, there is a risk of idling AME during slower periods or downtime. The Group will then take this opportunity to carry out maintenance and enhancement work.

Amidst the present recovering but still sluggish operating conditions, SunCon will continue to source for projects within the Sunway Group and external projects locally and abroad.

OUR CAPITALS

MANUFACTURED CAPITAL (CONT'D)

2

RISKS AND OPPORTUNITIES

- Risks of Bribery & Corruption Practices
- Cost Overrun Risks
- Return on Investment of Machinery / Assets & Idle Machines Risks
- Reliability of Subcontractors Risks
- Legal Workers Risks
- Dependence on The Property Market and Government Infrastructure Spending Risks
- Delay in Project Delivery Risks



INTELLECTUAL CAPITAL

3

The utilisation of intellectual capitals is clearly reflected in the deployment of technologies such as virtual design and construction (VDC), proprietary business strategies and processes and including the inherent, collective knowledge, experience and expertise of the Group's management and its professional workforce.

VDC 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.

VDC enhances overall productivity and efficiency, especially in the design stage of projects and by eliminating 90% of design conflicts, supports improved accuracy of project planning

and execution. Ultimately, beyond reducing the duration of the project, VDC also enables improved cost and resource efficiency.

The internal intellectual capabilities inherent to SunCon enables the Group to adopt a distinctive approach to construction, which enables a robust value proposition that supports competitive advantage.

Intellectual capitals such as technological capabilities, unique business processes and approaches not only support business goals such as production and cost efficiency as well as improved quality, but also enable continued improvements in environmental footprint while addressing the creation of social values.

Effective and robust controls ensure strong management of all construction sites, which is vital as a large proportion of the Group's environmental and social impacts stem from these operational locations.

CAPITAL CONSUMPTION

Group business model	Divisional business strategies	VDC solutions suite	VDC technological capabilities
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Knowledge and technology acquisition via JVs, strategic partnerships and undertaking of new and diverse projects

VALUES CREATED

Through VDC:

7% reduction in resource consumption	425 staff trained and developed with VDC competencies in FY2022 (FY2021: 142)
28% reduction in time spent on production of drawings	Enabling sustainable construction by managing resource consumption and carbon footprint while enhancing the Group's value proposition
Nurturing tomorrow's industry talent today – progressively creating generations of digitally savvy industry professional, ready and equipped with skills to rethink present conventions to building approaches, while being adapt to sustainable development methodologies	

OUR CAPITALS

INTELLECTUAL CAPITAL (CONT'D)

3

TRADE-OFFS AND STRATEGIES

The focus on expanding intellectual capitals i.e. expenditure on enhancing VDC capabilities amidst a competitive business environment calls for constant financial investments. This includes upgrading of software and systems, upskilling staff and other commitments. Risks include specially trained staff being poached by other construction companies.

However, the focus on VDC ensures that SunCon is able to deliver a compelling value proposition to project owners. It enables SunCon to maintain its position as a leader for VDC within the construction sector. This strengthens brand credibility and ultimately enhances the Group's probabilities of submitting more competitive tender bids (all other factors being equal).

Technological advancement such as the use of prefabricated components and also the Building Information Modelling is important for precision and quality of work as this will reduce excessive construction residual from wastages due to rectification works.

RISKS AND OPPORTUNITIES

- Risks of Revocation of ISO Certification
- Cost Overrun Risks
- Delay in Project Delivery Risks
- Risks of Cyber Security and Information Breach



HUMAN CAPITAL

4

Typically, the construction business model is heavily reliant on financial resources, raw materials and energy sources (natural capitals) and the availability of machinery and equipment (manufactured capitals), and increasingly, as the industry evolves, there is a greater need for skilled, professional talent.

While the construction sector is still reliant on manual labour, the continued proliferation of technology as evident through the implementation of VDC, use of precast systems and other technological innovations have led to an overall reduction in unskilled human labour. However, this has necessitated an increased requirement for a technologically adept, knowledge-based workforce.



In this regard, the construction sector, similar to other industries both globally and locally, continues to see a talent crunch. Talent that is industry ready – equipped with the necessary skillsets for a fast-changing and dynamically evolving construction sector, continues to be limited in supply.

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.

In addressing its talent challenges, SunCon has implemented a comprehensive approach aimed at ensuring talent requirements at all levels of the organisation are met.

This includes manpower requirements for manual work on construction sites, ensuring sufficient management and technical staff and finally, developing the necessary leadership bench to support the continued growth of the Group.

One of the major talent highlights is the Group's Leadership Development Programme (LDP). The LDP was established to identify, develop and fast-track young talents (aged 31-45) into Senior Management.

The programme encourages young talents with proven performance and potential to take on larger roles within the organisation and to develop technical specialists that can manage complicated and large scale construction projects.

OUR CAPITALS

HUMAN CAPITAL (CONT'D)

4

CAPITAL CONSUMPTION

Multifaceted, people-first HR policies	High-performance work culture centred on merit, equality and diversity
Centralised Labour Quarters (CLQ) for workers	974 strong workforce (excluding direct workers)
Job enrichment and cross functional opportunities via diverse business divisions across the Sunway Group	

VALUES CREATED

15.6x staff productivity		Produced 5 Project Managers aged below 35	
Multi-cultural workforce composition		Employee engagement score FY2022: 63%	
Development of local talents, creation of higher-income jobs as well as providing opportunities for career advancement			

TRADE-OFFS AND STRATEGIES

By focusing on talent, SunCon is able to ensure not just a steady stream of professionals to replenish its workforce, but also able to nurture and mould high-calibre, knowledge workers which is presently in short supply in Malaysia.

Through strategic initiatives such as the Sunway Management Associate Programme, SunCon is proactively responding to its present and future talent requirements.

The cultivation of a skilled and motivated high-performing workforce leads to the development of an excellence centred organisational culture that in turn promotes productivity, innovation, strategic thinking and other competencies necessary to sustain the business model and value creation.

Other strategies employed include the annual talent review with EXCO, bi-annual employee satisfaction survey and others.

The continued importance and emphasis on talent development is supported by adequate financial and other resources. This naturally necessitates changes in budgetary plans as more resources are invested in attracting, retaining and developing talent. The strong talent focus is vital towards sustaining business operations and enabling optimum competitive and technological capability.

RISKS AND OPPORTUNITIES

<ul style="list-style-type: none"> Retention of Talent vs Global Market Risks (Pay Disparities) Delay in Project Delivery Risks 	<ul style="list-style-type: none"> Lack of Specialised Capabilities and Experience to Deliver Quality Products to the Client Risks
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OUR CAPITALS

SOCIAL CAPITAL

5

Stakeholder engagement and relationships remain a key aspect of SunCon's business model, given the present operating environment where stakeholder related impacts can affect financial and non-financial value creation.

In managing its social capital, SunCon continues to implement a comprehensive stakeholder engagement plan where key stakeholders such as clients, regulatory authorities and the supply chain comprising subcontractors, vendors and service providers are given due priority.

In particular, 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).

Another key focus area under Social Capitals for SunCon in FY2022 was its continued engagement with academia – local and private universities and polytechnics towards producing ready talents for the Group and the local construction industry.

In FY2022, these included provision of internship opportunity to undergraduates from Universiti Tenaga Nasional (UNITEN), Universiti Sains Malaysia (USM), Sunway University, University Putra Malaysia (UPM), Politeknik Ungku Omar (PUO) and engagements with various local and private universities namely Universiti Malaya (UM), Universiti Teknologi Petronas (UTP), University Nottingham Malaysia Campus (UNMC), Monash University and Sunway University.

On a separate matter, community relations is also a key aspect of the Group's approach to stakeholder management. Traffic congestion, dust and noise from construction sites and related works can be disruptive to road users and local communities. SunCon is mindful of how these and other impacts can affect schools, hospitals, residential areas, houses of worship and other designated community stakeholders.

The Group continues to emphasise good project management and continued community engagement to prevent, reduce or manage disturbances to the community.



Students from University Malaya on a site visit at Sunway Medical Centre Damansara project

CAPITAL CONSUMPTION

129 internship opportunities provided to young graduates	Various engagements with the investment community, media, as well as regulatory bodies and industry associations / professional bodies	Widespread engagement with diverse community stakeholders
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Please refer to [Stakeholder Engagement disclosures](#).

SOCIAL CAPITAL (CONT'D)

5

The full stakeholder engagement table providing details of all stakeholders, their issues and concerns and how SunCon engages with them is provided below:

Related Material Matters:



CLIENTS		
Related Material Matters:	Expectations of Stakeholders:	Our Response:
<p>Related Material Matters:</p> <p>To deliver products and services that meet their expectations, we engage them via:</p> <ul style="list-style-type: none"> 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 <p><i>Dissemination of information and disclosure of materials on our website at www.sunwayconstruction.com.my.</i></p>	<ul style="list-style-type: none"> Delivery of products within time, cost, quality and compliance with relevant standards Provide expertise and knowledge in constructability solutions Conduct business with professionalism and good business ethics Highest level of legal compliance throughout construction process 	<ul style="list-style-type: none"> Conduct scheduled internal inspections and audits through Sunway Quality 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 (CSS Response Rate 2022: 100%; 2021: 97.5%; 2020: 96.1%) Emphasis on good governance and business ethics within the workforce Established internal target of average annual QLASSIC score of 83% and above (Average QLASSIC score 2022: 82%; 2021: 83%; 2020: No assessment was conducted) <p><i>For more details, please refer to Product Quality, Safety and Responsibility on</i></p>

AUTHORITIES AND REGULATORS		
Related Material Matters:	Expectations of Stakeholders:	Our Response:
<p>Related Material Matters:</p> <p>To understand the changes and impact of relevant laws, regulations, guidelines, policies, we engage them via:</p> <ul style="list-style-type: none"> Regular reporting, engagement and timely updates Active participation and contribution to the industry through dialogues and forums, workshops, working groups and partnerships Unscheduled site inspections and visits Thematic events and initiatives launches 	<ul style="list-style-type: none"> Compliance to regulatory requirements and guidelines Ensure balance between stringent compliance controls and safeguarding client needs Cultivate a risk-aware culture where the potential risks to our business operations have been assessed and mitigated 	<ul style="list-style-type: none"> Continuous review and enhancement of our system and processes as our first impediment on risk management Implement best management practices for environmental, safety and health management Conduct scheduled internal inspections and audits as required in SunCon QESH Management System Established internal targets for Safety and Health performance (Lost-time incident rate (LTIR) 2022: 0.44; 2021: 0.16; 2020: 0.54) Ensure business operations meet all regulatory requirements while pursuing business objectives and targets (No compounds and fines received on environmental non-compliance in FY2022) <p><i>For more details, please refer to the Environmental section of the Sustainability Statement on Safety and Health on</i></p>

SOCIAL CAPITAL (CONT'D)

5

SHAREHOLDERS, INVESTORS AND ANALYSTS

Related Material Matters:	Expectations of Stakeholders:	Our Response:
<p>Related Material Matters:</p> <p>As our financial capital providers, we engage and update them via:</p> <ul style="list-style-type: none"> Statutory announcements (when required) AGM and EGM Corporate events Ad-hoc one-on-one meetings with management Annual Report <p><i>Dissemination of information and disclosure of materials on our website at www.sunwayconstruction.com.my.</i></p>	<ul style="list-style-type: none"> Sustainable earnings generation and stable dividend stream Robust direct and indirect economic performance and impact Stay ahead of emerging opportunities and create competitive edge Timely and transparent reporting Strong corporate governance Prudent risk management strategies Embed sustainability considerations into business operations and practices 	<ul style="list-style-type: none"> 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 Future Value Goals 2030 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) <p><i>For more details, please refer to the Management Discussion and Analysis on</i></p>

EMPLOYEES		
Related Material Matters:	Expectations of Stakeholders:	Our Response:
<p>Related Material Matters:</p> <p>To understand and cater to their diverse needs, we engage them via:</p> <ul style="list-style-type: none"> Biennial Employee Engagement Survey Triennial materiality survey Regular electronic and printed communication (e.g. email, safety alerts, Knowledge Management portal) SunCon Social Club activities 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Emphasis on hazard identification, risk assessment and risk control to prevent undesirable events and to safeguard the health, safety and welfare of our people Crafting holistic approach to learning with the clear focus to strengthen our organisational capabilities, curating 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 <p><i>For more details, please refer to Employee Management on</i></p>

SOCIAL CAPITAL (CONT'D)

5

SUPPLIERS AND SUBCONTRACTORS



Expectations of Stakeholders:

Our Response:

Related Material Matters:



To ensure we support and develop our value chain, we engage them via:

- Biennial Business Partner Satisfaction Survey
- Annual Subcontractors and Suppliers Performance Evaluation
- 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

- 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

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

For more details, please refer to Product Quality, Safety and Responsibility on

GENERAL PUBLIC AND COMMUNITIES



Expectations of Stakeholders:

Our Response:

Related Material Matters:



We engage the local communities that we impact through:

- SunCon Hotline
- Dialogues and announcements to inform public members on inconveniences caused due to our operations within the locality
- Strategic collaboration with local social entrepreneurs and non-profit organisations for community outreach programmes

Dissemination of information and disclosure of materials on our website at www.sunwayconstruction.com.my or social media platforms including LinkedIn, Instagram and YouTube

- 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

- Proactively seek to safeguard the health and safety of public members and local communities where we operate through emphasis on hazard identification, risk assessment and risk control (Accidents involving public in 2022: NIL; 2021: NIL; 2020: NIL)
- Provide employment opportunities for young graduates (58% new hires in 2022 are below 30 years old)
- Provide learning platform for pre-graduates to gain hands-on experience for better preparation to launch into the working community (opportunity for 129 interns in 2022)
- Provision of sponsorships and volunteers through the #SunwayforGood corporate social responsibility (CSR) initiatives
- Continuous support for the Jeffrey Cheah Foundation championing the need for quality education

For more details, please refer to Community Enrichment on

SOCIAL CAPITAL (CONT'D)

5

VALUES CREATED

Improved stakeholder relationships		Customer Satisfaction Score: 95.60%		5 awards & recognitions received		Zero fines for labour law non-compliance	
85% buy calls from analysts and research houses		100% supply chain compliance with the Group's Anti-Corruption and Bribery Policy		6 interns absorbed into the Group. Provision of opportunities for aspiring, high-potential, local talents		Zero accidents involving the community or general public	
Development of talent pool that supports SunCon's human capital requirements		Contribution of more than RM2.09 million through the Jeffrey Cheah Foundation as well as various community and SunCon Social Club (SSC) initiatives					

TRADE-OFFS AND STRATEGIES

One focus area is ensuring that labour and human rights of workers, especially foreign workers are adhered to in accordance with Act 446 - Workers' Minimum Standards of Housing and Amenities Act 1990.

In FY2022, increased focus was placed on ensuring a compliant supply chain with regard to decent accommodation, healthcare, food and beverage, facilities and amenities as well as freedom of access and movement, freedom to retain identification documents and other areas.

The Group remains in close engagement with regulatory authorities to expedite compliance for all project sites and to progressively obtain approval for the Certificate for Accommodation (CFA) from Jabatan Tenaga Kerja (JTK).

One specific dependency is the efficiency and capabilities of subcontractors as well as raw material suppliers. It is imperative that all parties across the value chain manage and grow their talents in tandem with the requirements and objectives of SunCon while continuing to deliver quality products and service on time and at cost.

Vendors often do not have the technical capabilities nor the financial strengths and at times, the desire to upscale their operations in tandem with SunCon's growing business and operational requirements. Towards this end, the Group has initiated various strategies to strengthen its supply chain.

RISKS AND OPPORTUNITIES

<ul style="list-style-type: none"> • Risks of Bribery & Corruption Practices • Cost Overrun Risks 	<ul style="list-style-type: none"> • Reliability of Subcontractors Risks • Legal Workers Risks 	<ul style="list-style-type: none"> • Delay in Project Delivery Risks
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CASE STUDY: Joint Ventures Towards Delivering Higher Value Engineering

District Cooling System (DCS)

In FY2020, SunCon partnered with ENGIE, a European leader in energy and value-added energy solutions with a global operational footprint, to establish a JV company to venture into the district cooling system (DCS) niche market in Malaysia.

In FY2022, the JV led to a successful Build, Own, Operate and Transfer (BOOT) agreement between ENGIE-SUNWAY to implement a DCS at South Quay Square, Sunway City Kuala Lumpur. The implementation of the cooling solution has a capacity of more than 7,000 refrigeration tonnes (RT) put in place.



CASE STUDY: Collaborating with Local Universities

SunCon has initiated a wide range of engagements with local institutions of higher learning towards enabling the next generation of talents to be more industry ready and employable.



These programmes ensure students possess the required competencies to meet the job requirements of a technology-driven construction industry. The programmes create interest in the sector among young Malaysians and it also develops their competencies, thereby ensuring they have higher employability. In addition, it develops these talents to be not just professional knowledge workers but to be innovators and thinkers that can lead and drive further advances for the Malaysian construction sector.



NATURAL CAPITAL

6

As a construction company, SunCon's business model is heavily reliant on a wide range of building materials and natural resources while consuming significant amounts of direct and indirect forms of energy.

These factors are specifically disclosed in the External Trends and Developments section on

Aside from a business and operational perspective, SunCon's continued transition towards improved resource management is also driven by a focus towards reducing and mitigating its environmental footprint, notably in three specific areas: energy consumption, greenhouse gas (GHG) emissions and waste production.

Beyond its environmental footprint, the business model is also exposed to price fluctuations of raw materials which can be brought on by various changes and developments in the global or domestic macro-economic environment.

CAPITAL CONSUMPTION

Energy consumed 32,841 MWh	207 MWh solar energy	354,658 m³ of water consumption (Alternate water source: 11.2%)
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VALUES CREATED

Zero reported fines for environmental non-compliance	Continued progress achieved on multiple environmental KPIs and targets	On-track in meeting the SunCon Future Value Goals 2030
Improved environmental oversight and implementation of practices with progressive integration of ESG into the Group's business strategies and its operations		

TRADE-OFFS AND STRATEGIES

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.

NATURAL CAPITAL (CONT'D)

6

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



The use of VDC has enabled SunCon to achieve significant improvements in the design stage of the construction value chain, which is one of the fundamental stages for achieving resource efficiency and improved productivity.

Please refer to the Intellectual Capital subsection on construction. *for more information on how Sunway utilises VDC to achieve a more sustainable and productive approach to construction.*

In addition, progressively, SunCon has been focusing on driving its renewable energy (RE) business, which continues to achieve encouraging growth year-on-year.

The venture into solar and other renewables hold significant potential for SunCon over the short, medium and long-term perspectives and this is explained in further detail on and

Further details of how SunCon has taken concrete strategic action in advancing environmental stewardship are provided on

RISKS AND OPPORTUNITIES

- Cost Overrun Risks
- Delay in Project Delivery Risks

CASE STUDY: Use of Solar PV Rooftop at Sunway Enterprise Park and Sunway Precast Industries plant at Senai, Johor

SunCon's solar PV rooftop panels at the Sunway Enterprise Park and Sunway Precast Industries consume 207 MWh of clean energy and together with the solar investment projects, 143 tonnes CO₂e were avoided and equivalent to carbon sequestration from 6,810 trees in a year.

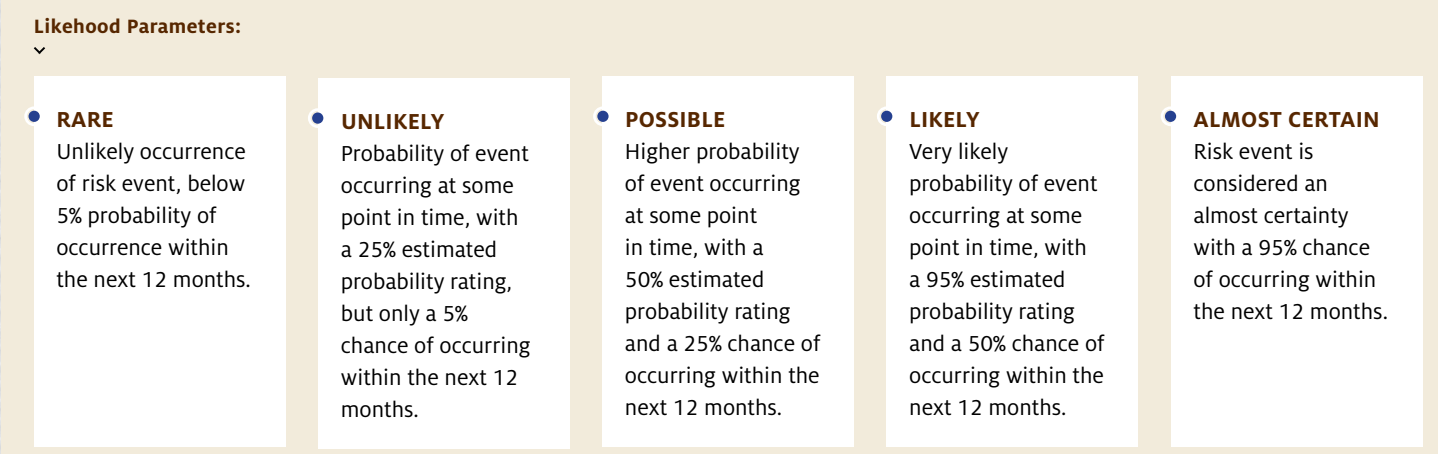
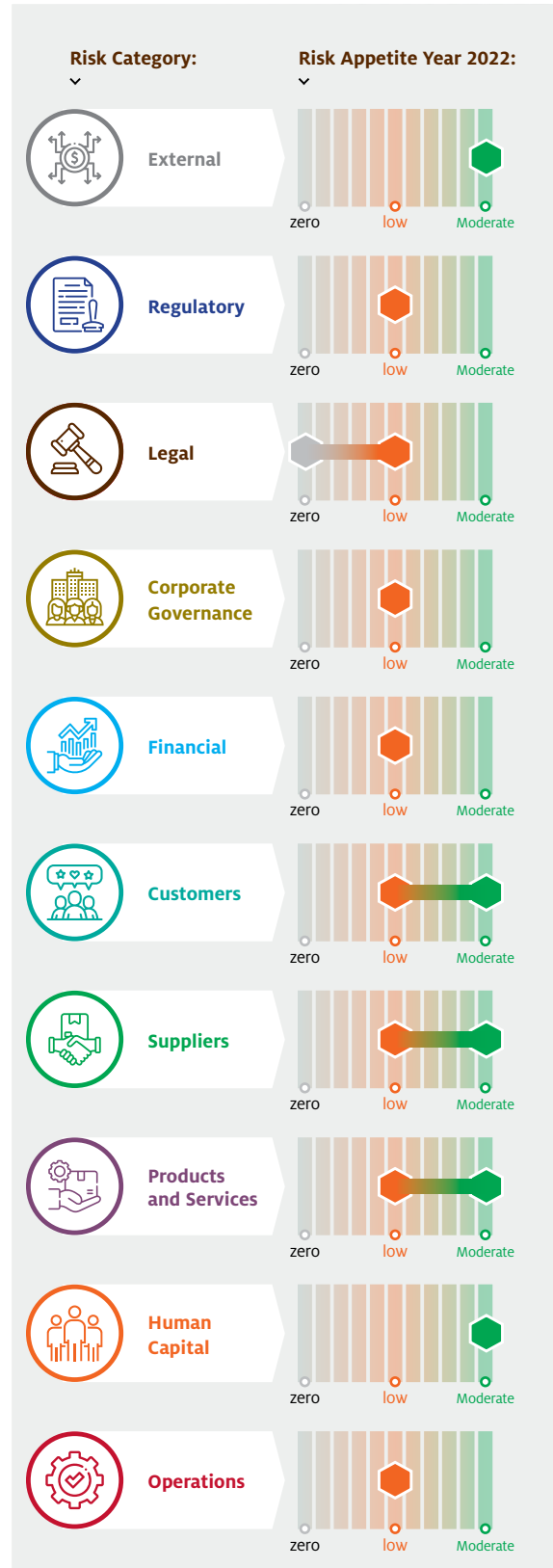
In addition, through its Sustainable Energy Division, SunCon installed rooftop solar panels with a clean energy generating capacity of 17,866 kWp which potentially avoids approximately 10,450 tonnes CO₂e.

RISKS AND MITIGATION STRATEGIES

IAR2022 provides a concise overview of SunCon’s risk factors which have been developed through Management’s comprehensive review of the external operating environment, its material matters and capital dependencies and the Group’s strategic aspirations and business strategies.

The resulting summation has led to the development of key risks which are regularly monitored at both Board and Senior Management level. SunCon has developed a comprehensive Risk Register as part of its management approach to identifying, assessing and mitigating risks.

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 IAR2022.



Likelihood: > Unlikely

1 RISK OF BRIBERY & CORRUPTION PRACTICES

As per the Group’s Anti-Bribery and Corruption Policy approved on 7 January 2020, SunCon is required to comply and adhere to all applicable laws, rules and regulations and uphold the highest ethical standards at all times. The policy is applicable to all Sunway employees and associates. Material matters or topics of concern covered under the policy include gifts, entertainment and hospitality benefits, donations, sponsorships, corporate responsibilities, facilitation payments, kickbacks and money laundering. All of the aforementioned are further defined and explained within the policy.

Potential Impact(s):

- > Delay in project execution and completion of deadlines
- > Financial losses / legal suits / regulatory fines
- > Public embarrassment
- > Investigations by 3rd party and / or government departments

Mitigating Action(s):



- > Tone from the top – Strong, zero-compromise stance from top management to all employees, and business associates including government officials in relation to compliance with the Group’s Anti-bribery and Corruption Policy;
- > All employees are required to complete mandatory e-training on the Code and Conduct Business Policy, Conflict of Interest Policy (in SAP Success Factor Cloud Based HR Solution);
- > Implementation of whistleblowing policy and procedures;
- > Annual assessment to be conducted by Group Internal Audit Department (GIAD);
- > Continuously monitor and identify areas of weakness in the company’s culture, structure and existing approval controls

Risk Category:

Likelihood: > Unlikely

2 DELAY IN PROJECT DELIVERY

Any delay in project delivery may result in the Group being faced with Liquidated and Ascertained Damages (LAD) as well as affecting the reputational risk of the Group.


Risk Category:  

<p>Potential Impact(s):</p> <ul style="list-style-type: none"> > Potential LAD compensation > Potential arbitration 	<p>Mitigating Action(s):</p> <ul style="list-style-type: none"> > Submission of Extension of Time (EOT) > Ensure proper, complete and sufficient documentation of project to protect against LAD > Follow up closely on the development of case, if any
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Likelihood: > Possible

3 COST OVERRUN

Rising commodity prices for copper, steel and other materials, if unmanaged effectively can lead to project cost overruns and ultimately impact the project and the company's bottom-line. SunCon's procurement team continues to closely monitor the pricing of all required materials and sources from suppliers who provide the most competitive prices.


Risk Category: 

<p>Potential Impact(s):</p> <ul style="list-style-type: none"> > Erosion of project margins that would affect company earnings 	<p>Mitigating Action(s):</p> <ul style="list-style-type: none"> > Pursuing variation order and loss and expense with clients > Monitoring material cost and wastage > Claim variation of price from clients > Active negotiation of prices with suppliers > Monitoring of preliminary cost
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Likelihood: > Possible

4 RETURN ON INVESTMENT OF MACHINERY / ASSETS & IDLE MACHINES

The Group needs to have an adequate pool of projects to minimise the risk of having non-productive, idling machinery.

Risk Category: 

<p>Potential Impact(s):</p> <ul style="list-style-type: none"> > Unable to recoup investments - machinery may be redundant post completion of projects > Idle machines incurred storage costs > Additional depreciation charge not absorbed by projects 	<p>Mitigating Action(s):</p> <ul style="list-style-type: none"> > Continue sourcing for new jobs to maintain asset / machinery utilisation rates > Alternatively, lease out idling machinery to external parties (subcontractors)
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Likelihood: > Possible


5 RELIABILITY OF SUBCONTRACTORS

The construction sector requires various subcontractors with specialised technical abilities and sufficient manpower to complete each project. Hence, the reliability factor of subcontractors is critical.

Due to the COVID-19 pandemic where the borders were closed and foreign workers had returned to their home country, subcontractors faced the issue of shortage of legal foreign workers especially in the specialist trade. This is especially so after the economy reopened and all projects recommenced operations at full capacity. Hence, the shortage of foreign workers was apparent.

However, SunCon successfully applied for the required foreign labour in FY2022 and the manpower was brought into the country and deployed to relevant projects.

The Group also assisted subcontractors for critical jobs by providing them with workers which was then backcharged into their respective contracts. This has enabled timely project delivery.

Risk Category: 

<p>Potential Impact(s):</p> <ul style="list-style-type: none"> > Over-reliance on subcontractors > Lower margins due to potential high pricing from fewer subcontractors 	<p>Mitigating Action(s):</p> <ul style="list-style-type: none"> > Maintain cordial relationship with existing performing subcontractors > Conduct periodical review of subcontractor's performance > Source for new subcontractors to increase the existing pool > Split the contract to smaller packages to minimise reliance on 1 major contractor
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Likelihood: > Unlikely

6

LEGAL WORKERS

All foreign workers present and working at construction sites must have a legal working permit and valid CIDB Green Card.

Due to COVID-19 pandemic and the closure of borders for a prolonged period, there was an acute shortage of legal foreign workers in the market. This affected the overall productivity of projects.

However, with the reopening of borders, on 1 April 2022, the situation improved considerably as SunCon applied to the regulatory authorities for foreign workers. The Group applied for a total of 1,000 workers. All workers will be progressively processed for CIDB Accreditation in FY2023.

Risk Category:



Potential Impact(s):

- > Imposition of penalty on main contractor
- > Company's image may be negatively affected
- > Stop work orders may be issued by authority causing delays in site progress
- > Reduces site's productivity

Mitigating Action(s):

- > Site engineers and personnel-in-charge to ensure constant monitoring and regular checks are conducted to ensure all workers on site and at the central labour quarters (CLQ) possess valid work permits and passports
- > Consistent with the imposition of Act 446, even more regular checks are being carried out at project sites by site personnel

Likelihood: > Possible

7

DEPENDENCE ON THE PROPERTY MARKET AND GOVERNMENT INFRASTRUCTURE SPENDING

The construction sector is dependent on government policies including public sector expenditure on large scale infrastructure development projects. Hence, any decision to defer, cancel or downsize projects would affect overall momentum within the construction sector. Similarly, the Group's precast business operations, which comprises the manufacture and sale of precast concrete products is dependent on the number and timing of launches by the Housing Development Board (HDB).

Risk Category:



Potential Impact(s):

- > Excess staff
- > Idling machinery
- > Potential negative impact on revenue and earnings

Mitigating Action(s):

- > Source for more projects from the private sector as well as within the Sunway Group
- > Venture overseas for more projects (ASEAN countries)
- > Tender for MRT3 project
- > Tender for solar projects (PPA)
- > Explore more opportunities in the sustainable energy sector

Likelihood: > Unlikely

8

COVID-19 PANDEMIC

While the COVID-19 pandemic has largely receded post a global and national vaccination programme and the subsequent removal of social and economic restrictions, the risk of a resurgence due to new virus strains remains. The situation in China for the most part of FY2022, which saw a tight nationwide lockdown is evident of how more resistant virus mutations can appear and derail the ongoing socio-economic recovery. Even sporadic, contained outbreaks can have serious disruptions to construction activities, delay project announcements and also affect access to labour.

Risk Category:



Potential Impact(s):

- > Loss of revenue and profit
- > Lower productivity due to compliance with new safe work procedures

Mitigating Action(s):

- > Implemented Business Continuity Plan 2, Post-MCO Safe Work Procedures
- > All division heads and project PICs to ensure that the Safe Work Procedures are being carried out at office and site at all times

Likelihood: > Possible

9

CREDIT AND LIQUIDITY

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

Risk Category:



Potential Impact(s):

- > Delay in collection may affect overall company cashflow

Mitigating Action(s):

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

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

FY2022 saw SunCon align related disclosures with the Task Force on Climate-Related Financial Disclosures (TCFD). The inclusion of the TCFD disclosures are in line with SunCon’s continued strategic approach of embedding material ESG matters within its strategy. This includes taking into account how climate change erodes financial and non-financial creation through identified physical, transitional and legal / reputational risks as well as opportunities for financial and non-financial value creation.

1 GOVERNANCE

The Board Sustainability Committee (BSC) continues to assume the responsibility in assisting the Board of Directors in fulfilling its oversight on the Group’s sustainability strategies and championing its sustainability agenda.

The sustainability area under the purview of the BSC includes climate change mitigation and adaptation strategies, provides insights on climate-related risks and opportunities impacts through the Risk Management Committee, as well as areas within the sustainability pillars of environment, social and governance (ESG).

The BSC oversees the execution of the Group’s ESG framework, as well as monitors the progress of goals against targets and implementations for addressing climate-related issues.

SunCon Management supports the BSC in executing and driving its sustainability strategies focusing on promotion of energy efficiency, carbon and waste reduction. The Management is also tasked to ensuring there are robust mitigation strategies and systems in place to address existing and emerging risks and opportunities arising from climate change.

Please refer to the Board Sustainability Committee Statement on information on BSC activities in FY2022.

2 STRATEGY

SunCon has identified the following climate change risks that have been deemed as being significant in impact (potential / actual) to the Group’s business operations. The impacts may be direct or indirect in nature and in essence affect the following: access to, and pricing of resources and materials, financing, regulatory compliance and also supply chains.

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

Risk Category: Physical Risks Likelihood: > Almost Certain

Possibility of flash floods caused by incessant rainfall may affect operational sites. Flash floods may damage equipment, machinery and infrastructure at construction sites, leading to financial losses and higher insurance premiums due to higher risks.

With large areas inundated by flood waters, logistics infrastructure may be closed off, affecting the supply of materials or movement of workers and personnel.

Increased rainfall can disrupt the progress of works on construction sites. Wet and slippery conditions can lead to increased OSH risks

as well as increased incidences of mosquito larvae breeding and ultimately higher number of mosquito vector borne diseases.

Drought-like conditions could further exacerbate challenges faced in water-stressed locations. Additional requirements may be needed to ensure sufficient water for construction works. Increasing ambient temperatures may lead to heatwaves which can affect workers’ health, both in the short and long-term.

Ultimately, climate related risks may cause delays in project delivery, Liquidated and Ascertained Damages (LAD) as well as reputational risks.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Risk Category: Transitional and Legal Risks Likelihood: > Possible

Decarbonisation may require financial and other resources that may necessitate trade-offs in terms of investments into other aspects of the business model, especially in operational aspects i.e. purchase / lease of machinery, equipment, investments into VDC, etc. that may have a higher potential in providing immediate or greater returns, notably in the short term.

Legal risks include loss of access to financing for business expansion due to insufficient climate change related disclosures or being excluded from international ESG indices due to poor climate change disclosures or lack of action taken to address the material issue.

Opportunities from Impact of Climate Change Likelihood: > Possible

SunCon can participate in Malaysia’s voluntary carbon market (VCM) as a buyer of carbon credits to offset emissions. Conversely, the Group may potentially generate carbon credits through its carbon negative projects, drawing expertise from its Sustainable Energy arm and strategic partnerships with interested stakeholders.

The increased focus on climate change and sustainability provides more opportunities for green building design and construction. SunCon’s established track record in this aspect of construction provides the Group with a potentially advantageous position as it can bid for a large base of tenders and contracts, both in Malaysia and beyond. SunCon’s continued progress and its focus on green and sustainable infrastructure development can enable improved access to green bonds and sustainable financing.

3 RISK

Identification of risks is based on its existing risks management framework, which employs a triple tier approach. The risk assessment is based on Management’s own internal assessments, inputs and discussions with external experts as well as by considering the Group’s business model and operations. It also draws from the expertise of the Sunway Group. Where possible, risks factors are quantified, that is the usage of revenue, costs, time lost, injuries and fatalities to assess risk impacts.

Risks are assessed based on the probability of such risk events occurring, the extent of impact in the event such risks were to occur and who would be most affected i.e. SunCon, SunCon’s stakeholders or both.

Specific measures in climate change risk management and mitigation comprise the following:

- Ensure climatic constraints are taken into consideration during project planning and management.
- Continue to practice existing internal controls where flood prone areas within our project vicinity shall be identified and flood mitigation plan shall be established.
- Continual exploration on use of alternate water source as supplementary water supply.
- Ensure workers’ safety, health and welfare are protected through systematic hazard and risk assessment.
- Continually explore or establish strategic partnerships with interested stakeholders to develop new clean energy opportunities.
- Build a strong local supply chain where effects of supply chain disruption can be minimised.
- Continually monitor updates within the sustainability agenda sphere to keep abreast of recent developments.

4 METRICS AND TARGETS

Scope 1 and Scope 2 emissions are provided in the Sustainability Statement on .

SunCon’s KPIs and targets in relation to climate change are provided in the Sustainability Statement on .

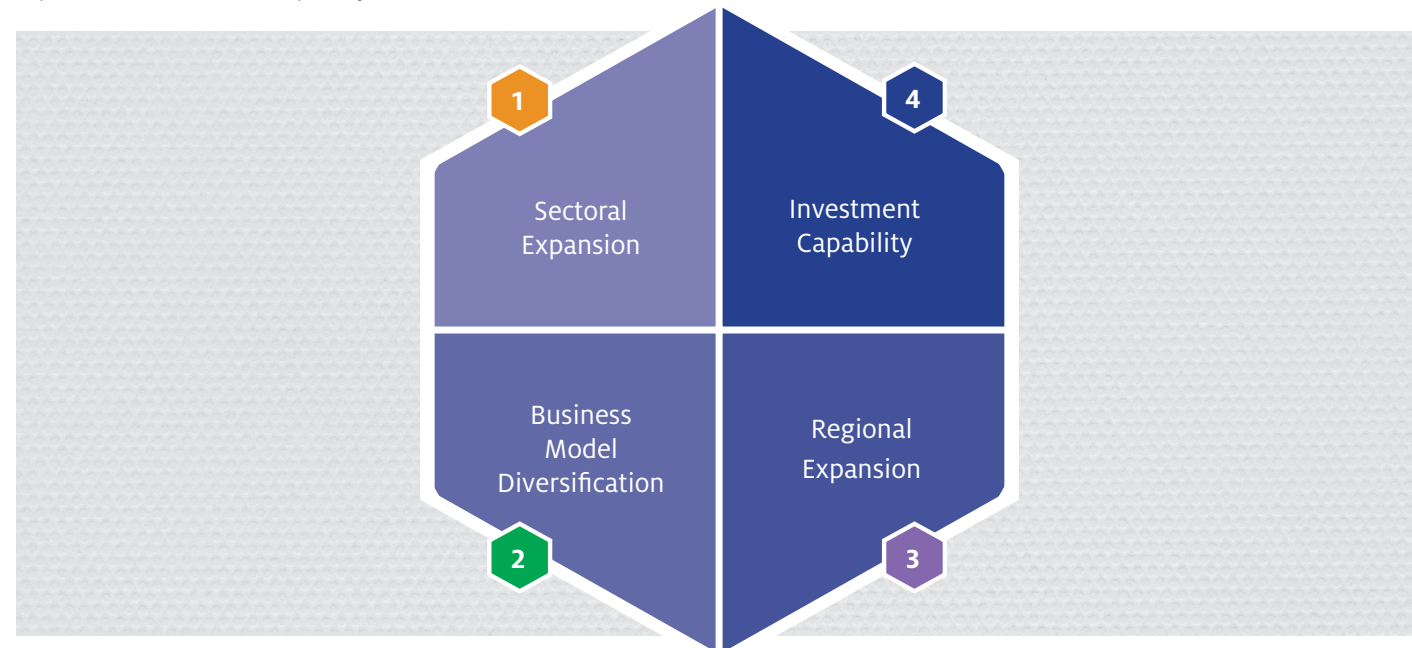
STRATEGIC PRIORITIES AND FUTURE ORIENTATION

The value creation narrative for IAR2022 culminates by providing insights into SunCon's forward looking aspirations. These include plans to leverage on the Group's existing track record and expertise, while also penetrating new markets in the pursuit of value accretive opportunities.

In addition to the information provided below, readers are encouraged to also refer to the Management Discussion and Analysis section on

EXPANSION STRATEGY

In driving business growth, SunCon will focus on an expansion strategy based on sectoral expansion, business model diversification, regional expansion and investment capability.



SECTORAL EXPANSION

1

Moving forward, construction activity in Malaysia is expected to witness a gradual recovery in the coming year, in tandem with the recovery in economic activities and the anticipated rollout of new and on-going mega infrastructure projects, such as the MRT3. The Group maintains a healthy order book of RM5.3 billion extending into 2024 and is actively working towards replenishing its order book. With a robust balance sheet, the Group has the necessary financial resources and flexibility to capitalise on future opportunities and navigate the challenges ahead.

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 Finance Initiative (PFI). We expect to turn a new page by rebuilding our order book with non-conventional, higher value added tech sector projects, such as data centres, semiconductor manufacturing facilities and others. We continue to actively seek out opportunities to expand our order book through strategic collaborations with reputable joint venture partners. This enables us to pool our complementary capabilities and expertise to take on more challenging projects and broaden our offerings to clients, at the same time reduce our risks.

There is also ample room for growth in the sustainable energy sector with the recent release of 800MW quota for solar photovoltaic assets under the Corporate Green Power Programme (CGPP) based on the Virtual Power Purchase Agreement mechanism. This initiative provides opportunities for business entities, both local and multi-national, to participate in the promotion and use of renewable energy in their business operation.

STRATEGIC PRIORITIES AND FUTURE ORIENTATION

SunCon also intends to venture further into new sectors such as power plants. We have entered into an agreement with Song Hau 2 Power Company Limited for the engineering, procurement, and construction (EPC) of a power plant at the Hau Giang Province in Vietnam, for approximately USD2.4 billion. Upon successful negotiation, this project will mark our maiden foray into the power generation industry.

BUSINESS MODEL DIVERSIFICATION

2

The strategic aspirations going forward include income stream diversification by pursuing businesses that generate recurring income.

SunCon is best positioned to design and build infrastructure assets that generate recurring income while maintaining ownership of (or operations) of these assets, in return for a project management fee based on a stipulated concession period.

This approach draws from the Sunway Group's Build-Own-Operate (BOO) model. 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).

While there are challenges, this approach generates income, boosts the asset position of the Group, enables exposure to a wide range of high-potential infrastructure sectors and may also be beneficial to clients who require a one-stop solution from design and build to asset operations.

REGIONAL EXPANSION

3

Consistent with its plans to expand regionally, SunCon will increase its focus on pursuing opportunities in the ASEAN region and India. As the regional economy recovers post pandemic, opportunities for infrastructure projects are expected to see an increase. These include RE projects, data centres, infrastructure projects, highways and rail projects and more.

In India, SunCon has a well-established presence, notably in highway infrastructure construction. The experience and exposure gained in the India market over several years positions the Group in a position to participate in emerging opportunities.

In Vietnam, SunCon is working towards finalising its agreement that will facilitate entry into power plant construction. This may open new potentials for not just conventional power plants, but also to offer sustainable energy solutions in a growing market.

INVESTMENT CAPABILITY

4

As public and private sector project owners grapple with financial challenges, including ability to secure loans and investors, there is increased market acceptance of Private Finance Initiative (PFI) approaches or contractor provided financing.

SunCon's robust financial position which includes a healthy balance sheet, strong cash flows and a robust asset position enables the Group to bid and secure projects using the PFI approach. This includes projects with complex specifications and a longer construction period. The PFI approach enables a wide range of opportunities for SunCon as proposals can be structured in multiple ways to best suit the project owners' unique requirements.

STRATEGIC PRIORITIES AND FUTURE ORIENTATION

TALENT FOCUS

SunCon continues its focus on talent management with the emphasis on all aspects of the talent management cycle. This encompasses talent recruitment, retention, remuneration, training and wellbeing.

Employer branding will also be enhanced through various channels such as participation in HR related award platforms i.e. GRADUAN, collaboration with employment portals and more. The objective is to position SunCon as an employer of choice, particularly among young talents.

Beyond marketing and branding efforts, SunCon is actively engaging local universities that can serve as talent pipelines for the Group and the construction industry.

Within the Group, focusing on employees, SunCon will bolster its learning and career development framework towards supporting the professional growth of employees at all levels of the organisation.



Talentbank Graduates' Choice Award 2023 – Champion in Construction

Beyond the usual professional development initiatives such as competency gap identification through employee appraisals, Group Human Resources (GHR) has and will continue to initiate other strategic plans.

One such programme is the Annual Talent Review by the SunCon EXCO team, facilitated by Human Resources. The review identifies a pool of talent via a leadership potential indicator framework. Identified talents will then be mapped into different talent categories based on two factors, (1) Potential indicators, (2) Succession to leadership role in the organisation.

Once the talents are mapped into their respective succession pipelines, development plans and growth opportunities will be provided to the talents based on the requirements of the Group. The above approach beyond grooming talent, also provides them with opportunities for career mobility, job enrichment and exposure to the multiple aspects and facets of the Group's operations.

Introduction

Financial year (FY2022) saw Sunway Construction Group Berhad (SunCon) continue to actively drive its journey of sustainability. The motivations for the realisation of set ESG key performance indicators (KPIs) and targets are centred on the following.

The first, to mitigate its own environmental and social impacts as a responsible corporate citizen in addressing climate change, pollution, labour and human rights and other issues. The second, to reduce business and operational risks, to uncover improvement opportunities and to ultimately derive greater business and operational improvements to sustain value creation.

The pursuit of sustainability by SunCon is in the best interests of both stakeholders and the Group.

Sustainability strategies, projects and action plans often require considerable financial support. Hence, the financial health of the organisation, reflected in growing revenues and earnings, strong cashflow and a growing

asset base is vital in ensuring the continued successful pursuit of the ESG agenda.

Conversely, the focus on sustainability can also lead to improvements in financial performance as the former supports greater operational efficiency, improved productivity and cost savings, especially in the medium to long-term.

SunCon's performance against its set KPIs and targets is provided in the introductory pages of the respective Environmental, Social and Governance subsections of this report. The Group's KPIs are also aligned to the following UNSDGs:



OUR SUSTAINABILITY COMMITMENTS AND TARGETS

In providing strategic focus and impetus to its sustainability efforts, SunCon has established specific Key Performance Indicators (KPIs) and targets.

The targets serve as reference points for the Board of Directors and Management (who have full oversight on all ESG material matters) to gauge the effectiveness of sustainability-related action plans and if necessary, implement corrective / enhanced action to accelerate the level of progress achieved year-on-year.

GROUP SUSTAINABILITY FRAMEWORK



Sunway City, Kuala Lumpur

In FY2022, SunCon reviewed its Sustainability Framework to better align its strategic approach to ESG with the industry best practices as well as to more stringent reporting disclosures.

Specifically, the emergence of more reporting frameworks such as the Task Force on Climate-Related Financial Disclosures (TCFD), Morgan Stanley Capital International (MSCI), the Sustainability Standards Accounting Board (SASB) and others necessitate more comprehensive, transparent and insightful reporting.

At SunCon, inculcating the sustainability agenda within our business strategies, operations and organisational culture is not just about achieving tangible targets. Rather it embodies the DNA of the organisation. This includes its natural predisposition towards practicing the values, principles of sustainability, which are reflected every day across operations at every level and all geographical locations.

Our sustainability agenda is driven by four strategic thrusts, spearheading our Environmental, Social and Governance (ESG) efforts supported by the three enablers of Collaboration, Innovation and Digitalisation.

Ultimately, the intended outcome of our sustainability agenda is towards enabling sustainable construction, investing in fair, safe and inclusive workplace and ensuring compliance and embracing transparency. These desired outcomes



At SunCon,
we define these intended outcomes as the epitome of sustainability in broad strokes for the Group. These serve to align **business strategies, operational processes** and **other aspects of operations** towards a firm ESG vision.

serve as the broad perspective of the Group in relation to reducing or avoiding environmental and social impacts. Each outcome is supported by distinctive focus areas and corresponding targets. Our focus areas have been identified as being pivotal to the Group's success in realising its ESG aspirations, especially over the medium and long term.

In providing strategic focus and impetus to its sustainability efforts, SunCon has established KPIs and targets for the focus areas identified. The targets serve as reference points for the Board of Directors and Management who have full oversight on all ESG material matters to gauge the effectiveness of sustainability-related action plans and if necessary, implement enhanced actions to accelerate the level of progress achieved year-on-year. The key targets and our progress are reflected in the respective Sections of this Sustainability Statement.

GROUP SUSTAINABILITY FRAMEWORK



GROUP SUSTAINABILITY FRAMEWORK

MEMBERSHIP OF ASSOCIATIONS

SunCon engages with various associations within the construction industry to participate and contribute to meeting stakeholder expectations in a mutually beneficial manner.

In FY2022, SunCon was a member of the following professional bodies / associations:

Construction Industry Development Board (CIDB)



Master Builders Association Malaysia (MBAM)



Human Resource Development Corporation (HRDC)



National Institute of Occupational Safety and Health (NIOSH)





Governance



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	2020	2021	2022
Governance and Ethical Business	No confirmed major non-compliance to all SunCon Code of Conducts	Zero non-compliance	Zero non-compliance	Zero non-compliance
Anti-Corruption	Maintain 100% employees trained in compliance (including new hires)	100%	100%	100%
	Zero confirmed bribery and corruption incidents	Zero confirmed case	Zero confirmed case	Zero confirmed case
Data Privacy and Security	Zero confirmed incidents on breach of customer privacy and losses of customer data	Zero confirmed incident	Zero confirmed incident	Zero confirmed incident
Responsible Supply Chain	All active suppliers and subcontractors to complete Sustainability Risk Assessment by 2024	N/A	N/A	Work in-progress
	Include ESG criteria in major suppliers' selection process by 2026	N/A	N/A	At data compilation stage
Risk and Regulatory Compliance	Zero non-compliance to all regulatory requirements and guidelines	Zero non-compliance	Zero non-compliance	41 notices received from authorities. All closed

GOVERNANCE

Integrity is the first core value of Sunway Group. Upholding the highest level of ethical standards allows the organisation to establish good reputation and enhanced brand value. Good governance also reduces risk exposure, especially risks related to corporate reputation and branding.

In essence, good governance is the means to reduce a wide range of negative impacts such as loss of stakeholder trust and confidence, exposure to legal action and inability to attract new talent.

As such, SunCon is committed to conducting its business in accordance with all applicable laws, rules and regulations and the highest ethical standards, both in Malaysia and abroad.

SunCon's approach to good governance is driven by the following policies that apply across subsidiary companies and where relevant to the supply chain and other stakeholders.



Alignment with Sunway Berhad's Policies

Board Policies

- >> Remuneration Policy for Directors and Senior Management
- Policy on Selection and Assessment of the Board
- Policy on Selection of External Auditors
- Non-Audit Services Policy
- Fit and Proper Policy

Corporate Policies

- >> Code of Conduct and Business Ethics
- Whistleblowing Policy and Procedures
- Anti-Bribery and Corruption Policy
- Anti-Money Laundering Policy
- Quality, Environmental, Safety and Health Policy

UPHOLDING GOVERNANCE THROUGH STRONG COMMITMENT TO CORPORATE INTEGRITY AND ETHICAL CONDUCT

The SunCon Code of Conduct and Business Ethics (CCBE) sets out the core principles in terms of good corporate conduct, ethical behaviour and corporate integrity.

The CCBE (and other related policies) can be viewed at: <https://www.sunwayconstruction.com.my/investor-relations/corporate-governance/>.

SunCon has also established a wide range of policies aimed at strengthening corporate governance and exemplary professional conduct. These policies set out clearly how various business and operational matters should be addressed or conducted.

These policies apply across all Sunway Group companies including SunCon. Where necessary for SunCon's operating context as a construction group, additional policies have been formulated by Management and approved by the Board.

Policies have been established for the Board, employees, the supply chain and in some cases i.e. the Anti-Bribery and Corruption (ABC) policy, as well as the Quality, Environmental, Safety and Health (QESH) policy have been extended to all stakeholders.

ROLE OF THE BOARD IN UPHOLDING GOOD GOVERNANCE

The Board acknowledges its role in setting the "tone from the top" – good governance across SunCon. In this regard, the Board continues to

play an active role in not just setting broad objectives and direction, but also in the dissemination of the ESG agenda through communications activities.

The Board supports the cultivation of an ESG oriented organisational culture and mindset across the Group and where required, plays an active role in the same.

Through its sustainability governance structure as well as its Sustainability Framework, SunCon's Board of Directors maintain comprehensive and regular oversight on all material ESG topics as identified and mapped on the Group's materiality matrix. The Board is kept updated on the progress and performance of the ESG agenda through the present structure and reporting mechanism.

GOVERNANCE

Collectively, the SunCon sustainability governance structure is also looking into developing climate change adaptation plans including scenario planning. The latter includes business plans in relation to the 2-degree scenario and to support the United Nations Climate Change Conference of the Parties 26 (COP26) target of Global Net Zero by 2050.

The Board level Risk Management Committee is accountable to the Board and is responsible to advise the Board on the adequacy and effectiveness of the risk management framework, including promoting better governance culture and ethical behaviour within the Group by ensuring that structured policies and procedures on anti-corruption and money laundering are in place.

Anti-bribery and corruption, as well as matters related to corporate governance, and integrity come under the purview of the full Board supported by the Audit Committee and Risk Management Committee. This includes both the ABC and Whistleblowing Policy.

BOARD REMUNERATION LINKAGE TO ESG PERFORMANCE TARGETS

In driving greater ownership and oversight of SunCon's ESG KPIs and targets at Board level, the Group is presently in progress of linking remuneration to ESG elements and performance. Methodologies being considered include providing bonus remuneration for the realisation of set KPIs and targets or apportioning a portion of the existing remuneration to KPIs and targets.

For senior management, a scorecard approach is being considered, where ESG KPIs and targets will be integrated into the individual performance scorecard of personnel with appropriate weightages set based on the following: individual's seniority and specific role within the organisation and the respective linkage of different ESG KPIs and targets to their roles. Presently, the focus on ESG linkage is being placed on OSH related KPIs and targets. SunCon will progressively expand the exercise to include other KPIs and targets.



Sunway Big Box Office, Sunway City Iskandar Puteri

COMMITMENT TO BOARD DIVERSITY

SunCon's Board of Directors comprises diverse individuals, all of whom are highly qualified, industry professionals. Diversity is reflected not just in board gender and ethnicity, but also in terms of qualifications, experience, skills and competencies.

This diversity enriches the Board with varied perspectives, and an increased ability to view business, operational and sustainability matters brought for consideration from a truly comprehensive view.

The Board of Directors' composition comprising age, nationality and gender breakdowns are provided on in the Key Performance Data table at the end of this IAR2022.

Working towards achieving a **30%** women representation on its Board

Of note, SunCon is working towards achieving a 30% women representation on its Board, as stipulated in **Practice 5.9** of the Corporate Governance Report issued by the Malaysia Code on Corporate Governance (MCCG).

Anti-Bribery and Corruption

The Group practices a zero-tolerance policy towards bribery and corruption in business dealings with all stakeholders. This no-compromise approach is provided for in SunCon's ABC policy which has been cascaded to all subsidiary companies within SunCon and Sunway Group.

The policy can be viewed here: <https://www.sunwayconstruction.com.my/investor-relations/corporate-governance/>.

In essence, the ABC Policy clearly sets out the Group's approach to preventing acts of bribery and / or corruption in line with Section 17A of the Malaysian Anti-Corruption Commission Act 2009. This includes all forms of abuse of power, embezzlement and fraud.

The Group is committed to implementing all necessary measures to ensure that its business operations are corrupt free at all times; and to effectively implement adequate procedures to ensure compliance with Section 17A of the amended MACC Act 2009.

GOVERNANCE



Sunway Velocity Two, Kuala Lumpur

The ABC policy applies to all of SunCon's stakeholders, including the Board, Management, staff and the supply chain. It also covers gift-giving and receiving, as well as solicitation and receipt of any form of incentive or gratification i.e. entertainment, sponsorships, hospitality, payments, kickbacks and so on.

SunCon since FY2020, has appointed a dedicated Anti-Bribery and Corruption Compliance Officer, who is responsible for the effective implementation of the ABC compliance programme, and is also tasked to identify, monitor and control bribery and corruption risks.

All new hires are required to complete an anti-bribery and corruption declaration prior to reporting for work. During their induction, they are briefed on the ABC policy and the Code of Conduct and Business Ethics (CCBE) policy. In FY2022, 100% of our new employees were briefed on the ABC and CCBE policy.

All employees are required to undergo refresher training and to complete an annual declaration process to restate their commitment to abide by the ABC Policy. This is in line with ensuring constant vigilance and continued compliance with the standards set for ethical business conduct by SunCon. In FY2022, all employees have underwent refresher training.

As a further measure of reinforcement, infographics were shared with all employees via email and placed on notice boards at strategic points across the workplace.

In FY2022, there were zero reported cases of bribery or corruption within the organisation.

ASSESSMENT FOR CORRUPTION RISKS

The FY2020 assessment identified several departments to be of higher inherent risks exposures to bribery and corruption. Potential risk scenarios were identified and corresponding safeguards were put in place and monitored on periodic basis.

Audits were conducted to assess the status of implementation of procedures at higher risks departments to prevent the occurrence of corrupt practices based on T.R.U.S.T principles stipulated in the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009.

Periodic audits were also carried out to ensure compliance to SunCon's ABC policies and procedures by business units and to ascertain that these policies continue to be adequate and effective against bribery and corrupt activities in the conduct of business.

For further information, please refer to the Audit Committee Report on

GOVERNANCE

ASSESSMENT AND MANAGEMENT OF THE SUPPLY CHAIN IN RELATION TO CORRUPTION

All new suppliers, subcontractors and service providers 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. This is through the Supplier / Subcontractor / Service Provider Registration Evaluation (SRE) form.

In FY2022, 100% of our new contractors and suppliers completed the SRE process.

As part of our digitisation journey, we are not only working on digitalising the SRE form towards easing the registration process, but also in simplifying the data collection and compilation process. The digitalised form is essential for the assessment of existing and long-term business partners.

SunCon also has in place procedures which provides in detail, the subcontracting process and the necessary checks and balances to ensure a corrupt free supply chain. Procedures available are Selection and Approval of Suppliers, Selection and Approval of Consultants and Business Partners and Appointment of Suppliers.

During the contract awarding process, potential business partners must affirm their consent to abide by the anti-bribery and corruption, anti-money laundering and economic sanction compliance declaration. Any breaches in the declaration may result in punitive actions as stipulated including termination of the contract or even reporting to regulatory authorities if the breach warrants as such.

SunCon continues to refine the assessment and management of its supply chain in relation to corruption and is committed to systematically minimising corruption risks within its supply chain.

WHISTLEBLOWING POLICY AND PROCEDURES

SunCon has established a whistleblowing mechanism which is governed in accordance to the Group's Whistleblowing Policy and Procedures.

The said policy can be viewed here: https://ir2.chart-nexus.com/suncon/doc/cg/Whistle_Blowing_Policy.pdf.

Anyone wishing to make a whistleblowing report may do so via the following channels:

Whistleblowing hotlines

☎ : (603) 5639 8025

✉ : whistleblowing@sunway.com.my

Whistleblowing reports are investigated independently by the Group Internal Audit Department (GIAD). GIAD will conduct an investigation on each whistleblowing report received and upon completion of each investigation, the findings will be presented to the Chairman of the Audit Committee for further action.

The whistleblower's identity will remain anonymous throughout the whistleblowing report-making process as well as during and after subsequent investigations have been done, unless otherwise required by law or for purposes of proceeding against or by the Group.

The whistleblower is also granted immunity from any form of intimidation, punitive action or reprisal regardless of whether the allegation is proven to be true or unfounded, as long as the report has been made in good faith.

For FY2022, there were zero confirmed cases of corruption received through the whistleblowing channel.

POLITICAL POSITION AND CONTRIBUTIONS

SunCon maintains its position as an apolitical organisation and hence does not favour or promote the agenda of any political party. Neither is the Group affiliated to any political organisation. The Group has not made any donations to any political parties.

However, SunCon, in its pursuit of ESG may on occasion, support, participate or agree to be a strategic partner in ESG or corporate social responsibility (CSR) events or programmes organised by the government of the day. Such involvement is strictly for the purpose of the realisation of the programme's objectives and is not in any way a political endorsement of the government, any political party or politician.

Data Privacy and Security

SunCon adheres to the Personal Data Protection Act 2010 which provides for strict confidentiality of private information. Any personal information collected by the Group is done with the full consent of the data owner and is collected solely for business use only.

No such information is provided or sold to 3rd parties. All data is secured through a robust IT-based data protection system with access restricted only to selected employees who require such information for business use. FY2022 saw SunCon continue to maintain its track record for zero data breaches.

Environmental



Material matters addressed:

- Climate Action
- Circular Economy
- Water Protection
- Biodiversity



Sunway International School, Sunway City Kuala Lumpur certified as GreenRE - Platinum

The construction industry has been typically regarded as being a key contributor to environmental impacts. Hence, it is essential that the construction industry pivots from its conventional resource intensive model to a more sustainable form of operations with greater focus on reducing carbon footprint and progressing towards the adoption of circular economy.

By rethinking the construction model and processes, SunCon continues to reshape the industry towards becoming more sustainable. This is typically a more effective approach, rather than attempting to integrate and retrofitting sustainability at later stages of the development, construction and operation cycle.

The continuous utilisation of digital solutions utilised by our Engineering and Construction Division enables us to optimise the overall planning and execution processes, yielding multiple benefits such as reducing waste

as well as achieving cost and manpower efficiencies. The digital solutions we utilise in our projects include Virtual Design and Construction (VDC), Building Information Modelling (BIM) and Industrial Building Systems (IBS).

SunCon uses both the Industrialised Building System (IBS) and aluminium formwork methodologies to reduce consumption of raw materials and wastage, reduce dependence on human labour, expedite construction completion and to achieve cost and production efficiency while improving consistency of quality.

Beyond resource consumption, the Group is also looking at waste generated and emissions, which if left unchecked can exacerbate present issues such as climate change, global warming, water contamination, biodiversity impacts and more.

Through the use of low impact materials, energy efficiency planning, careful consideration of construction methodology and the engineering of the ebb and flow of human and vehicular traffic, SunCon is able to reduce emissions during construction and conserve the use of natural resources during the projects' build and operational phases.

Another key aspect of SunCon's approach to environmental impact is the Group's contribution as a RE solutions provider, in particular as a builder / installer of solar energy generating facilities.

The Group continues to undertake a wide range of RE projects and in doing so, is directly playing a contributory role in the realisation of Malaysia's target to achieve 31% of its energy generating capacity to be derived from RE sources by 2025 as stipulated in Malaysia's Energy Transition Plan 2021 – 2040.

ENVIRONMENTAL

PERFORMANCE ON ENVIRONMENTAL KPIs AND TARGETS

Sustainability Matters	Target	Interim Target 2022	2021	2022	Legend Tracking
Climate Action	Reduce Scope 1 emission by 40% by 2030 compared with 2020 levels (2020: 9,713 tonnes CO ₂ e)	10% reduction	6,104 tonnes	7,167 tonnes	● 26.2% reduction from 2020 levels
	Reduce Scope 2 emission by 40% by 2030 compared with 2020 levels (2020: 2,793 tonnes CO ₂ e)	10% reduction	3,863 tonnes	4,505 tonnes	● 61.3% increase from 2020 levels
Circular Economy	10% waste diversion from landfill by 2030 by improving segregation strategy	2% diversion	N/A	22.5%	● Achieved
Water Protection	Reduce demand on potable water by 30% from 2020 levels by 2030 (2020: 392,726 m ³)	6% reduction	316,145 m ³	314,821 m³	● 19.8% reduction from 2020 levels
	Alternate water source (rainwater harvesting / water recycling) of at least 10% of total water withdrawn by 2030	2%	3.2%	11.2%	● Achieved
	Zero non-compliance on water discharge quality	Zero non-compliance	Zero non-compliance	Zero non-compliance	● Zero non-compliance
Biodiversity	Zero environmental incidents with severe environmental damage	Zero incident	Zero incident	Zero incident	● Zero incident

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)

The Group is cognisant that FY2022 saw a non-achievement of its set target for Scope 2 emissions. Despite the best efforts to maintain a downward trend, several factors i.e. a return to full operations post pandemic (including undertaking of commissioning and testing for several projects) resulted in Scope 2 emissions surpassing the set KPI. It must also be stated that the KPIs and targets for Scope 1 and Scope 2 emissions were set during the pandemic period (when the base year for emissions levels were comparatively lower) when operating activities were far from peak levels. Management will continue to monitor the Group's performance as well as the necessity for the Scope 2 emissions target to be reviewed.

CHAMPIONING SUSTAINABLE ENERGY USE

Through SunCon's Sustainable Energy Services division, the Group continue to be in the forefront of ongoing efforts to enable the transition towards a greener economy.

In FY2022, the division completed 18 rooftop solar panels installation projects with a cumulative clean energy generating capacity of 17,866 kWp.

Please refer to Management Discussion and Analysis on Sustainable Energy Services at for more information.

ENVIRONMENTAL

AT THE FOREFRONT OF THERMAL ENERGY STORAGE AND DISTRICT COOLING SYSTEMS

Apart from solar energy, SunCon has ventured into the development of other sustainable energy infrastructure and solutions. These include the completion of the Thermal Energy Storage (TES) tank at IOI City Mall Phase 2 project; and the District Cooling System (DCS) at the mixed development in South Quay Square, Sunway City Kuala Lumpur in collaboration with ENGIE Southeast Asia.

Thermal energy storage is much cheaper than electricity storage and it has high potential of integrating intermittent RE sources such as wind and solar. TES reduces energy costs, carbon emissions and improves overall energy efficiency.

The DCS provides an energy efficient cooling solution to reduce carbon footprint and will be completed by FY2024.

UNDERTAKING GREEN BUILDING DESIGN AND DEVELOPMENT

In supporting the realisation of SDG 11 Sustainable Cities and Communities, SunCon continues to leverage its extensive capability to be a proponent of green building solutions. The Group is currently

working towards completing 11 green buildings. The Group continues to be at the forefront of construction for eco-friendly buildings with a reduced environmental footprint.

With the growing interest in embodied carbon reduction, material selection process has become increasingly important and pivotal. Consumption of green building materials are gaining traction, especially green concrete, autoclaved lightweight concrete (ALC) blocks, eco-friendly pavements, low Volatile Organic Compound (VOC) paints are common green building materials used at construction worksites. As a contractor, SunCon is committed to adhere to the relevant building codes and standards and as determined by the designers, especially on matters in relation to material selection.



List of SunCon's Ongoing Green Building Projects

Project	Certification
Sunway Velocity Two, Kuala Lumpur – Plot A	GreenRE – Gold
Sunway Velocity Two, Kuala Lumpur – Plot B	GreenRE – Gold
Sunway Serene, Petaling Jaya	GreenRE – Gold
Sunway Belfield, Kuala Lumpur	GreenRE – Platinum
Sunway International School, Sunway City Kuala Lumpur	GreenRE – Platinum
Sunway Velocity Two – Corporate Office, Kuala Lumpur	GreenRE – Platinum
Sunway Carnival Mall Extension, Seberang Jaya, Penang	GreenMark – Gold Plus & GreenRE – Gold
South Quay Square, Sunway City Kuala Lumpur – Office Tower 1	LEED – Gold
South Quay Square, Sunway City Kuala Lumpur – Office Tower 2	LEED – Gold
Sunway Flora, Bukit Jalil	GreenRE – Platinum
Sunway Medical Centre Velocity Phase 2 (3C4), Kuala Lumpur	GreenRE – Silver

ENVIRONMENTAL

Climate Change and Emissions

In recent years, the impacts of climate change have become more severe and frequent. Rising ambient temperatures, affected weather patterns, water scarcity, biodiversity loss, increased severity of natural disasters, these are just some of the impacts attributed to climate change. Inevitably, these large-scale impacts would have social ramifications, affecting a wide range of stakeholders, including businesses.

The impacts of climate change on SunCon's business model and operations are not limited to direct physical impacts such as inclement weather and increasing frequency and severity of meteorological events. Climate change can also impact the availability of construction materials, disruptions to project works caused by weather-related developments and also the health and safety of workers on-site. The company recognises its role in mitigating the impacts of climate change, hence we are committed to managing our energy use and efficiency as our call to action in reducing GHG emissions.

NET ZERO CARBON EMISSIONS BY 2050

SunCon's aspiration is in line with that of the Sunway Group, which is to achieve Net Zero Carbon Emissions by 2050. This is a Groupwide goal and extends to all of SunCon's operations locally and abroad.

In driving the Group's progress towards this long-term aspiration, SunCon has established interim milestones comprising short to medium-term emissions reduction targets as described in the performance table.

The targets are to be achieved through a comprehensive approach focused on reducing Scope 1, 2 and 3 emissions. With regards to the latter, SunCon will be focusing on the aspects of waste generated and purchased goods.

Further details are provided on in the Circular Economy section of this Statement.

ENERGY CONSUMPTION AND MANAGEMENT

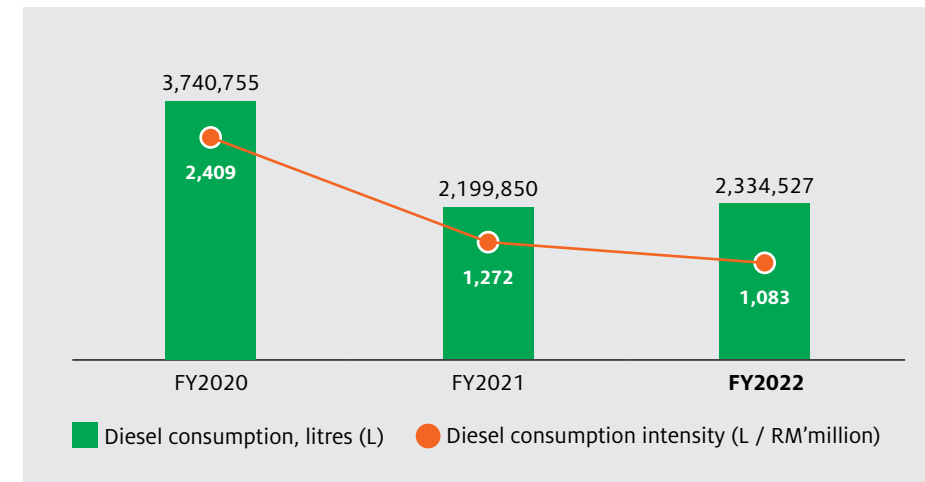
An intrinsic aspect of managing environmental impact is to address energy consumption, particularly if the business model relies on fossil fuels (or electricity produced from fossil fuels).

Consumption of fossil fuels emit carbon emissions which is a major contributor to climate change and global warming. The Group's reliance on fossil fuels can also contribute to depletion of this non-renewable resources.

SunCon's primary sources of energy are purchased electricity and diesel. Purchased electricity is sourced from the national power grid. Diesel is mainly consumed by plants and machinery and at times, to provide temporary electricity source by means of gensets. Fuel is also consumed by company vehicles.

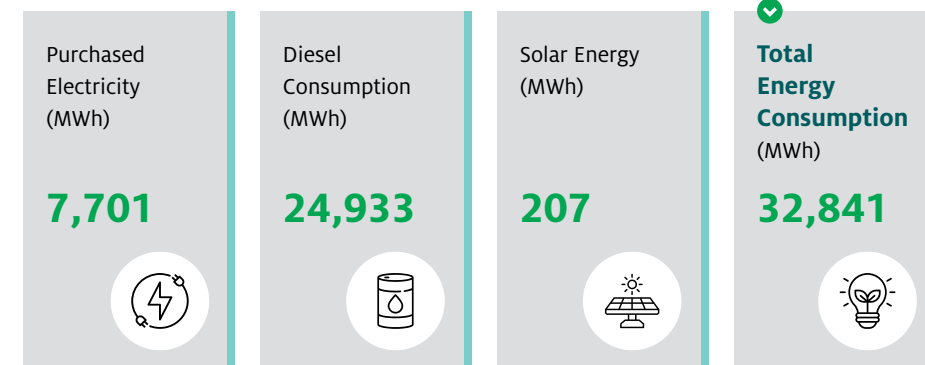
Given that the Group's standard operations typically require high energy consumption, SunCon has continued to focus on how best to achieve greater energy efficiency or intensity. In FY2022, SunCon recorded an increase of 6.1% in diesel consumption. However, in terms of diesel use efficiency, the Group recorded a reduction of 14.9% in diesel consumption intensity, L / RM'million.

Diesel Consumption and Consumption Intensity



Note: Includes diesel consumption from company facilities only

Total Energy Consumption (MWh)



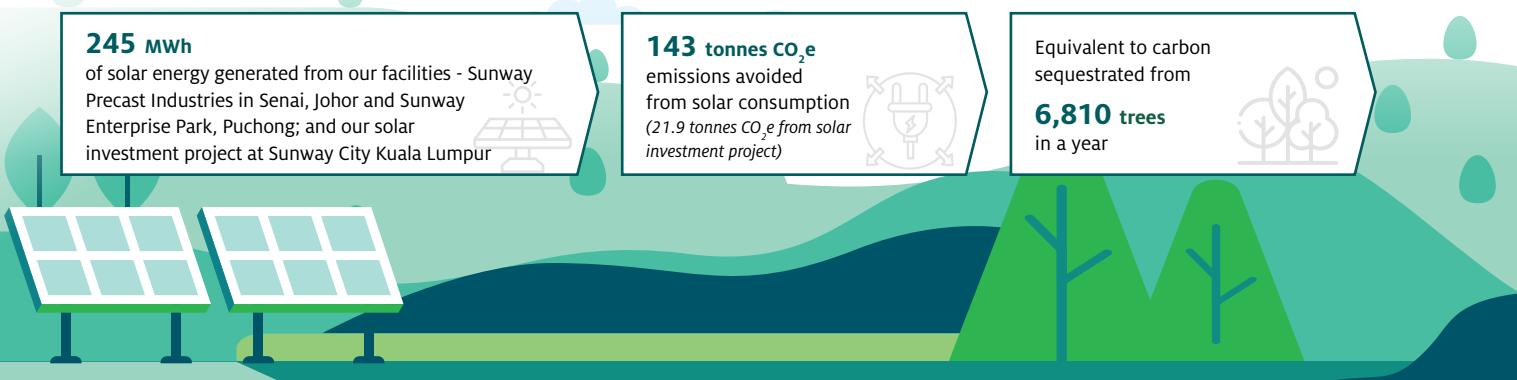
Note: Figures stated may not add up due to rounding of decimals

ENVIRONMENTAL

Carbon Footprint Reduction Initiatives

- Use of solar energy as alternate energy source at building assets
- Monitoring of diesel and electricity consumption
- Motion sensors lighting in lavatories and pantries
- Shutdown of centralised air-conditioning after office hours
- Strategically diverting waste from landfill
- Continually seeking for greener energy alternatives through innovation

Emissions Avoidance



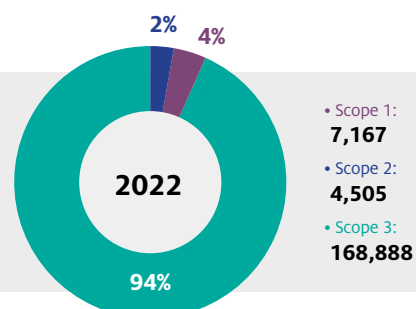
Note: 1 tree absorbs approximately 21 kg of carbon dioxide

EMISSIONS PERFORMANCE

Emissions data for all Scope 1, 2 and 3 were derived from the following emissions factors: Department of Environment, Food & Rural Affairs (DEFRA), United Kingdom and Malaysian Green Technology and Climate Change Centre.

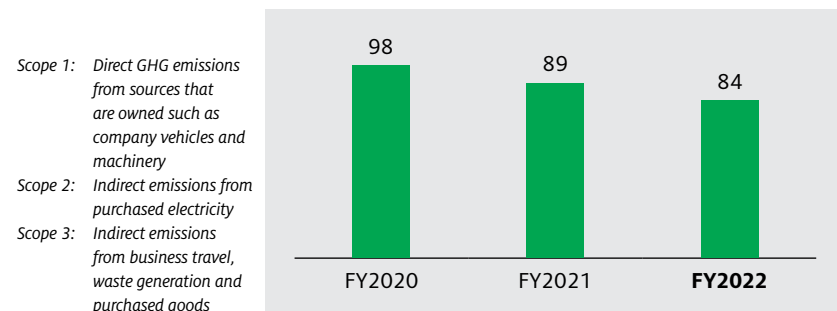
Carbon footprint is calculated in accordance with the World Business Council for Sustainable Development and World Resources Institute's (WBCSD / WRI) GHG Protocol, a corporate accounting and reporting standard.

Total CO₂e Emissions in 2022 (tonnes, %)



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

Carbon Emissions Intensity (CEI), tonnes CO₂e / RM'million



GHG Emission	Categories	tonnes CO ₂ e	%
Scope 1	Company facilities	6,470	3.6%
Scope 1	Company vehicles	697	0.4%
Scope 2	Purchased electricity	4,505	2.5%
Scope 3	Waste generated in operations	2,393	1.3%
Scope 3	Business travel	101	0.1%
Scope 3	Purchased goods and services	166,394	92.2%

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

ENVIRONMENTAL

Water Consumption and Management

Water is consumed in comparatively large quantities for a wide range of applications on construction sites. These include machinery wheel washing, sanitation and irrigation, testing and commissioning, dust suppression and road-cleaning works.

The focus is on reducing water consumed from municipal sources and to increase the use of recycled water, especially non-potable applications. Among the methods adopted are rainwater harvesting, control of water pressure at all sites and more.

It is intended that by FY2025, all construction sites will have a comprehensive and defined water management plan.

According to the Water and Sewerage Fact Book 2021 released by Suruhanjaya Perkhidmatan Air Negara (SPAN), the reserve margin in 17 out of 20 of our work sites where operations are controlled directly by SunCon

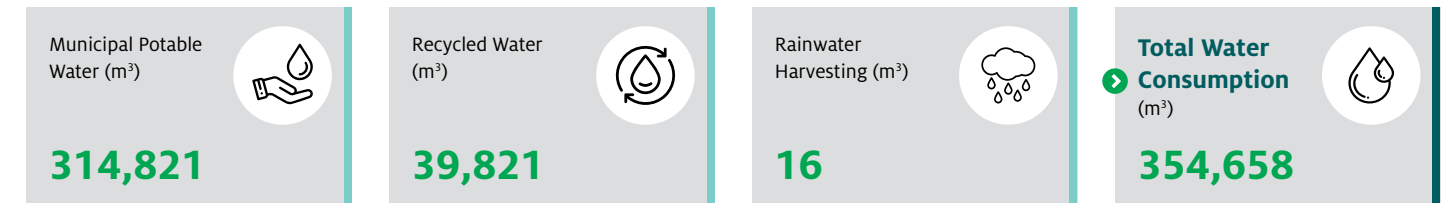
are within healthy levels of 15% to 20%. The remaining 3 work sites, which are located in the Johor region, has a reserve margin of 14.3%, below the safe levels.

Recognising that water scarcity is a potential setback to our operations, whilst reducing water consumption is crucial, we are increasingly focusing on exploring the feasibility of alternate water sources for non-potable applications to reduce our reliance on municipal water supply. Among the initiatives currently in place include using water from silt traps and reusing water from wheel washing bays.

WATER WITHDRAWAL AND CONSUMPTION

The Group utilises water sourced from local utility providers as well as where feasible, rainwater harvesting and recycled water.

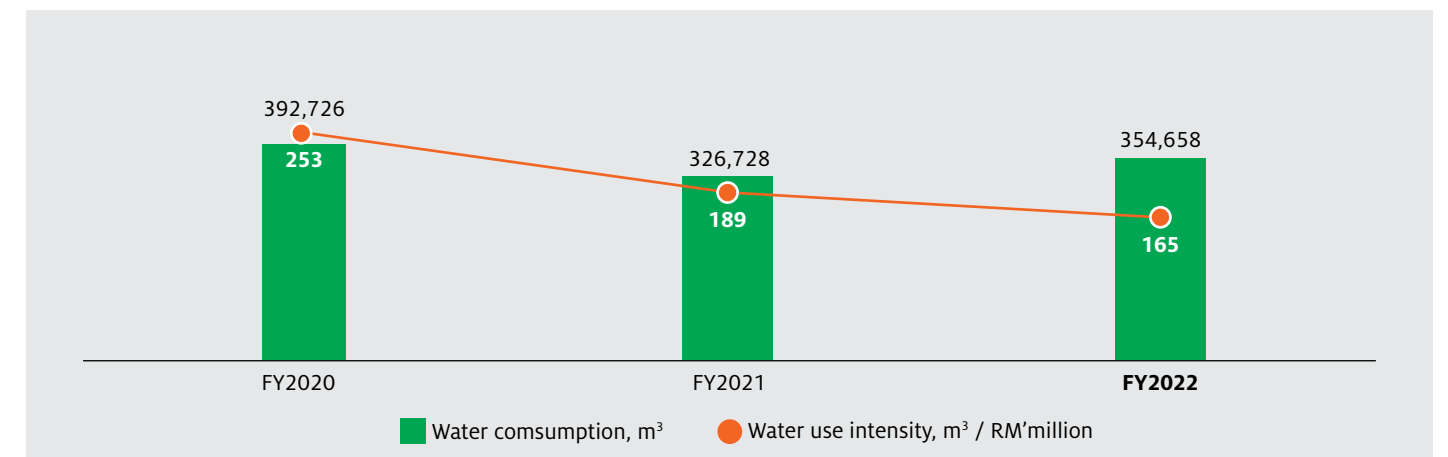
FY2022: Water Consumption (m³)



SunCon recorded a reduction of 19.8% in potable water consumption from its FY2020 baseline, which places the Group on-track with meeting its SunCon Future Value Goals 2030 target of reducing potable water demand by 30% from FY2020 consumption levels.

In FY2022, we recorded an increase of 8.5% in total water consumed. However, an increase in consumption of recycled water from 3% to 11.2% share of total water consumption, was recorded in FY2022 as compared to FY2021. This is mainly due to the increased use of recycled water at Sunway Concrete Products Precast plant and marginal contributions from the rainwater harvesting system at Sunway Enterprise Park. We are also more efficient in our water consumption.

Total Water Consumption and Water Use Intensity



ENVIRONMENTAL

At our Sunway Concrete Products facility, SunCon constructed a wastewater recycling system. The system treats wastewater from batching plant operations – to be then reused for non-potable applications. More than 111m³ of recycled water is produced daily. At the Sunway Enterprise Park, the Group’s Machinery Division has installed a 6m³ capacity rainwater harvesting system.

Circular Economy

The construction industry typically uses a wide range of building materials and resources. These include cement, steel, bricks, etc. As these materials are produced from finite natural resources, SunCon is committed to driving its focus on reducing consumption, improving consumption efficiency through maximising its function and the lifecycle of its resources.

In addition, the Group is also increasingly adopting more sustainable material alternatives where possible, and to tap its design expertise notably through Virtual Design and Construction (VDC) to reduce the quantity of resources required for projects.

The Group has implemented good practices on materials management which ensures that materials are delivered, handled and stored appropriately and efficiently to minimise unnecessary waste generation.

Good Practices on Materials Management



Pursuing resource efficiency continues to be a focus area as not only does it promote sustainable practices, it also promotes cost and production efficiencies, which contribute to improved financial performance.

The inherent nature of the construction business consumes natural resources and generates waste. However, through circular economy approaches as well as application of good design, building and procurement practices, the generation of absolute wastes that ends up in landfills can be reduced.

Guided by its QESH policy, SunCon is committed to preventing environmental pollution, managing waste and conserving natural resources through systematic environmental impact evaluation and controls implementation. In this regard, SunCon focuses on two key aspects: waste and material management.

The top five commodities used are: steel bars, cement, sand, ready mixed concrete and quarry.

Please refer to the Key Performance Data table on for specific information on quantities consumed for each commodity in FY2022.



Storage area barrier made from used pallets

ENVIRONMENTAL

LIFECYCLE PERSPECTIVE

At SunCon, we take into account the environmental aspects and impacts of our company’s activities, products and services. As majority of SunCon and its subsidiaries are certified with the ISO 14001:2015 Environmental Management System (EMS), guided by the management system requirements, environmental aspect and impacts assessment is a prerequisite to any of our construction activities. This is where life cycle mapping comes in; incorporated into the QESH management system, it involves managing boundaries for all our activities, products and services, allowing us to identify and mitigate environmental impacts and incorporate practices that will contribute to the preservation of the environment.

WASTE MANAGEMENT

Waste produced at construction sites are widely categorised into hazardous and non-hazardous waste. While hazardous waste is typically scheduled waste regulated under the Environmental Quality (Scheduled Wastes) Regulations 2007, non-hazardous waste are mainly construction waste and domestic waste.

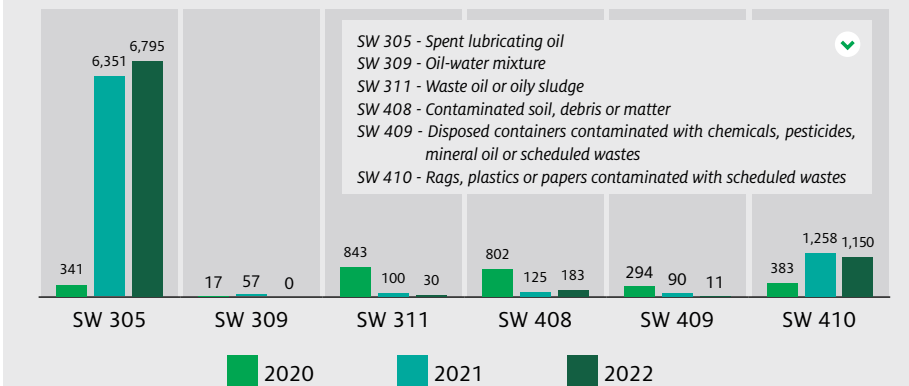
We are highly aware of the consequences of improper waste disposal, emissions and discharges as it can result in legal repercussions and environmental pollution. Violations of environmental regulatory requirements will also impact the company’s reputation and branding. In FY2022, we achieved our target of zero compounds and fines from authorities on environmental issues.



Management of Hazardous Waste:

Hazardous waste is managed in accordance to the regulatory requirements. Our hazardous waste is stored at the designated scheduled waste storage area within the site vicinity, monitored and disposed by licensed waste collectors at approved disposal facilities.

Scheduled Waste Generation (kg)



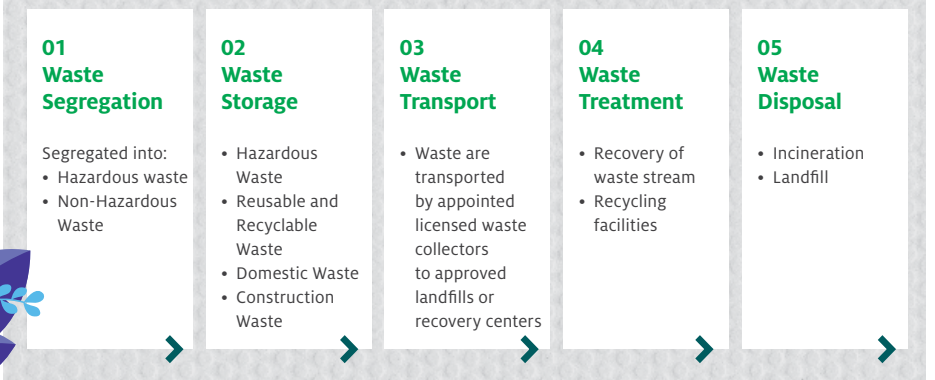
Note: Figures stated in chart have been rounded to the nearest whole

Management of Non-Hazardous Waste:

We are committed to divert our non-hazardous waste: construction waste such as timber, concrete, steel waste and domestic waste such as food waste, paper, plastic and aluminium from landfills. Recognising that waste to landfill contributes to our Scope 3 emissions, waste reduction and diversion is part of our strategy to reduce our indirect emissions. The 3R approach of solid waste management: reduce, reuse and recycle remains the key to sustainable waste management where disposal is carried out in an environmentally responsible manner and to conserve natural resources.

Essentially, SunCon adopts a 3R approach, that is to reduce, reuse and recycle waste as much as possible. The last option is for waste to be sent to landfills.

SunCon’s Waste Management Process



ENVIRONMENTAL

SunCon is further guided by its QESH Policy with regard to waste management and is increasing its adoption of circular economy methodologies. The ultimate goal is to achieve zero landfill waste.



Recycled pallets and plywood for passenger hoist platforms

Concrete Waste

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



Timber Waste

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



Steel Waste

Steel bars are sent to mills or foundries for recycling



Domestic Waste

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



In ensuring waste generation is reduced across all construction worksites, SunCon has established the following waste targets for each construction material.

	Target	% Project sites achieved target in FY2022		Target	% Project sites achieved target in FY2022
Ready-mix concrete foundation			Steel Bars		
Piling Works	25.0%	33%	Geotechnical Works	10.0%	67%
Basement Works	15.0%	80%	Building Works	8.0%	100%
Ready-mix concrete			Civil Works	8.0%	100%
Building Works	5.0%	92%	Bricks (building works)	7.0%	100%
Civil Works	8.0%	100%	Tiles (building works)	8.0%	100%

The failure of two geotechnical projects to meet ready-mix concrete wastage target was primarily due to environmental externalities. We will continue to ensure mitigation controls are put in place towards preventing a reoccurrence. With regard to the steel bars wastage, we will continually aim to minimize such wastage by recycling steel bar wastes into gratings for wash troughs and to adopt other methods towards repurposing such materials.

All business divisions will continue to strive towards reducing waste levels, notably those that did not meet the set threshold targets.

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POLLUTION MANAGEMENT

SunCon is cognisant that potential pollutants generated from its business operations and activities may pose negative impacts not only to the environment, but also to the communities in where the Group operates.

Untreated effluent discharges, air emissions and noise exceeding regulatory thresholds are some of the main causes of pollution. SunCon is committed to ensuring regulatory compliance as set out by the Department of Environment (DOE), Malaysia on the air and water quality, and noise control.

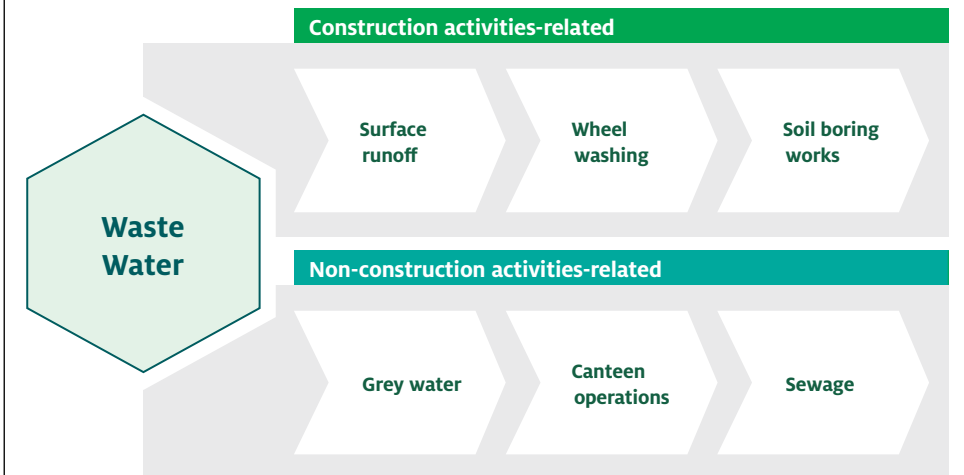
In FY2022, SunCon continued to closely monitor air emissions, noise levels and water parameters at all construction sites to ensure compliance with the performance parameters set by DOE as well as their equivalents in other geographical locations. This is achieved through periodic environmental monitoring.

With regards to chemicals, the Group continues to adopt a zero major spillage policy. In FY2022, attributed to the strict adherence to related SOPs, SunCon continued to maintain a zero-incident track record for major spill incidents.

Specific performance data on SunCon's air, water and noise monitoring data is provided in the Key Performance Data table on

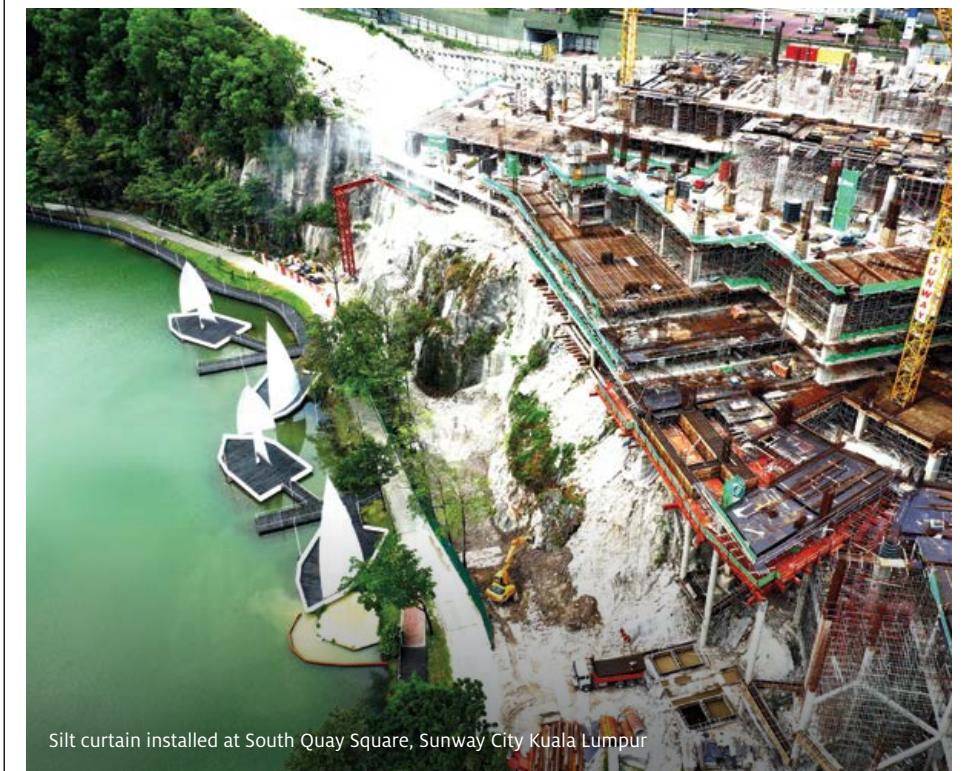
WASTEWATER MANAGEMENT

Wastewater from construction sites is classified into wastewater from construction and non-construction related activities.



Management of Wastewater from Non-Construction Activities

For non-construction related activities, service providers are engaged to maintain the sewage storage tanks of portable and temporary toilets. For waste generated from canteen operations, grease traps are installed at sink outlets and the collected grease is disposed off separately.



Silt curtain installed at South Quay Square, Sunway City Kuala Lumpur

ENVIRONMENTAL

Management of Wastewater from Construction Activities

SunCon has established Best Management Practices (BMP) to manage erosion and sediment controls (ESCs) including silt fences, silt traps, temporary perimeter drainage, check dams and slope protection to prevent surface runoff and sediments from entering into water bodies adjacent to, or in close proximity to our construction sites.

In addition, to ensure no organic compounds are carried through the surface runoff into water bodies, secondary containments have been installed at onsite chemical storage areas as well as scheduled waste storage areas and also during machinery maintenance works.

All water discharge points are monitored at defined frequencies to ensure they are within the DOE's limit. Immediate corrections are taken when the Total Suspended Solids (TSS) levels exceed the permissible limit. SunCon had several incidents of non-compliance based on river water monitoring results. These incidences were due to externalities not arising from the Group's operations. Regular maintenance work will continue to be conducted on all Erosion and Sediment Controls (ESC) systems to prevent non-compliances.

GOVERNANCE OF THE SUPPLY CHAIN

SunCon has progressively encouraged its suppliers to align with the Group's standards and benchmarks for ESG. In doing so, it enables SunCon to multiply the effects of its sustainability approach and also address the issue of ESG impacts that may be occurring outside of the Group's boundary.

Establishing ESG guidelines for suppliers also contributes to an overall improvement in the quality of the Group's supplier and subcontractors base while developing a robust value chain that is compliant with industry standards and regulatory requirements.

The Group's Sustainability Policy sets the basis for the management approach in promoting good ESG practices among stakeholders. The said Policy shall be disseminated to all SunCon stakeholders in FY2023.

The Group also conducts risk assessments on its supply chain, for both environmental and social compliance as part of its prequalification criteria. Presently, all new subcontractors, suppliers and service providers are required to complete the Sustainability Risk Assessment procedure. In FY2022, 100% of our new subcontractors and suppliers completed the procedure and we are moving towards enforcing the assessment for all existing active suppliers and subcontractors by 2024.

By FY2026, the Group aims to incorporate sustainability assessment as part of the supply chain tender and selection process.

Material Matters	Target	2020	2021	2022
Supplier Environmental Assessment	Percentage of new suppliers screened using environmental criteria	N/A	100%	100%
Supplier Social Assessment	Percentage of new suppliers screened using social criteria	N/A	100%	100%



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Good governance of the supply chain also improves the quality of suppliers, quality of goods and services as well as social and environmental aspects. This is particularly important given SunCon's stringent requirements for high-quality inputs towards meeting set quality benchmarks. Hence, it is imperative that suppliers are subjected to stringent standards. All SunCon suppliers are required to comply with all relevant laws, regulations and standards.

Biodiversity and Environmental Monitoring and Compliance



SunCon acknowledges the importance of biodiversity to food security, the lives of indigenous communities, local culture as well as to habitat preservation. Biodiversity loss can ultimately impact the health of the natural environment, which can disrupt food chains, affect the condition of rivers and other natural environment; leading to biodegradation and various adverse effects on societies and people.

As a construction company, the Group is not the land owner or project owner on the sites where the Group operates. The responsibility of conducting environmental impact

assessments, biodiversity assessments, audits and equivalents comes under the purview of the project owner.

To the best of its knowledge, SunCon does not operate at, adjacent or near any sites or locations deemed to be of high conservation value (HCV).

Nevertheless, SunCon continues to take all necessary measures with regard to preserving the environment. This includes ensuring environmental impacts caused by construction activities are kept to a bare minimum and within the thresholds set by

the Department of Environment and other regulatory authorities.

The Group is guided by its ISO 14001 certified QESH Policy and Management System for environmental management and preservation.

The Group always operates in compliance with environmental and social regulatory requirements, including with regard to biodiversity. In FY2022, we achieved zero complaints, fines and compounds with regards to biodiversity impact or biodiversity loss.



Social



Material matters addressed:

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



Quality assessment at project site

Certainly, the construction sector is inherently linked to a wide range of material social topics. Among these topics include developing local talents, human and labour rights, impacts on local communities and Occupational Safety and Health (OSH).

On the contrary, the continued evolution of the construction business model towards prioritising stakeholders, namely workers across the supply chain as well as surrounding communities has led to the industry bringing many positive effects to these stakeholders. Among these include improvements to local infrastructure, creation of meaningful employment and fair wages, commercial opportunities to local suppliers, improved health and safety and more.

In essence, the relationship dynamics between the construction sector and society continues to transition towards a win-win, mutually beneficial dynamic.

SunCon's approach is to increasingly, through its business model, be committed to safeguarding of human rights, improved working conditions, better remuneration and benefits and improved quality of life.

PERFORMANCE ON SOCIAL KPIS AND TARGETS

Sustainability Matters	Target	2020	2021	2022
Occupational Safety and Health	Zero fatalities in all activities for employees and subcontractors	2	0	1
	Lost Time Injury Rate (LTIR) less than 0.3	0.54	0.16	0.44
	All employees to be trained on safety and health standards	N/A	N/A	100%
Employee Management	Increase average Learning and Development (L&D) hours to 40 hours per employee by 2030	23.1 hours	17.5 hours	23.8 hours
Product Quality and Responsibility	Zero incidents of non-compliance with regulations concerning quality of our products and services	Zero incident	Zero incident	Zero incident
	Achieved overall average satisfaction score of 70% and above	79.0%	78.7%	78.8%
	QLASSIC score: 83% and above for all relevant building projects	N/A	Average score 83% (1 project assessed)	Average score 82% (4 projects assessed)
Fair Labour Practice	Maintain 100% engagement with direct workers annually on matters related to terms of employment	N/A	N/A	100%
	Zero confirmed incidents on human rights violation	Zero incident	Zero incident	Zero incident
Community Enrichment	Supports communities through social impact projects and initiatives in encouraging inclusive growth	RM0.6 million distributed	RM1.5 million distributed	RM2.09 million distributed

ECONOMIC VALUES GENERATED FOR STAKEHOLDERS

SunCon creates both direct and indirect economic values through its business model. As per all businesses, the generation of financial values, customarily reflected in revenue and profits, is imperative towards sustaining operations and also in driving ESG performance.

Please refer to the Value Creation Model on for more information.

However, financial values aside, through its business model, SunCon creates and distributes a wide range of economic value to its stakeholders.

The business model creates jobs and entrepreneurship opportunities, it facilitates skills and knowledge transfer, enables the development of local supply chains and provides various other socio-economic contributions. Beneficiaries include shareholders, local communities, financiers and investors, the government and others.

More than 38% of the value generated by the Group is channelled back to our employees through salaries and other benefits

LOCAL PROCUREMENT

The use of local procurement through local supply chains promotes reduced environmental footprint while supporting local employment and local entrepreneurship.

Benefits of local procurement and local supply chains typically comprise reduced cost and faster supply of goods and services and reduced environmental impacts; all due to shorter logistical requirements.

Local procurement also creates a wide range of jobs and supports the growth and development of local businesses. These often translate into a wide range of catalytic socio-economic multiplier effects that benefits local communities. The government also benefits from increased taxes.

As much as possible, SunCon strives to leverage local procurement, unless such goods or services are unavailable locally or are unavailable at a suitable value proposition. Besides supporting the local economy, local procurement promotes reduced environmental impact especially with regard to Scope 3 carbon emissions.

Supporting Local Economy through Procurement Management

SunCon plays a role in boosting indirect economic impact through supporting local industries. In 2022:

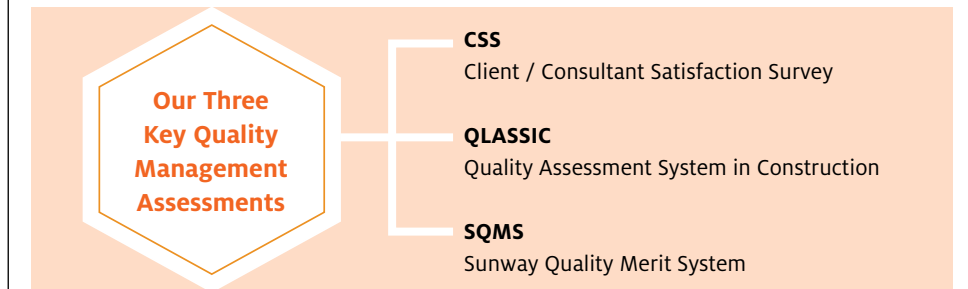


Please refer to the Governance of the Supply Chain subsection on for more information.

Product Quality, Safety and Responsibility

Delivering quality is important in maintaining brand credibility and customer trust, which are necessary in a highly competitive industry.

SunCon's approach to quality is driven by three key quality management assessments:



SunCon's approach to Total Quality Management (TQM) is driven by six key areas of focus. We are also undertaking top industry standard quality assessments and surveys that facilitate feedback and spur continual improvement.

Innovation Creating greater value and setting a benchmark for businesses	Employee Ensuring total involvement and employee satisfaction	Products and Services Passionately ensuring the highest standards in products and services
Continuous Improvement Continually improving work processes to ensure optimum productivity and eliminating wastage	Customer Striving to satisfy customers' needs and expectations	Corporate Social Responsibility Enriching the community and preserving the environment



CLIENT / CONSULTANT SATISFACTION SURVEY

Client / consultant satisfaction surveys are used to assess SunCon's performance and the quality of its products and services from the unique perspective of customers.

Differing customers may have specific requirements and objectives and hence, it is imperative the specific customer views are always assessed and considered to ensure that quality is always defined in terms of customers' understanding and benchmarks.

SunCon also assesses quality based on industry benchmarks. The Group uses CIDB's QLASSIC quality assessment system in assessing quality of completed projects. SunCon has set a QLASSIC benchmark score of at least 83% to be attained (for all relevant building projects).

In FY2022, four projects were assessed based on the QLASSIC system, with an average score of 82%. Quality is also further reinforced through the Group's Sunway Quality Merit System (SQMS).

In addition, the management approach is further bolstered with the application of Total Quality Management (TQM) philosophy and underpinned by a comprehensive Quality, Environmental, Safety and Health (QESH) Management System.

Assessment Areas Covered In CSS

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

CSS Scores FY2022 vs FY2021

Survey Criteria	Minimum Benchmark Score	2021	2022
Response Rate	75%	97.5%	100%
Satisfaction of Products and Services	90%	92.2%	95.6%
Overall Average Score	70%	78.7%	78.8%



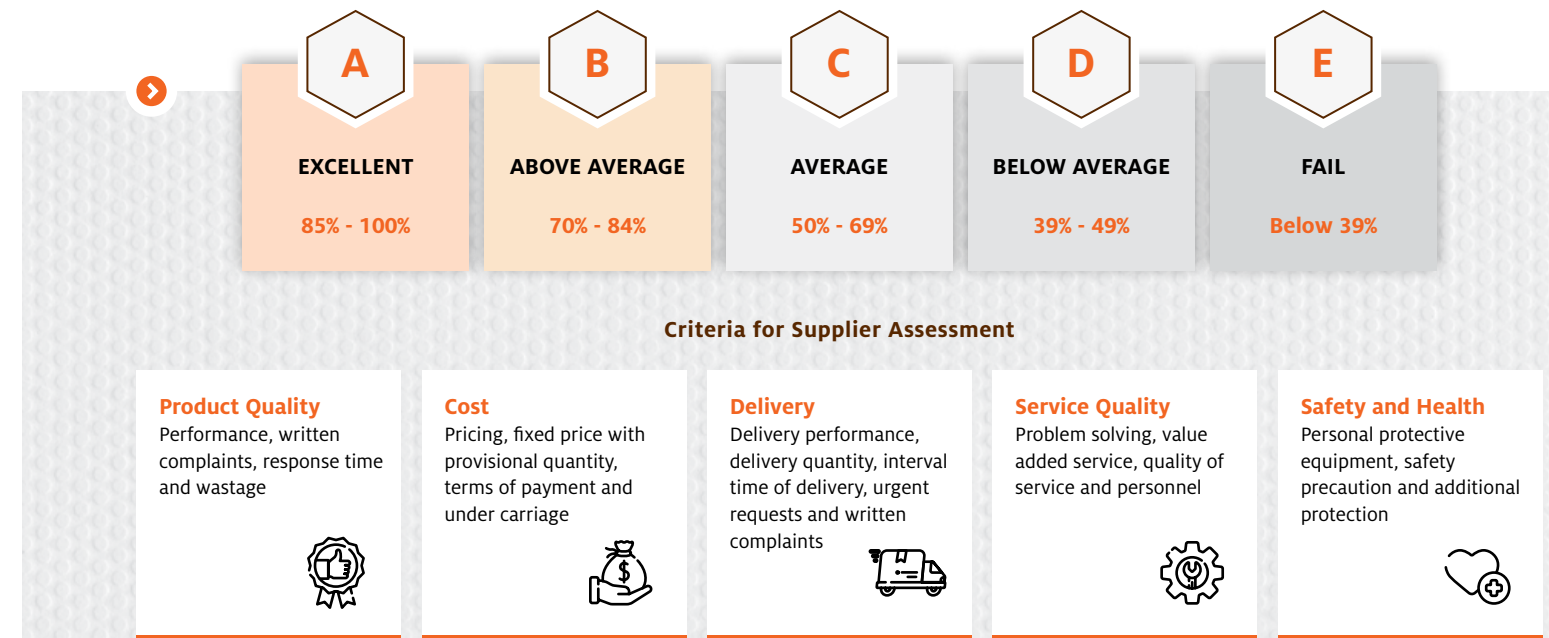
SUBCONTRACTOR AND SUPPLIER ASSESSMENT

Subcontractors and suppliers are monitored and assessed annually based on relevant assessment criteria. Based on the scores achieved, subcontractors and suppliers are then graded accordingly from Grades A to E.

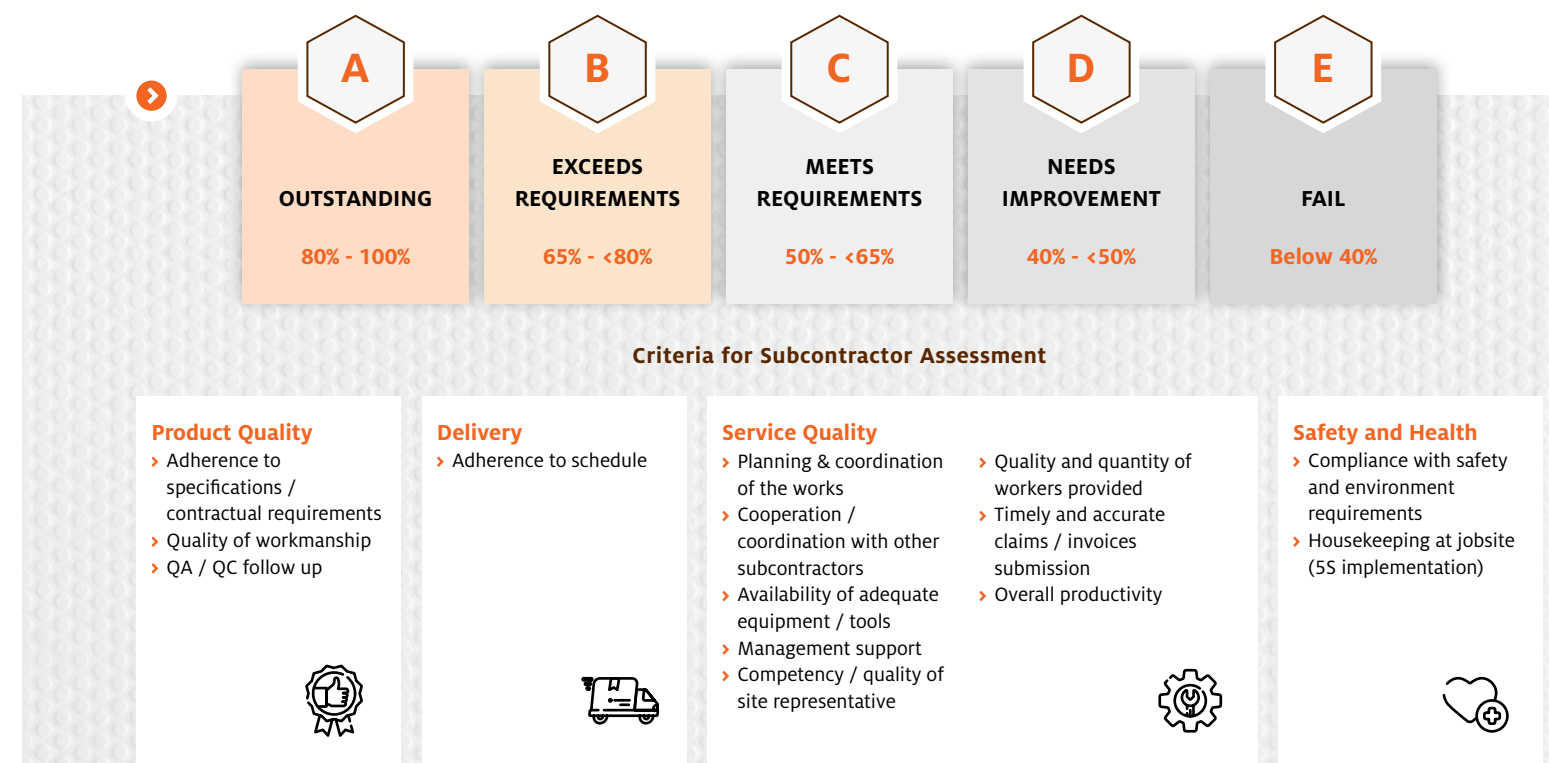
The results are then presented to the Management Review Board (MRB) annually during the Management Review Meeting. Subcontractors and suppliers who scored "E" will be terminated. Those scoring "D" will be evaluated and their status determined by the MRB.



SUPPLIER ASSESSMENT RATING



SUBCONTRACTOR ASSESSMENT RATING





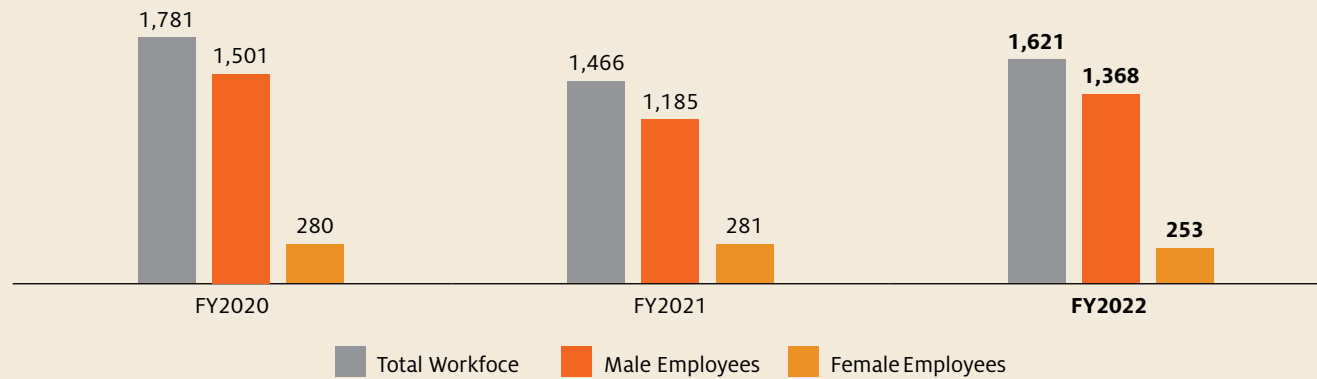
Employee Management

Employee management is a multifaceted material topic that encompasses the fundamentals of human resource management: talent retention, diversity and inclusion, and capacity building. We have therefore crafted a comprehensive employee management framework that safeguards our employees' wellbeing, equips them to succeed and nurtures their personal aspirations. The Group remains committed to this approach as it believes that the competence, capabilities and satisfaction of its workforce is key to the growth and success of the Group and the realisation of business and operational sustainability and value creation.

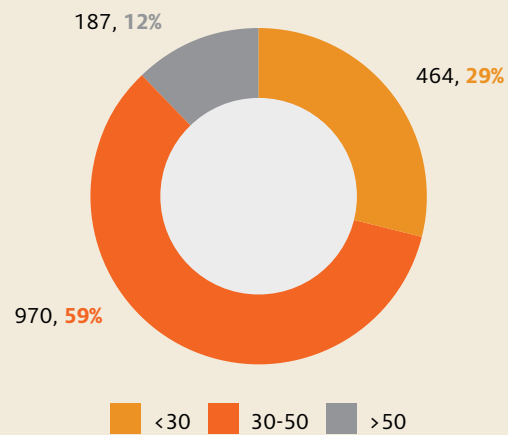
SunCon's workforce is a reflection of the multi-cultural and multi-ethnic diversity of Malaysia with a wide range of demographic segments and social backgrounds represented across all levels of the organisation.

SunCon remains mindful that the dedication and loyalty of our workforce contributes fundamentally towards the sustainability of our business operations.

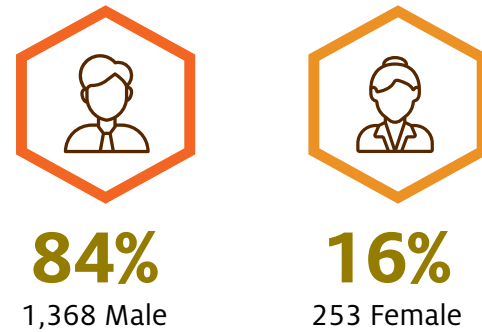
Total Workforce



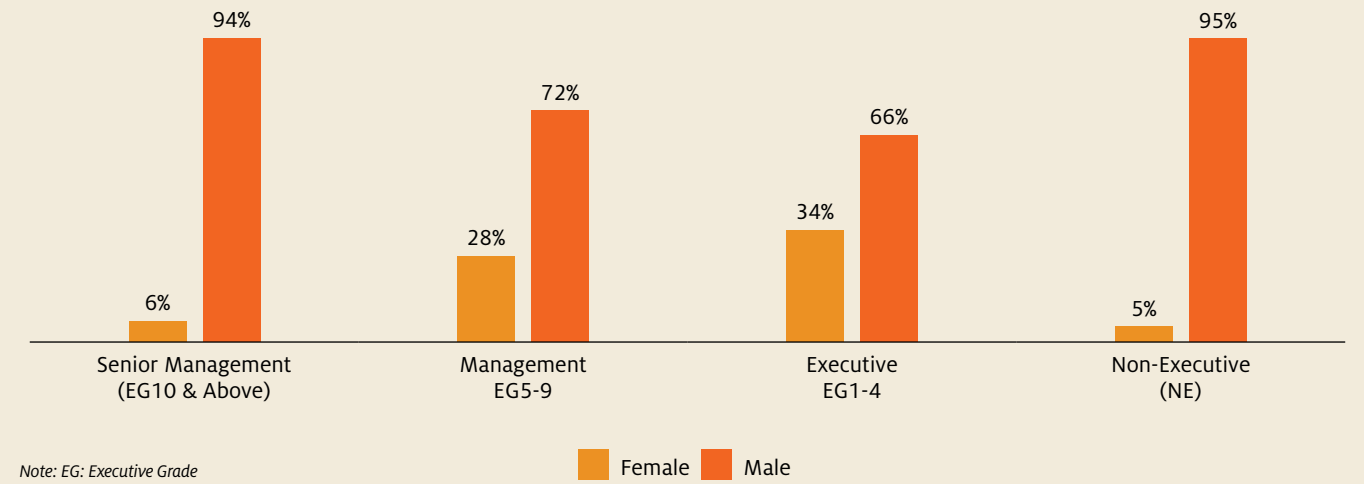
FY2022 Employee Age Group Breakdown



FY2022 Gender Breakdown

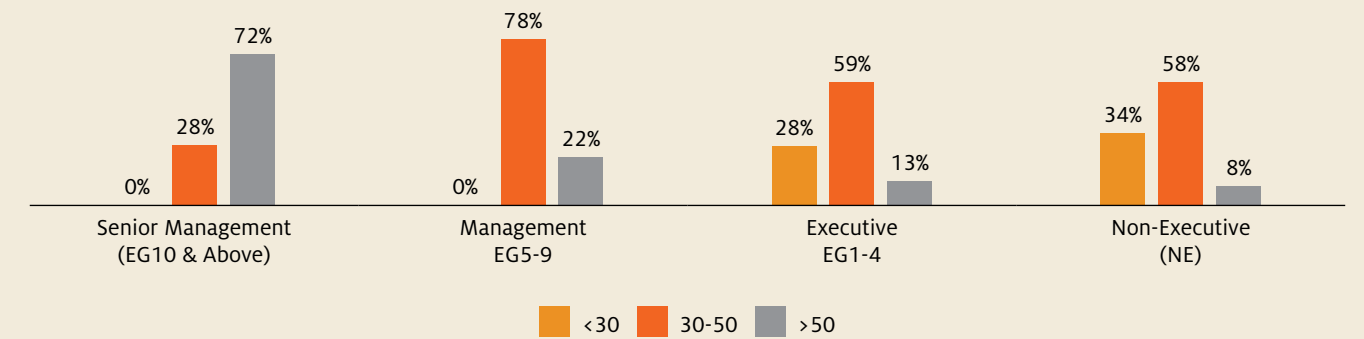


Employee Gender Composition Based on Job Grade

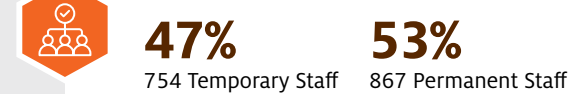


Note: EG: Executive Grade

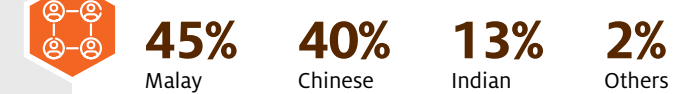
Workforce Age Composition Based on Job Grade



FY2022 Permanent and Temporary Staff



FY2022 Employee Ethnicity Breakdown



SOCIAL

TALENT RECRUITMENT

Candidates are sourced through a wide range of recruitment channels and after a screening process, the most eligible candidates are invited to attend interviews. All new hires are briefed on their rights as an employee as provided for in the laws of the country.

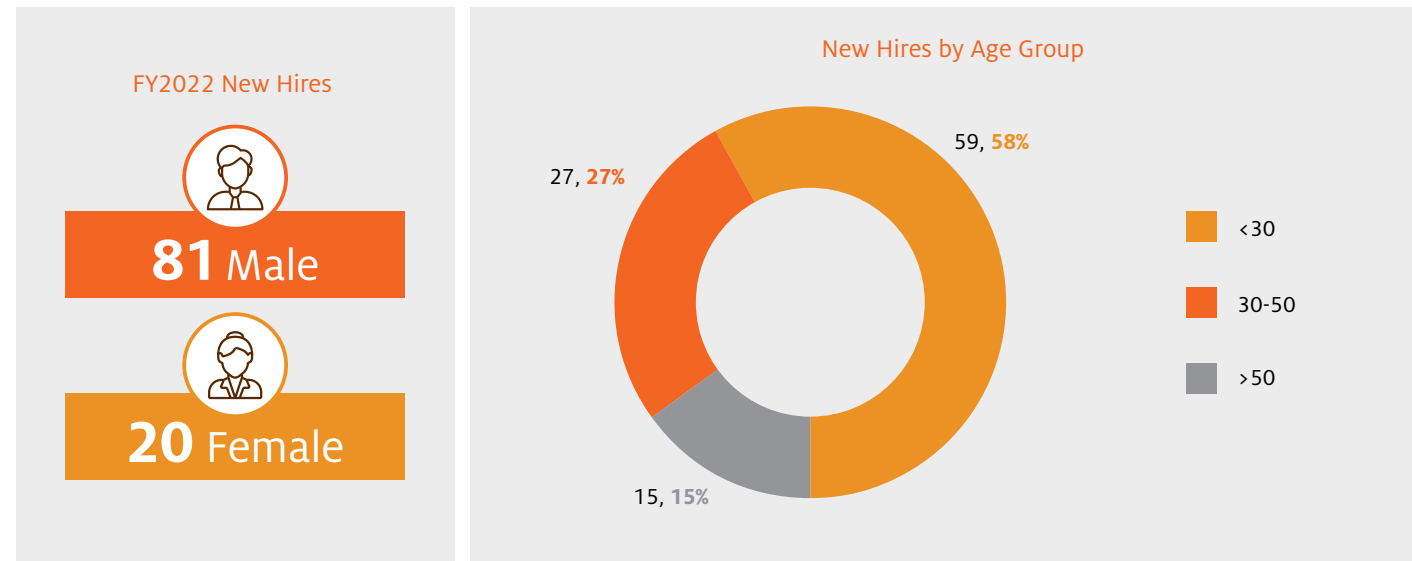
New hires are also provided an induction session to enable them to acclimatise to their new work environment and organisational culture. New hires are placed on a probation period of which the duration is dependent on the employee's work performance but not exceeding six months.

During this period, employees are given as much support and assistance possible to adjust to their jobs and to deliver their best professional contributions to SunCon.

Internships

The Group continues to provide opportunities to young talents through internships. Interns are provided cross-functional job experience and exposure, working in various departments and business units. This provides them with a wide range of on-the-job, practical employment experience.

In FY2022, 129 interns were given opportunities within the Group and 6 interns who were high performing and displayed excellent aptitude were absorbed into SunCon.



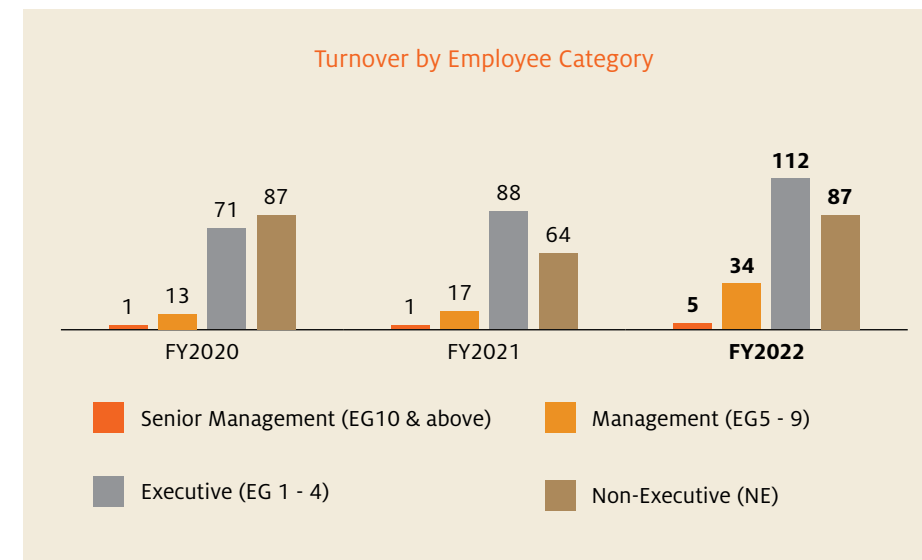
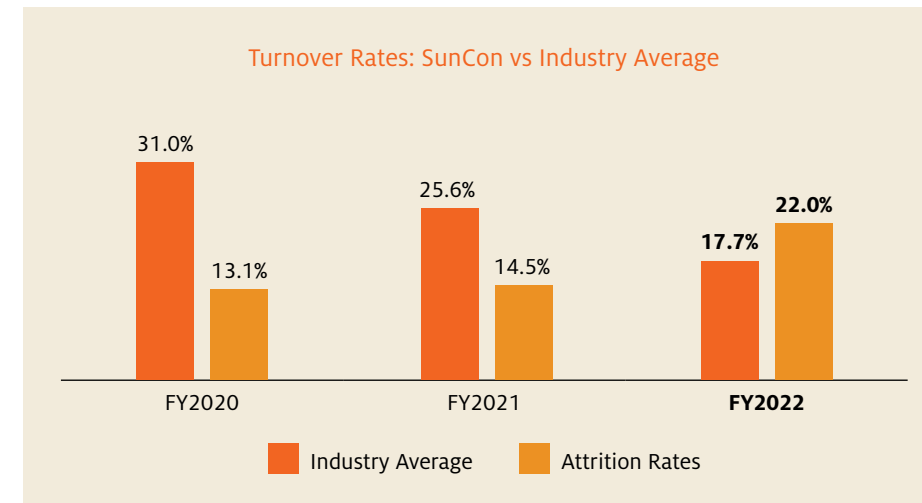
TALENT RETENTION

SunCon complies with the Employment Act 1955 and the Minimum Wage Order 2022. It also supports the principle of equal pay for equal work with no selective discrimination based on gender, ethnicity or other demographic factors.

In all aspects of talent management, SunCon practices the spirit of meritocracy and diversity. All decisions pertaining to hiring and rewarding of staff and promotions are determined based on employees' competencies, experience, professional contributions and qualifications. Socio-demographic factors such as age, gender, culture and ethnicity are not used in assessing employees.

Similarly, training and professional development opportunities are provided based on a needs basis; to address competency gaps in employees or to meet organisational requirements.

SOCIAL



DIVERSITY AND INCLUSION

SunCon values workforce diversity – viewing diversity as a means to develop an enriched talent pool that can provide a wide range of competencies, perspectives, skillsets and work experiences towards driving the Group's ability to create value amidst an increasingly globalised world.

With the continued convergence of cultures, demographic and social backgrounds, as well as a diversified customer profile, including an expanding geographic presence, the unique qualities provided through a demographically diversified workforce enables the Group to respond appropriately to its evolving operating environment.

Consistent with its embrace of diversity and inclusivity, SunCon does not tolerate discrimination in any form, based on gender, ethnicity or any other socio-demographic characteristics. This no discriminative approach is applied to all aspects of talent management including in the hiring, promoting, remuneration and professional development of staff.

In all company events, programmes and activities, Management ensures that all employees irrespective of their race, culture, religion and gender can actively participate.

The Group strives to maintain a workplace that is free from physical, psychological or verbal abuse, the threat of abuse and sexual or other harassments. SunCon provides a conducive working environment that is characterised by equality and mutual respect.

In FY2022, there were zero complaints raised in relation to discriminatory practices.

Hiring of Talents with Physical Disability

While SunCon has not established a formal policy in favour of hiring talents with physical disability, GHR based on the principles of meritocracy and equal opportunity attempts to hire physically challenged talents for suitable positions within the Group.

In addition, the Group, where appropriate, has made attempts to hire talents who, despite lacking in formal professional qualifications, have demonstrated suitable on-the-job competencies. These could be for manual / operational jobs on site or even for office positions, where selected staff have consistently performed above par despite lacking academic qualifications.

In such instances, opportunities for professional advancement have been judiciously provided to deserving employees.

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Human and Labour Rights

SunCon's oversight on human and labour rights is particularly focused on its supply chain where the business practices and possible lack of commitment from subcontractors, suppliers, vendors and others could lead to regulatory non-compliance with regard to human and labour rights.

In governing its own operations, SunCon adheres to the Sunway Group Human Rights Policy, which can be viewed here: <https://www.sunwayconstruction.com.my/investor-relations/corporate-governance/>.

The Human Rights Policy clearly stipulates adherence to local legislation as well as reflects the UN Global Compact 10 Principles:

>>

- Human rights, labour, environment and anti-corruption
- UN Guiding Principles on Business and Human Rights
- International Labour Law
- Prohibiting child and forced labour
- Ensuring non-discrimination and equal opportunity
- Supporting a harassment-free and violence-free workplace
- Prohibiting retaliation or any form of physical and mental disciplinary practice
- Respecting worker's right to freedom of association
- Ensuring compliance with laws governing working hours and wages



The Group ensures that there is no forced or bonded labour and we actively take preventive measures to prevent the use of such labour through periodic and random checks at our project sites. SunCon is also committed to ensure no children are employed by SunCon and its contractors. A whistleblowing channel has also been created in order for our employees and external parties to report any non-compliance in this area.

The same Policy is also extended to the Group's supply chain, which in effect obligates all suppliers to comply with the Policy. The Policy prohibits the use of child and forced labour.

ENSURING WORKERS' RIGHTS AND WELFARE

As a responsible construction group, SunCon takes all measures including precautionary measures to ensure that the rights of workers, especially foreign workers, have not been infringed upon. This extends to all workers working on the Group's sites, including 3rd party workers.

SunCon is guided by the following commitments:

- Workers are provided safe working and living conditions.
- Workers have access to healthcare, food, sanitation and decent accommodation.
- Workers are fairly compensated as provided by the laws of the country.
- Workers have freedom of access, including retaining possession of their identification documents and where relevant, the right to return to their countries of origin upon expiry of their contracts.

SunCon does not hire illegal workers or those working under forced labour or modern slavery conditions. The Group expects subcontractors to abide by the same principles. Failure to do so would lead to suspension / termination of contracts and reporting to the relevant authorities.

Where relevant, SunCon has provided a centralised living quarters (CLQ) for its workers which complies with The Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralised Accommodation) Regulations 2020 that which were gazetted by the government in 2020.

GRIEVANCE MECHANISM

In ensuring professional management of grievances, especially employee grievances, SunCon aligns to the Sunway Group's Employee Grievance Policy.



Key aspects of the policy are as follows:

- All grievances reported through the grievance mechanism will be treated seriously with due consideration given, and if necessary will be investigated.
- All parties involved in the grievance matters will be given due process and opportunity to air their views.
- The matter of grievance will be handled with objectivity and impartiality to ensure a fair judgment on the matter is provided.

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any changes that affect their employment conditions and environment as well as location of work or working hours.

COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION

SunCon recognises the rights to collective bargaining and freedom of association. The Group respects the employees' rights to join or be affiliated with any legal political party, NGO, trade or professional association, or to form unions of their choice, without any fear of reprisal or harassment. Thus far, there have been no requests for the establishment of a union.

To maintain open communications with our direct foreign workers, SunCon continually engages our workers through townhalls to brief on company policies that affect them as well as their benefits and career progression plans. The townhalls also aim to address any grievances with regards to working conditions or employment terms.

PROFESSIONAL DEVELOPMENT OF EMPLOYEES

The appraisal is undertaken based on a formal 360° approach. Results are shared by the employees' superior with the respective talent and there is a transparent discussion

on the achievements of the individual, areas for improvement in terms of performance, competency gaps, opportunities for career growth and mobility, as well as remuneration. As prior mentioned, the continual development of employees' competencies and skills through targeted training is a key aspect of SunCon's overall approach to talent management.

Training requirements are identified through several means, one of which is the aforementioned formal appraisal process. Training requests can also be made informally by employees as and when they identify programmes or courses that they feel is relevant to their jobs or continued professional development.

Beyond the obvious benefit of enhanced competencies and skills, talent development exposes local talent to new technologies, knowledge and methodologies. It ensures that people continue to upskill and reskill themselves to be relevant and competitive amidst, a fast-changing and dynamic marketplace. It enhances the employability of people and enables them to move up the value chain to command better wages.

Employees are constantly reminded of the existence of the grievance mechanism. Employees can submit grievances to their immediate superiors, respective Department Heads or to GHR.

While employees are encouraged to resolve issues through the existing management hierarchy or via informal channels (dialogues between parties), they are in no means impeded or discouraged in using the grievance mechanism if they so wish.

In addition, SunCon also adopts the Sunway Group Anti-Sexual Harassment Policy to safeguard our employees from such harassment. Line managers are guided by both the Grievance and Anti-Sexual Harassment Policies.

In FY2022, there was zero human / labour rights incidents reported through the whistleblowing channel. There were zero incidences of non-compliance to labour laws. No parts of the operation was at risk of child labour.

There were also zero reports made through the grievance mechanism in FY2022.

MINIMUM NOTICE PERIOD FOR OPERATIONAL CHANGES

SunCon has established formal probationary periods for incoming employees and a minimum notice period for resignations of employees. On other occasions, almost all matters announced to employees, especially those which are HR related i.e. submission of claims, etc. come with a stipulated notice period for employees to respond.

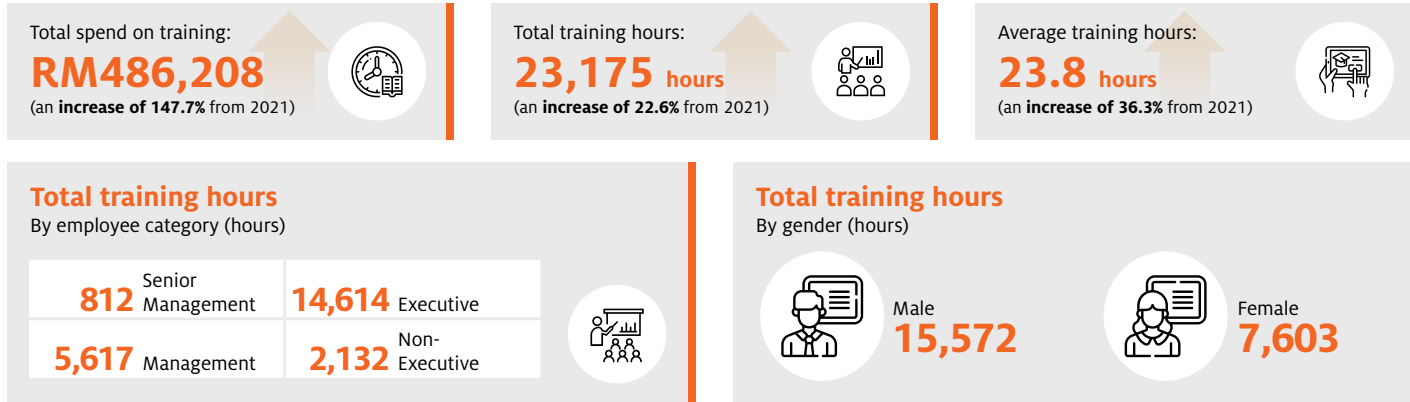
However, there may be occasions when issued notices such as those related to health and safety i.e. quarantine notices due to the COVID-19 pandemic may be issued without minimum notice periods of change.

As much as possible, SunCon endeavours to provide all employees advance notice on



SOCIAL

Training in FY2022



Note: Figures have been rounded to the nearest whole

Our Training and Capacity Building Modules



GAUGING EMPLOYEE SATISFACTION

Through its periodic Employee Engagement Survey (EES), SunCon continues to regularly assess employee satisfaction levels across the Group. Employee satisfaction serves as a leading indicator of staff morale, and more importantly, staff retention and attrition.

The EES was conducted in FY2022. The survey entailed employees providing feedback on 26 different dimensions of their workplace experience, including Leadership, Diversity & Inclusion, Work Life Balance, Career Development and Rewards & Recognition, among others. The EES saw a 99% participation rate with an engagement score of 63%.

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The survey provided insights into the motivations, aspirations, concerns as well as needs and wants of employees. Among the topics shared by employees were as follows:

- Flexibility in Work Arrangement**
Including flexi hours, working from home and other new normal work arrangements, especially for working parents in managing their childcare needs.
- Employee Wellbeing**
Striving for more work life balance with a focus on family and personal life that goes hand-in-hand in work and career commitments and goals.
- Compensation Fairness**
A request for a thorough reassessment of employee compensation packages and where possible to provide improved remuneration and benefits in tandem with rising living costs and expenses and changing industry standards.
- Diversity & Inclusion**
Continued emphasis on diversity, equity and inclusion, to improve workforce cohesion, development of improved cultural sensitivity and understanding and to encourage a culture of greater openness and unity.

All feedback has been duly considered by management and will be incorporated into the development of revamped people-oriented strategies for the Group. The Group also intends to hold more townhall meetings to encourage more two-way engagement between management and employees.

REMUNERATION AND BENEFITS



As part of its approach to talent management, SunCon continues to ensure competitive compensation packages for all employees across the Group.

Remuneration commensurates with industry standards for similar positions and is also determined based on the respective employees' skills, competencies, seniority, tenure and importantly, achievement of job KPIs and the performance of the Group as a whole.

SunCon complies with the Minimum Wage Order 2022. The Group is also in compliance with the Employment (Amendment) Act 2022 which

came into force effective 1 January 2023 where employees earning RM4,000 per month and below are entitled to mandatory overtime payments.

In FY2022, 670 employees were entitled to parental leave. Of which, 34 male and 8 female employees took paternity and maternity leave respectively. All 42 employees who took parental leave returned to work upon completion of their leave duration, giving SunCon a 100% return to work rate.

SunCon's 3-year data disclosures on parental leave is provided on in the Key Performance Data table.

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Occupational Safety and Health



Workplace Safety & Personal Protective Equipment (PPE) Awareness Campaign at Sunway Velocity Two project site

An excellent occupational safety and health (OSH) track record is akin to a company's license to operate.

Hence, SunCon continues to practice a no-compromise approach with regard to the management of safety and security on all operational sites, as well as in safeguarding the health and wellbeing of all workers and other stakeholders on operating sites.

The ramification of poor OSH management or impacts from any OSH incidents can range from mild to severe. Any serious OSH incidents can lead to temporary or permanent site closure, which would affect construction progress and consequently, completion of projects and revenue recognition. Insurance premiums would also increase adding to operational costs.

Frequent occurrence of health and safety incidents, be it serious or minor incidents may lead to the Group's subsidiaries being regarded poorly, and thus having its operational licenses suspended or revoked permanently.

However, the considerations for OSH are not limited to site productivity and operations, but also in the importance of ensuring a safe and secure working environment.

Any life lost is a tragedy. Families and society are affected and as a responsible construction company, SunCon believes it must play a role in safeguarding the interests of workers and society.

The mantra remains that everyone on all sites should be able to work safely without risks of injuries or fatalities and that at the end of day, all stakeholders return safely to their homes and families.

In addition, a poor OSH track record also affects bidding capabilities as OSH performance is a key criterion in the pre-selection and evaluation in participation of tenders called by the government or private sector. Any OSH incidents are also likely to generate negative publicity that would erode brand reputation, public trust and stakeholder confidence. Damaged credibility may also impact business development activities both locally and abroad.

SunCon complies with the following:

- Occupational Safety and Health Act 1994 (OSHA 1994)
- Factories and Machinery Act 1967 (FMA 1967)
- Construction Industry Development Board Act 520 (CIDB Act 520)
- ISO 45001 Occupational Health and Safety Management System
- All related legal requirements

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KPIs AND TARGETS

SunCon has yet to establish time-specific, quantitative targets to reduce incidents. However, the ultimate goal is to achieve zero lives lost at all work sites.

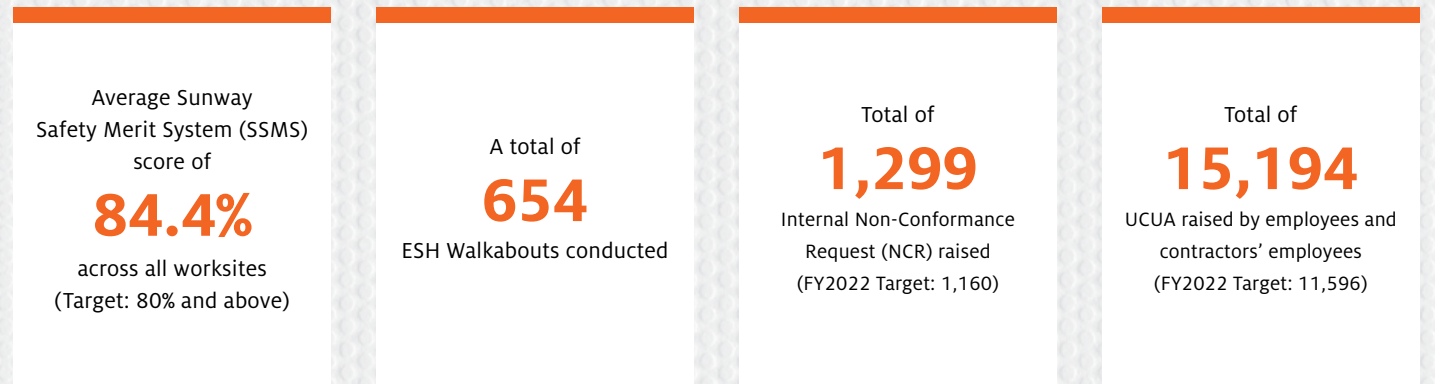
Performance is assessed using both leading and lagging indicators with a greater focus on the former, which is far more effective in driving proactive management of OSH matters.

One such example is the use of the U-See-U-Act (UCUA) programme.

UCUA is designed to identify potential hazards or incidents prior to an accident occurring. Launched in FY2019, the programme focuses on identifying unsafe acts and unsafe conditions at workplaces and with this, the subsequent elimination of stakeholders' exposure to potential accidents or incidents. It enables site workers to raise their concerns about any unsafe acts and unsafe conditions, and give suggestions for safety improvements.

One of the unique aspects of SunCon's UCUA programme is the use of digital technologies to enhance programme effectiveness. SunCon's UCUA programme incorporates ChatBot technology, allowing real-time reporting for immediate action. The ChatBot eliminates paperwork and manual analysis, which significantly improves the participation from employees and workers. Since the inception of the UCUA programme in October 2019, a total of 33,861 potential incidents have been avoided.

Our achievement of leading indicators (non-zero targets) in FY2022:



MANAGEMENT APPROACH

Given the significance of OSH to Group operations, SunCon's philosophy in managing health and safety matters at all sites for stakeholders is premised on a no-compromise stance reflected in a comprehensive management approach.

The Group practices its Integrated Quality, Environmental, Safety and Health (QESH) Policy which has been certified to the following ISO standards:

- ISO 9001:2015
- ISO 14001:2015
- ISO 45001:2018



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SunCon and a majority of its subsidiaries are certified with ISO 45001 Occupational Health and Safety Management System. The policy sets the basis for the further development and practice of OSH Group-wide. This includes the development of strategies, governance structures such as OSH Committees, standard operating procedures (SOPs), OSH-related training and professional development, identification and management of hazards, incidents management and more.

The policy also stipulates that the Group including all subsidiaries and all operating sites must comply with the laws of regulatory bodies such as the Department of Occupational Safety and Health (DOSH), Malaysia (and its equivalent in other jurisdictions).

LEADERSHIP'S ROLE IN DRIVING OSH

Safety and health governance is led by the Group Managing Director (GMD), Mr Liew Kok Wing, supported by senior management.

The GMD assumes the overall responsibility and accountability for the prevention of occupational injuries and health, and chairs the annual Management Review Meeting, where the effectiveness of the QESH Management System is reported and evaluated. At the same meeting, OSH performance is evaluated against previously set leading and lagging indicators and continual improvement strategies discussed.



The Group is committed to supporting the National Lagging Indicator target of

Reducing the existing national fatality rate to **2.93** (per 100,000 workers)

Reducing the existing national accident rate to **2.13** (per 1,000 workers)

Both the GMD and senior management and where relevant, employees have defined remuneration linked OSH performance targets as follows:

GMD: 5% of remuneration apportioned to safety and health performance

Employees: 25% of remuneration apportioned to safety and health performance

BOARD'S ROLE IN CHAMPIONING OSH

Supporting the GMD and senior management, the Board Sustainability Committee (BSC) oversees the execution of the Group's ESG framework including management of safety & health risks.

In the event of major OSH incidents, the investigation report with detailed recommendations and preventive measures implemented will be presented at BSC and Board meetings. Where required, the Board will invite relevant parties for further investigations to ensure the safety and health risks are managed across company-wide.

WORKER REPRESENTATION ON ENVIRONMENTAL, SAFETY AND HEALTH COMMITTEES

At operational level, including at operational sites, SunCon requires the establishment of Environmental, Safety and Health (ESH) Committees when worksites exceed more than 40 personnel. These committees ensure that all OSH measures and necessary mitigation controls are in accordance to local legislations as well as ensuring SunCon's own policies and SOPs have been applied at all operational sites.

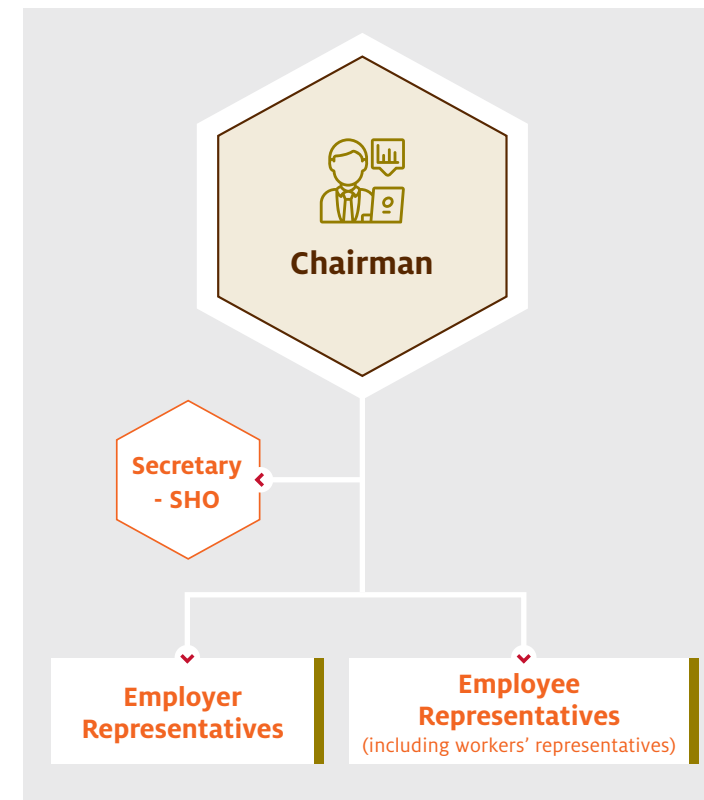
The ESH committee is chaired by the highest in command at project site level, with the Safety and Health Officer (SHO) serving as the Committee Secretary. Employees, including foreign workers are represented on the ESH Committees. Also represented are subcontractors and their worker representatives.

The formation of such committees enables frontline employees / workers (and therefore more likely to be exposed to ESH risks) to play an active and direct role in determining their workplace conditions. Essentially, this approach enables employees to assume responsibility for their own working environment.

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As at 31 December 2022, 269 SunCon employees and 372 employee representatives (including workers' representatives) were represented by formal ESH Committees. Following is the typical organisational hierarchy of SunCon's ESH Committees:

ESH Structure



SUNCON'S BRAND IN OSH MANAGEMENT

SunCon envisions to establish the SunCon brand in OSH management, achieving not only a comprehensive documentation system, but also a set of standardised, on-site risk mitigation solutions.

The SunCon Minimum Requirement (SCMR) is a standard operating procedure which encompasses the environmental, safety and health controls required for a specific activity. Industry best practices and legal requirements have been incorporated into the development of the SCMR, propelling us to achieve sustainable ESH performance. To date, we have issued 7 SCMRs and 12 SOPs covering requirements for HIRARC, Fall Prevention, Safe Use of Tower Crane, 5-S for Construction, Permit-to-Work, Vector Management, Lightning Safety, etc.

These SCMRs are implemented across all SunCon project sites and the project sites are inspected by internal inspectors monthly through the Sunway Safety Merit System (SSMS) to ensure these standards are implemented on-site. In addition, representative of senior management will also carry out site walkabout to monitor the effectiveness of these standards and review for continual improvement.

RESOURCES ALLOCATED FOR OSH

<ul style="list-style-type: none"> • 22 Competent Safety and Health Officers (SHO) • 9 Site Safety Supervisors (SSS) • 6 competent scaffolders with 12 pending approval from DOSH 	<p>Human</p>	<ul style="list-style-type: none"> • OSH training hours clocked more than 6,000 hours (employees) with total spent of more than RM124,000 • 124 staff trained on Construction Occupational Safety and Health (COST) since 2018 • 79 staff trained on Scaffold Awareness since 2019 • On-the-job training such as working at height, safe lifting, chemical management, electrical safety and any work-specific safety training for our workforce, including contractors' workers, carried out as and when required, in line with our SOPs and regulatory requirements 	<p>Training and Development</p>
<ul style="list-style-type: none"> • U-See-U-Act Digital Platform • Digitisation of Work Processes i.e. e-CAR (e-Corrective Action Request) 	<p>Technology</p>		

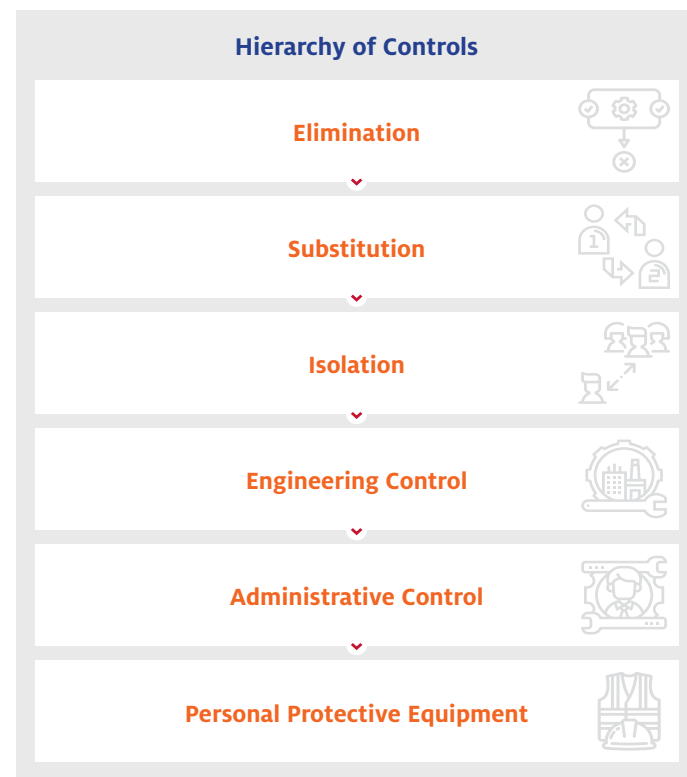


RISK ASSESSMENT ON CONSTRUCTION ACTIVITIES

Prior to any construction activity, the development of a Safe Work Method Statement (SWMS) that comprises Hazard Identification, Risk Assessment and Risk Control (HIRARC) is compulsory to identify potential hazards and risks and to establish mitigation controls in accordance to the Hierarchy of Controls.

For activities that are deemed high risk by the project team, such as working in confined spaces, working over water or near high tension cables, lifting over live traffic, tandem lift, deep excavation, working at height and working near public members, the project specific HIRARC Committee shall convene to ensure all parties involved in the operation is clear on their roles and responsibilities and to operate safely.

The HIRARC committee comprises representatives from all key stakeholder groups, including the project manager, project team representatives, client's representatives, SHO, and representatives from subcontractors and industrial specialist. In engaging local communities that may be affected by construction works, SunCon would typically hold engagement sessions with community representatives. These are two-way engagement sessions with SunCon providing information on the works and construction site while also soliciting feedback from the public. Such feedback is reviewed by the respective HIRARC committee and where relevant, incorporated into the OSH management approach for the particular construction site.



INCIDENT INVESTIGATION

All OSH incidents are viewed seriously, even minor incidents that do not pose any danger to people or disrupt work activities. All incidents are investigated thoroughly and reported to the regulatory authorities in accordance to SOPs and regulatory requirements. Sharing of lessons learnt are also carried out through Safety Alerts, Project Performance Meetings (PPM), morning toolbox meetings, pre-task talks, refresher trainings, notice boards and appropriate platforms for all employees and workers.

The outcome of the investigation is essential for SunCon to identify any gaps within its processes, so that remedial action can be taken to address these inadequacies. Lessons learnt are shared across the company through various platforms including emails, safety alerts, notice board, toolbox sessions, ESH committee meetings and trainings. Any corrective action undertaken shall initiate a review and change in our current SOPs, if required.

SunCon Hotline

☎ : (019) 358 2739

✉ : enquirysuncon@sunway.com.my

[Snap a picture and tell us about it](#)

PROTECTING PUBLIC SAFETY

We are mindful that our construction activities pose risks to the public and may be a nuisance to the local community in which we operate. We strive to carry out our operations with public safety as our utmost priority and at minimal disturbance.

The SunCon Hotline, available on our corporate website, serves as a platform for public members to reach out to us. Through the hotline, public complaints and feedback are channelled to us for immediate rectification.

In FY2022, there were zero major safety and health incidents involving public. However, we received 2 feedback through our hotline, of which both issues have been resolved.



Despite the Group's best efforts in ensuring the safety and health of our workforce, regrettably, we recorded one fatal accident at our worksite in FY2022 involving a contractor's worker. The fatal accident was subjected to a thorough investigation where unsafe system of work was identified as the key root cause. Actions taken post accident included enhancing existing safety procedures on-site, refresher training conducted for workers on safe work system and enforcing safety requirements on contractors on-site. The investigation outcome was reviewed by our Senior Management and lessons learnt were shared across the company to prevent recurrence.

WORKERS' HEALTH AND WELFARE

SunCon continues to take the health and welfare of our workers seriously and complies with all the necessary regulatory requirements. As the construction industry is heavily dependent on foreign workers, we acknowledge that it is vital for us to ensure our foreign workers are free from communicable diseases. We strictly comply to the Immigration Act 1959 / 63 which requires foreign workers to be screened for malaria, AIDS / HIV and tuberculosis before they are permitted to start work. The Foreign Workers Medical Examination (FOMEMA) also requires foreign workers to be screened for other diseases such as cancer, Hepatitis B, leprosy, epilepsy and sexually transmitted diseases (syphilis).

In FY2022, four project sites were inspected by officers from the Ministry of Health and a total of 89 workers were tested for lymphatic filariasis and malaria. All workers tested negative.

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

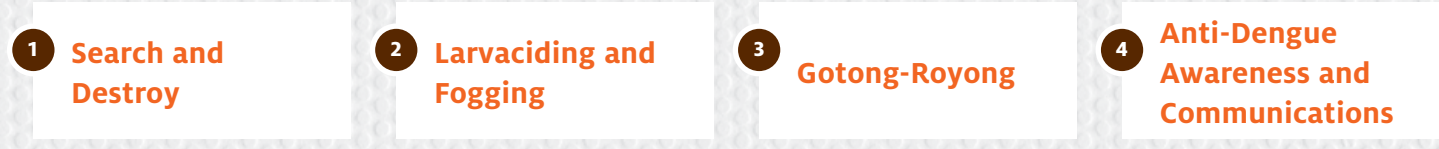
SunCon continues to comply to The Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralised Accommodation) Regulations 2020 which was gazetted by the Government in 2020 at all living quarters for our foreign workers. Whilst SunCon is complying to Act 446 and its regulations, we are also taking the responsibility to monitor the status of Certificate for Accommodation (CFA) applications of our contractors, as well as the living conditions through scheduled inspections.



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Zero Larvae, Zero Dengue

Recognising the dangers of dengue, a potentially fatal disease carried by the Aedes mosquito that is prone to spread in construction sites, we continue to implement our Four-Pronged Anti-Dengue Strategy to eradicate dengue from our worksites. The strategy is carried out daily / weekly in accordance with the following initiatives:



In FY2022, despite our continuous efforts to eradicate dengue, we received four notices from the state health departments across 26 worksites. We will continue with our efforts by working closely with the state health departments to bolster our anti-dengue strategy. We will also continue to implement, improve and standardise our efforts in combating dengue at all our workplaces.

OSH PERFORMANCE DATA

All ESH data is verified by an independent 3rd party, SIRIM QAS International Sdn Bhd. OSH performance is closely tracked through monthly reporting that includes site ESH committee meetings, ESH monthly department meetings, project progress meetings and management review meetings.

SunCon benchmarks its fatality rates against both local and international standards. As we did not record any fatal accidents in 2021, our fatality rate (per 100,000 workers) was zero (2020: 27.17) whilst those of the Malaysia construction industry is at 6.3¹ (2020: 6.9), Singapore at 3.3² (2020: 2.2) and United Kingdom at 1.63³ (2020: 1.62). As the industry benchmark data for year 2022 is currently not available at the time of reporting, the comparison for the current year will be disclosed in the Integrated Annual Report 2023.

Through the benchmarking exercise, we noted a slight improvement on our safety and health performance and will continue to strengthen our efforts through continuous improvement on our standards, implementations, training and programmes as occupational safety and health remains our key priority.

List of references:
¹ Department of Statistics Malaysia
² Ministry of Manpower, Singapore
³ Health Safety Executive, UK

	2020	2021	2022
Worked Man-hours	14,723,472	17,869,038	17,393,348
Fatal accidents			
Employee¹	0	0	0
Temporary Employee²	0	0	0
Contractor³	2	0	1
Lost Time Injury accidents			
Employee	0	0	1
Temporary Employee	0	1	1
Contractor	2	0	0
Total Reportable Cases⁴	4	1	3
Lost Time Incident Rate⁵ (LTIR) / Accident Rate (AR)	0.54	0.16	0.44
Accident Frequency Rate⁶	0.27	0.06	0.17

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 JKPP 8)
⁶ Accident Frequency Rate covers both employees and contractors (per 1,000,000 hours – based on DOSH Malaysia JKPP 8)

SOCIAL

Community Enrichment



Sunway Meal Pack-a-thon in collaboration with Rise Against-Hunger to address food security



Laptop sponsorship for students from B40 families

SunCon continues to contribute meaningfully to the development of local communities in addition to supporting a wide range of CSR programmes and initiatives.

In FY2022, SunCon contributed more than RM2.09 million through the Jeffrey Cheah Foundation as well as various community and SunCon Social Club (SSC) initiatives.

All donation and sponsorship proposals must satisfy SunCon's established criteria. This includes ensuring contributions are made to bona fide organisations and there is a clear trail of accountability ensuring that contributions have been spent / utilised for the intended CSR purposes.

All sponsorships, donations and political contributions must be accurately reflected in the Group's accounting books and records and be permitted by the applicable law.

Community enrichment is a key pillar that is defined within SunCon's value creation framework. As such, the Group continues to emphasise community enrichment by

supporting a wide range of community services, infrastructure as well as programmes and initiatives. Ultimately, the goal is to serve as a force for good and through the construction business model to support the progress and betterment of the community and where possible, the physical environment.

SunCon's involvement in the development of the MRT and LRT projects creates a wide range of values for stakeholders. The development of these large scale, mass based urban rail transportation facilitates connectivity and accessibility for thousands, if not millions, of commuters. It removes single occupant vehicles off roads, contributing to reduced carbon emissions, especially over the long-term. The development of the MRT and LRT has also led to price appreciation of properties along locations close to train stations on both networks.

There are many more benefits, including socio-economic multiplier effects that come to the fore from the development of large scale infrastructure projects. The development of district cooling systems and thermal energy storage infrastructure promotes more

sustainable development approaches which ultimately support more sustainable living for large communities.

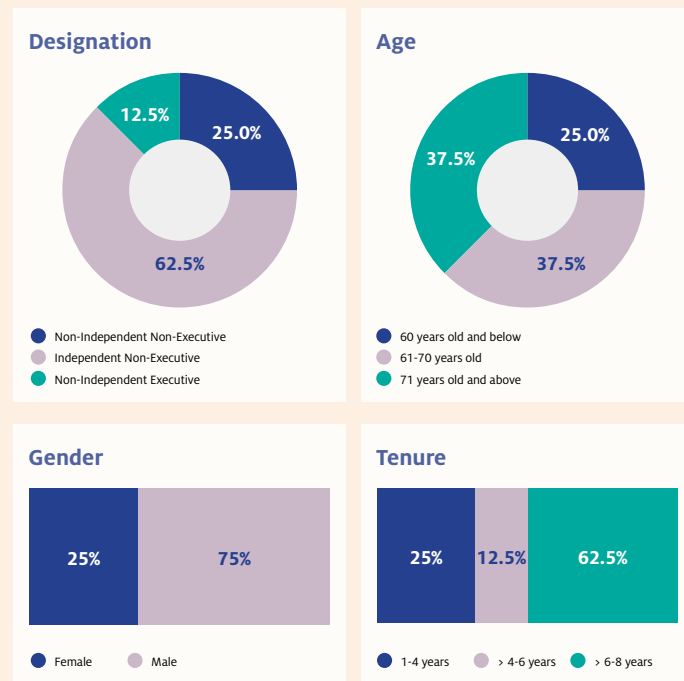
As a responsible corporation, SunCon continues to build for society – taking all necessary and additional precautionary measures to ensure its project and operational sites pose the least disruption and impact to local communities. This is achieved through active two-way engagement and continuing to feel the pulse of affected stakeholders. The Group remains open to the feedback of communities and continues to engage through a wide range of communication channels. A specific grievance channel has also been established for communities to lodge complaints on construction sites operated by SunCon.

THE STRENGTH OF OUR LEADERSHIP

ORGANISATION STRUCTURE



OUR BOARD



BOARD SKILLS



PROFILE OF BOARD OF DIRECTORS

Legend: Chairman of the Committee (Yellow), AC Audit Committee (Blue), NRC Nomination and Remuneration Committee (Purple), BSC Board Sustainability Committee (Green), RMC Risk Management Committee (Red)



73

Male

Malaysia

DATO' IR GOH CHYE KOON

Chairman & Independent Non-Executive Director

Date Appointed to the Board:
17 October 2014 (8.5 years)

Qualifications:

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

Directorships of Other Public Companies and Listed Issuers:

- Nil

Working Experience and Expertise:

Dato' Ir Goh began his career as an engineer in the Ministry of Works, where he served for 11 years rising to the position of Superintending Engineer prior to joining IJM Corporation Berhad as a Senior Engineer in 1984. He was promoted as General Manager (Central Region) in 1986 and subsequently appointed as Alternate Director in 1995 before assuming the position of Deputy Group Managing Director in 1997. He was redesignated Deputy Chief Executive Officer and Deputy Managing Director in 2004 and upon his retirement in 2008, Dato' Ir Goh continued to serve as Executive Director of IJM Corporation Berhad until June 2009 and thereafter as Non-Executive Director 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.



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Male

Malaysia

LIEW KOK WING

Group Managing Director & Non-Independent Executive Director

Date Appointed to the Board:
1 April 2022 (1.1 years)

Qualifications:

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

Directorships of Other Public Companies and Listed Issuers:

- Nil

Working Experience and Expertise:

Mr Liew began his career with L&M Geotechnic in Singapore in 1993, as a Project Engineer at various construction projects in Singapore. In 1996, he was transferred to L&M Systems, Thailand as Project Manager in charge of infrastructure works for a low-rise luxury housing project in Bangkok. In the same year, he left to join Taylor Woodrow Projects (M) Bhd. before joining Sunway Construction Sdn Bhd (SCSB) as Senior Geotechnical Engineer from 1996 to 1998. Thereafter, he joined Nishimatsu Construction Company Singapore.

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

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

PROFILE OF BOARD OF DIRECTORS

PROFILE OF BOARD OF DIRECTORS



NRC

BSC

AC

RMC

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DATO' DR JOHARI BIN BASRI
Senior Independent Non-Executive Director

Date Appointed to the Board:
17 October 2014 (8.5 years)

Qualifications:

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

Directorships of Other Public Companies and Listed Issuers:

- Nil

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

In 2000 and 2004, Dato' Dr Johari was seconded from DOSH to be the Executive Director of 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 Member for Malaysian National Standards Committees (MyNSC) Standards Malaysia (2007 – 2014).



RMC

AC

NRC

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

Date Appointed to the Board:
1 March 2018 (5.1 years)

Qualifications:

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

Directorships of Other Public Companies and Listed Issuers:

- Nil

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

In MOF, she was involved in the raising of Federal Government loans from the international capital and bond markets, debt management and privatization projects. Her portfolio in MITI included the World Trade Organisation (WTO), Strategic Planning and Free Trade Agreements (FTAs) Policy and Negotiations. She was also the lead negotiator for Services for Malaysia's first Bilateral FTA.

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

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

Dr Sarinder is currently a Council Member of Climate Governance Malaysia.



AC

NRC

RMC

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DATO' SIOW KIM LUN
Independent Non-Executive Director

Date Appointed to the Board:
17 October 2014 (8.5 years)

Qualifications:

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

Directorships of Other Public Companies and Listed Issuers:

<ul style="list-style-type: none"> EITA Resources Berhad Eco World International Berhad Radiant Globaltech Berhad 	<ul style="list-style-type: none"> RHB Investment Bank Berhad Malaysian Trustees Berhad RHB Trustees Berhad
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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.



AC

RMC

NRC

BSC

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TAN LER CHIN
Independent Non-Executive Director

Date Appointed to the Board:
15 September 2021 (1.6 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

Directorships of Other Public Companies and Listed Issuers:

- Senheng New Retail Berhad
- Affin Islamic Bank Berhad
- QL Resources 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) and Malakoff Corporation Berhad. Ms Tan is currently an Independent Non-Executive Director of Senheng New Retail Berhad, Affin Islamic Bank Berhad and QL Resources Berhad.

PROFILE OF BOARD OF DIRECTORS



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

Date Appointed to the Board:
17 October 2014 (8.5 years)

Qualifications:

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

Directorships of Other Public Companies and Listed Issuers:

- Sunway Berhad
- Gopeng Berhad

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

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

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



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EVAN CHEAH YEAP SHIN
Non-Independent Non-Executive Director

Date Appointed to the Board:
18 September 2014 (8.6 years)

Qualifications:

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

Directorships of Other Public Companies and Listed Issuers:
Elite Commercial REIT Management Pte Ltd (the Manager of Elite Commercial REIT listed on Singapore Exchange Securities Trading Limited)

Working Experience and Expertise:
Mr Evan Cheah is currently the Group Chief Executive Officer (CEO) for Digital and Strategic Investments at Sunway Group, a leading Malaysian conglomerate with multi-industry interests in property development, property investment, construction, healthcare, leisure and hospitality, retail mall management, fund management, building materials & industrial distribution and manufacturing.

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

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

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

PROFILE OF BOARD OF DIRECTORS



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DATO' TAN KIA LOKE
Alternate Director to Mr Evan Cheah Yeap Shin

Date Appointed to the Board:
29 October 2021 (1.5 years)

Qualification:

- 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)

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

During his 35-year tenure at the helm of SunCon, he was instrumental in growing the construction arm until his retirement from the Company in 2015 as Senior Managing Director. He has, however, continued serving Sunway Group in the capacity of Senior Managing Director in the Chairman's Office. His remit includes supporting the Chairman in new business ventures, strategic partnerships and collaborations.

Dato' Tan is currently an EXCO member of Malaysia South-South Association (MASSA) and a Board Member of MASSCORP. He also serves as an Alternate Director in the Board of MIGHT.

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

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

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



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

Date Appointed to the Board:
1 April 2022 (1.1 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 23-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 who is a Non-Independent Non-Executive Director and major shareholder of SunCon, is the son of Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO (Tan Sri Dr Jeffrey Cheah) and brother of Ms Sarena Cheah Yean Tih (Ms Sarena Cheah) and Mr Adrian Cheah Yean Sun (Mr Adrian Cheah). Tan Sri Dr Jeffrey Cheah, Ms Sarena Cheah and Mr Adrian Cheah are the major shareholders of SunCon. Tan Sri Dr Jeffrey Cheah and Ms Sarena Cheah are also the directors of Sunway Berhad, which is a major shareholder of SunCon.

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

CONFLICT OF INTEREST

None of the Directors has any conflict of interest 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 the relevant regulatory bodies during the financial year 2022.

ATTENDANCE OF BOARD MEETINGS

The attendance of the Directors at Board and Board Committees' Meetings held during the financial year ended 31 December 2022 is disclosed in the "Corporate Governance Overview Statement".

Please refer to Corporate Governance Overview Statement on [www.sunwayconstruction.com.my](#) for more information.

PROFILE OF KEY MANAGEMENT



ERIC TAN CHEE HIN

Group Deputy Managing Director

Qualifications:

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

Skills, Working Experience and Expertise:

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

In 2000, he joined Sunway Engineering Sdn. Bhd. and has held various positions in the company during his tenure of 22 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

Qualifications:

- Chartered Accountant, Malaysian Institute of Accountants
- Certified Practising 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 functions 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 & Cash Management, Group Consolidation & 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.



SUBBA RAO A/L V SEMENCHALAM

Country Director – India

Qualifications:

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

Skills, Working Experience and Expertise:

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

He has held various positions in SunCon within his 33-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 General Manager of the Civil Division on 1 January 2016 and he was appointed Country Director – India on 1 July 2021.

PROFILE OF KEY MANAGEMENT

PROFILE OF KEY MANAGEMENT



KWONG TZY EN

Executive Director, Precast Division

Qualifications:

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

Skills, Working Experience and Expertise:

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

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

He joined Sunway Concrete Products (S) Pte. Ltd. in 2001 and has held various positions based primarily in Singapore during his tenure of 21 years with the 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.



LIM VIN TZE

Executive Director, Operations

Qualifications:

- Registered Professional Engineer Board of Engineers Malaysia
- Registered GBI (Green Building Index) Facilitator
- GBI Commissioning Specialist (CxS)
- Bachelor of Engineering in Mechanical Engineering (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 17 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.



YIP LAI HUN

Director, Supply Chain & Contracts Management

Qualifications:

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

Skills, Working Experience and Expertise:

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

She joined SunCon in 1993 and has held various positions during her 29-year tenure with SunCon Group.

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

Head of Department

Name	Designation
Tan In Tuan	Director – Virtual Design and Construction
Tan Kim Yoke	Senior General Manager – Commercial / Business Development
Major (R) Leong Yee Keong	Senior General Manager – Environmental, Safety and Health
Foong Jin Xiang	Assistant General Manager – Sustainable Energy
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
Krishnakumar A/L Chelliah	Assistant General Manager – Operations
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 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 the regulatory bodies during the financial year.

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

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 organization, from its corporate objectives, policies and working culture as well as social impact initiatives to day-to-day operations so that it delivers enduring growth for thriving communities with minimal adverse impact on its operating environment.

The Board is pleased to present this Corporate Governance Overview Statement (CG Overview) to provide shareholders and investors with an overview of the corporate governance practices of the Group during the financial year ended 31 December 2022 (FY2022). 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:



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 Code.

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

PRINCIPLE (I): BOARD LEADERSHIP AND EFFECTIVENESS

THE BOARD

The Board is collectively responsible for leading and directing the Group. It sets our corporate purpose, strategy, key policies and objectives and the values and culture to achieve the long-term sustainability of the business, for the benefit of shareholders, customers, suppliers and the communities in which we operate. The Board also reviews and monitors the exposure to key business risks, the direction of individual business units, their annual budgets and their progress compared against agreed key performance indicators (KPIs). In discharging its responsibilities, the Board is supported by its management and specialised committees.

BOARD COMPOSITION

The Board consists of eight (8) Directors, being 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. Amongst the members are two (2) women Directors.

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.

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, of which the last review was undertaken on 22 November 2022.

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 insuring 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.

SEGREGATION OF ROLES BETWEEN CHAIRMAN AND GROUP MD

The roles of the Chairman and the Group MD of the Group do not vest in the same person. The Chairman of the Board is an Independent Non-Executive Director and is separate from the office of the Group MD.

The respective roles of the Chairman and the Group MD are clearly defined, so as to promote accountability and facilitate division of responsibilities between them as a check and balance mechanism. The Board believes that the separation of the roles and responsibilities of the Chairman and the Group MD ensures appropriate balance of power and authority.

The Chairman is responsible for the proper functioning of the Board to ensure its effectiveness in its governance process as well as providing leadership to the Board and guidance to the Group. He promotes an open environment for debate and ensures that all Directors are able to speak freely and contribute effectively at Board meetings.

The Chairman also provides clear leadership to the Board with respect to the Group's long-term sustainable growth and strategies.

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The Group MD has the overall responsibility over the performance of each one of the businesses, day-to-day management, implementation of the Group's strategies and policies, with all powers, and delegations properly authorized, from time to time, by the Board.

A short summary of the roles and responsibilities of the Chairman, Group MD, Senior Independent Director and Non-Executive Independent Directors are as below:

Designation	Roles and Responsibilities
Chairman	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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.

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 FY2022 is as follows:

- (A) FINANCIAL**
- Business Plan and Budget 2022
 - Unaudited quarterly results and audited financial statements for financial year 2021 (FY2021)
 - Dividend decisions
 - Investment of surplus funds
 - Approval of audit and non-audit fees
 - Audit Planning Memorandum for FY2022
 - Solvency of the Company for Share Buy-Back
 - Financing structure of the projects

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- (B) GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROLS**
- Integrated Annual Report 2021 including CG Overview Statement, Audit Committee (AC) Report, Statement on Risk Management and Internal Control, Sustainability Statement, Management Discussion and Analysis and Chairman's Statement
 - CG Report 2021
 - 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, Board Charter and Policy on Selection and Assessment Criteria for Appointment of New Directors
 - Keeping abreast of 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 Eighth Annual General Meeting (AGM)
 - Recommendation for the re-appointment of Messrs BDO PLT (BDO) as External Auditors of the Company for FY2022
 - Assess and recommend for re-election of retiring Directors at the AGM
 - Independent review of Board and Board Committees' effectiveness and Independent Non-Executive Directors' independence for 2021
 - Review of 2022 Board and Directors Effectiveness Evaluation (BDEE) findings and recommendations of the Institute of Corporate Directors of Malaysia (ICDM)
 - Gap analysis of the 2022 BDEE findings and improvement plan
 - Directors' Continuing Education Programme attended by the Directors
 - Updates from the Chairman / Chairperson of the Board Committees on the committees' meeting proceedings
 - Review allocation of power between the Management and the Board as delineated in the Limits of Authority
 - Donation to non-profit organisation(s) in support of the charitable activities
 - Approval of Fit and Proper Policy for directorship
 - 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, Chief Financial Officer (CFO) and Group Deputy Managing Directors (Group Deputy MDs) of Sunway Construction Sdn Bhd (SCSB)
- Review performance scorecards of the Group MD, CFO and Group Deputy MDs of SCSB
- On-Boarding Programme for new Board Members
- Internal Audit Charter
- Approval of material guidelines for material contract and litigations
- New capital expenditures
- Appointment of new Group MD
- Appointment of new CFO

- (C) SUSTAINABILITY**
- Update on Group's ESG and sustainability agendas 2022
 - Review of the Group's sustainability framework
 - Appointment of new Board Sustainability Committee (BSC) member
 - Deliberate on sustainability matters (including new initiatives on the Group's sustainability)

- (D) BUSINESS DEVELOPMENT & STRATEGY**
- Review and monitor quarterly performance of the Group
 - Setting key indicators and business performance of the sustainability energy business
 - Formulating business strategy for precast division
 - Approval of investment strategies and 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

- (E) PEOPLE & CULTURE**
- Propose new organisation structure and management succession plan
 - Appointment of Head for the Sustainability Energy Services and Private Finance Initiative (PFI) Division
 - Senior Management successors and talent development plans
 - Human Resources (HR) strategies and planning

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

- 1**

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 encompass the Group's commitment to measure the Group's ESG performance on an annual basis.
- 2**

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 in the Group's operations.
- 3**

Business diversification and new business opportunities

The Board will continue to evaluate business diversification and explore new business opportunities.
- 4**

Board diversity and succession planning

The Board supports having 30% women representation in the Board.
The Board, through the NRC, will continue to seek suitable women candidate(s) based on a set of criteria relevant to the Company's business.
The Board will continuously search and identify suitable candidates for directorship as part of the board renewal plan.
- 5**

Stakeholder engagement

The Board will periodically assess the effectiveness of the communication approach and channels to ensure effective and regular communication with its stakeholders.

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 Boards.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

Name of Committee	Members of Committee	Key Function
Audit Committee (AC)	Dato' Siow Kim Lun (Chairman) Dato' Dr Johari Bin Basri (Member) Dr Sarinder Kumari (Member) Tan Ler Chin (Member)	The AC provides critical oversight of the Group's financial reporting and auditing processes as well as plays a key role in assessing the internal control framework of the Group.
Nomination and Remuneration Committee (NRC)	Dato' Dr Johari Bin Basri (Chairman) Dato' Siow Kim Lun (Member) Dr Sarinder Kumari (Member) Tan Ler Chin (Member) Tan Sri Dato' (Dr) Chew Chee Kin (Member)	Ensures the Board (and its committees) have the balance of skills, knowledge and experience and that adequate succession plans are in place. It also 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.
Risk Management Committee (RMC)	Dr Sarinder Kumari (Chairperson) Dato' Ir Goh Chye Koon (Member) Dato' Dr Johari Bin Basri (Member) Dato' Siow Kim Lun (Member) Evan Cheah Yean Shin (Member) Tan Ler Chin (Member) <i>(Appointed w.e.f. 22 November 2022)</i>	Establish risk tolerance level for each key risk area. Reviews and monitors the Group's principal and emerging risks and the effectiveness of the Group's risk management systems.
Board Sustainability Committee (BSC)	Dato' Dr Johari Bin Basri (Chairman) Tan Ler Chin (Member) Liew Kok Wing (Member) <i>(Appointed w.e.f. 1 April 2022)</i> Chung Soo Kiong (Member) <i>(Resigned w.e.f. 1 April 2022)</i>	Reviews, supervises and recommends on the Group's sustainability strategies and initiatives, key ESG targets and performance. Monitors progress and performance scorecard to advance the Group's sustainability leadership.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During FY2022, a total of ten (10) Board meetings were held. A summary of the attendance of the Directors for the Board and Board Committees' meetings was as below:

Name of Directors	Board	AC	NRC	RMC	BSC
Dato' Ir Goh Chye Koon (Independent Non-Executive Chairman)	10/10	-	-	5/5	-
Dato' Dr Johari Bin Basri (Senior Independent Non-Executive Director)	10/10	5/5	5/5	5/5	3/3
Dato' Siow Kim Lun (Independent Non-Executive Director)	10/10	5/5	5/5	5/5	-
Dr Sarinder Kumari (Independent Non-Executive Director)	10/10	5/5	5/5	5/5	-
Tan Ler Chin (Independent Non-Executive Director)	10/10	5/5	5/5	1/1**	3/3
Tan Sri Dato' (Dr) Chew Chee Kin (Non-Independent Non-Executive Director)	10/10	-	5/5	-	-
Evan Cheah Yean Shin (Non-Independent Non-Executive Director)	10/10	-	-	5/5	-
Liew Kok Wing (Group MD & Non-Independent Executive Director) (Appointed w.e.f. 1 April 2022)	7/7*	-	-	-	2/2**
Chung Soo Kiong (Group MD & Non-Independent Executive Director) (Resigned w.e.f. 1 April 2022)	3/3*	-	-	-	1/1**

Notes:

* reflects the number of meeting(s) held and attended during the time the Director held office

** reflects the number of meeting(s) held and attended during the financial year following the appointment as Board Committee's member

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 their duties effectively. The Board papers include, amongst others, the following:

- Financial results, business plan and budget;
- Progress report on the Group's projects;
- Risk management and internal control reports;
- Minutes of meetings of Board and Board committees;
- Regulatory / statutory updates; and
- Other operational and financial issues.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

Name of Director	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 • Senheng New Retail Berhad • QL Resources 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 Dato' Dr Jeffrey Cheah Fook Ling Ao) • Sunway Iskandar Sdn Bhd (Alternate Director to Tan Sri Dato' Dr Jeffrey Cheah Fook Ling 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 • SunMed Velocity Sdn Bhd • Sunway College (KL) Sdn Bhd • Sunway Education Group Sdn Bhd • Asian Strategy & Leadership Incorporated Sdn Bhd • Sunway University Sdn Bhd
Evan Cheah Yean Shin	• Sunway Construction Group Berhad • Sunway Construction Sdn Bhd • Sunway PALs Loyalty Sdn Bhd • Sunway Ventures Sdn Bhd • Sunway Marketing Sdn Bhd • Sunway Management Sdn Bhd • Sunway Winstar Sdn Bhd • Sunway Pharma Sdn Bhd • Sunway PopBox Sdn Bhd • Sunway Money Sdn Bhd • Pasir Mas Holdings Sdn Bhd • Sunway Corporate Venture Capital Sdn Bhd (f.k.a. Sun SEA Capital Sdn Bhd) • Sunway iLabs Accelerator Sdn Bhd • Sunway Management Services Sdn Bhd • Sunway Corporate Venture Capital I Sdn Bhd (f.k.a. Sun Sea I Sdn Bhd) • Sunway SCF Sdn Bhd • Credit Bureau Malaysia Sdn Bhd • Prestamin Sdn Bhd • Sunway Innovation Sdn Bhd • Sunway XFarms Sdn Bhd • Monumental Productions Sdn Bhd • Active Equity Sdn Bhd • Jef-San Enterprise Sdn Bhd • PRK Builders Sdn Bhd • Sungei Way Corporation Sendirian Berhad • Timah Menderang Sdn Bhd • Sungei Way Properties 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 • Superseed II Ventures (Malaysia) Sdn Bhd • Bnature Health Sdn Bhd • World Medicare Supplies Sdn Bhd • Multicare Health Pharmacy Sdn Bhd • Sunway Healthcare Holdings Sdn Bhd (Alternate Director to Tan Sri Dato' (Dr) Chew Chee Kin)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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Name of Director	List of Directorships for Malaysian Companies	
Liew Kok Wing	<ul style="list-style-type: none"> Sunway Construction Group Berhad Sunway Construction Sdn Bhd Sunway Builders Sdn Bhd Sunway Concrete Products (M) Sdn Bhd Sunway Engineering Sdn Bhd Sunway Geotechnics (M) Sdn Bhd Sunway Industrial Products Sdn Bhd Sunway Innopave Sdn Bhd 	<ul style="list-style-type: none"> Sunway Machineries Services Sdn Bhd Sunway Machinery Sdn Bhd Sunway Precast Industries Sdn Bhd Sunway SK Sdn Bhd Sunway Visioneering Sdn Bhd ENGIE-SUNWAY DCS Sdn Bhd IJM Sunway Sdn Bhd
Dato' Tan Kia Loke <i>(Alternate Director)</i>	<ul style="list-style-type: none"> Malaysian Industry-Government Group for High Technology <i>(Alternate Director to Tan Sri Dato' Dr Jeffrey Cheah Fook Ling AO)</i> Sunway Construction Group Berhad <i>(Alternate Director to Evan Cheah Yean Shin)</i> 	<ul style="list-style-type: none"> Sunway Iskandar Development Sdn Bhd Malaysian South-South Corporation Berhad Sunway Black Tap Sdn Bhd
Wong Kwan Song <i>(Alternate Director)</i>	<ul style="list-style-type: none"> Sunway Construction Group Berhad <i>(Alternate Director to Liew Kok Wing)</i> Sunway Construction Sdn Bhd Sunway Innopave Sdn Bhd Sunway Machinery Sdn Bhd Sunway Industrial Products Sdn Bhd 	<ul style="list-style-type: none"> Sunway Machineries Services Sdn Bhd Sunway Precast Industries Sdn Bhd Sunway SK Sdn Bhd Sunway Builders Sdn Bhd Sunway Concrete Products (M) Sdn Bhd

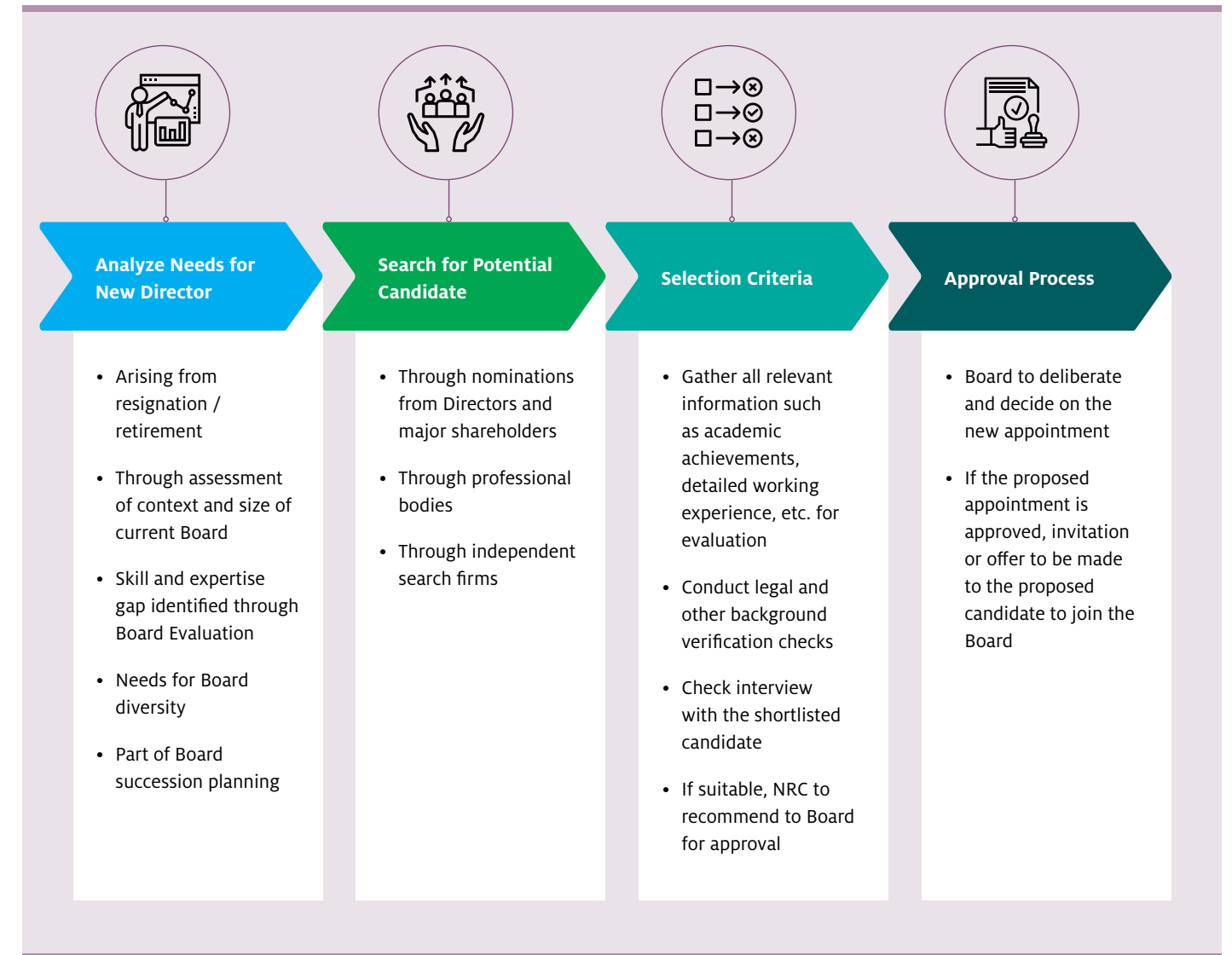
NOMINATION AND REMUNERATION COMMITTEE STATEMENT

The NRC comprises exclusively Independent Non-Executive Directors. The Chairman of NRC for FY2022 was Dato' Dr Johari Bin Basri. The other members of the Committee were Dato' Siow Kim Lun, Dr Sarinder Kumari A/P Oam Parkash, Tan Sri Dato' (Dr) Chew Chee Kin and Ms Tan Ler Chin.

The NRC is responsible for reviewing the Board's composition, size, diversity and balance. It ensures that the Board comprises directors with appropriate skills, knowledge, expertise and experience as well as having a proper balance between Executive Director and Independent Non-Executive Directors. It is also responsible for advising the Board on matters relating to the remuneration of the Board and senior management in order to retain and attract the best talents in the market.

It regularly reviews the criteria to be used in the Board recruitment process. The NRC will assess the suitability of the candidate, taking into consideration the required mix of skills, knowledge, expertise and experience, professionalism, integrity, competencies, personal qualities and the potential for the candidate's skills to augment the existing Board and time commitment. Prospective candidates would be subject to criteria set out in the "Fit and Proper Policy" and any other criteria which the NRC deemed necessary from time to time. 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 process for the appointment of new director is summarized in the diagram below:



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, five (5) 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 MD of SCSB for FY2021.
- Incentive and bonus payment of the Group MD, CFO and MD of SCSB for FY2021.
- Salary of the CFO and MD of SCSB for FY2021. It was updated by HR that no salary increment was proposed for the Group MD for FY2021.
- Remuneration packages for the new Group MD and CFO as well as the new Group Deputy MDs of SCSB.
- New ESG and Employee Engagement Score as added KPIs in the Group MD and the CFO's FY2022 performance scorecards.
- Evaluation on the effectiveness of the Board and Board Committees for FY2021, specifically on the areas of improvements.
- Evaluation of the existing size, structure and composition of the Board and Board Committees to ensure that the Board and Board Committees composition have the required expertise and requirements.
- Reviewed and confirmed the Independent Directors continued independence in accordance with the Listing Requirements.
- Assessment the performances / contribution of the retiring Directors standing for re-election at the forthcoming AGM.
- New organization structure, which embedded two new pillars, namely Sustainable Energy Services and Private Finance Initiative (PFI).
- Reviewed and approved Senior Management succession plan.
- Reviewed Remuneration Policy for Directors and Senior Management.
- Reviewed Directors' training needs and continuing education.
- Adoption of the revised TOR of NRC by incorporating changes to the regulatory requirements and corporate governance code.
- Adoption of the Directors' Fit and Proper Policy to guide the Board and the NRC in assessing potential candidates for Board membership as well as retiring Directors seeking for re-election.
- Interview and assessment of candidate for appointment as CFO.
- Assessment of a Director for appointment as RMC member.
- Reviewed the human capital planning of the Group and operation organization chart.
- Endorsed the revised and updated performance scorecards of the new Group MD, CFO and Group Deputy MDs of SCSB for FY2022.
- Adoption of the MSCI ESG rating as an individual key result area for the "Sustainability" category to measure the initiative and efforts of the Company and its Group in driving ESG goals.
- Reviewed and discussed the achievements of mid-year key KPIs and mid-year performance appraisals of the new Group MD, CFO and Group Deputy MDs of SCSB.
- Endorsement of the NRC Statement which formed part of the Company's Integrated Annual Report 2021.
- Reviewed the recommendations made by ICDM in its BDEE report and the proposed Management's action plans.

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) which will take effect on 1 June 2023.

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 on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the best interests of the Group and they continue to provide necessary checks and balances in the best interests of the Group. 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 contribution and time commitment in discharging his / her respective roles and responsibility effectively.

The Board has also adopted a Fit and Proper Policy which serves to guide the NRC and the Board in reviewing and assessing candidate(s) to be appointed to the Board and Directors seeking for re-election. The three key criteria assessed are character and integrity, experience and competence, time and commitment. Annual re-election of a Director is contingent upon satisfactory evaluation of the Director's performance and contribution to the Board and alignment with the Fit and Proper Policy.

The NRC reviews the results of the evaluation and makes recommendations to the Board on areas which requires improvements.

During the year under review, an independent formal evaluation was conducted by the ICDM, the appointed consultant. The objective was to provide the Board with an independent insight and external perspective of the effectiveness of the Board and its Committees in terms of its oversight and governance processes. The assessment would provide suggestions for improvements in its journey to becoming a high-performing Board.

The BDEE conducted by ICDM covered the following key parameters:

- Board Leadership;
- Board Composition, Skills and Development;
- Board Committees;
- Board Governance Oversight and Processes;
- Board Agenda, Minutes and Information;
- Board Dynamics and Culture;
- Board and Management Relationship;
- Board and Stakeholder Engagement;
- Board Sustainability Matters; and
- Board Pandemic / Crisis Response Management.

The methodologies used by ICDM to assess the effectiveness of the Board include document review, online questionnaires, confidential interviews, compliance assessment and observations evaluation.

ICDM presented its final BDEE Report to the Board setting out the detailed findings and the corresponding recommendations, benchmarking against corporate governance best practices.

RESULTS FROM THE EVALUATION FOR FY2022

The Board agreed that its composition is well structured and represented with an appropriate mix of skills, expertise and experience. The key findings of the BDEE Report are summarized as below:

(a) Board Composition

The composition of the Board is well structured and represented an appropriate mix of skills, expertise and experience. 62% of the Board comprised Independent Non-Executive Directors. Nevertheless, women representation is below 30%, which the Board would be addressing in the future.

(b) Board Leadership

The Chairman is an effective leader who is open minded and provides room, time and platform for all the Directors to voice out ideas, opinions and concerns.

The Group MD is a capable leader who has the respect and trust of the Senior Management team.

(c) Board Committees

The Board Committees had performed their roles effectively according to their respective mandates.

(d) Board Governance Oversight and Processes

The Board meets the standards of good corporate governance and has established the necessary policies and processes to ensure its continuing compliance and improvements.

(e) Board Agenda, Minutes and Information

The Board agenda, meetings and information generally meet the standards of corporate governance. Board members have a good attendance record and are also open to additional meetings, when required. The Chairman is involved in firming up the agenda and the members of the Board may request specific subject matters to be included in the agenda as needed.

(f) Board Dynamics and Culture

Board dynamics and culture received amongst the highest ratings from both the Board and the Senior Management team. The Board works as a team with emphasis on honest open communication, trust, respect as well as driving the right level of accountability and integrity. The Board relationships are generally friendly, collegial and newer members find their fellow Directors supportive and available for advice, if needed.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(g) Board and Management Relationship

Board-management relationship is felt to be good and the Senior Management team regards the Board to be objective and very supportive.

The Group MD is supportive and manages the Board relationship well as well as acting as a bridge to the Senior Management.

(h) Board and Stakeholder Engagement

The stakeholder engagement and relationship with investors have been adequate.

The Group MD actively undertakes stakeholder management at a wider level.

(i) Board Sustainability Matters

SunCon is forward looking and ahead of its peers with respect to sustainability and winning awards for its achievements. A dedicated sustainability officer has been appointed to ensure SunCon is aligned to Sunway Group's overall sustainability strategy and policies.

(j) Board Pandemic / Crisis Management Response

The online survey shows that this parameter was rated the highest amongst the 10 parameters.

The Board has demonstrated that it can respond swiftly and effectively to the evolving crisis and has taken proactive steps to manage the risks and its consequences to the business and the operating environment pursuant to changing regulatory developments, such as lockdowns and movement control orders.

LOOKING AHEAD

Some of the future priorities will be as follows:-

- Remain focused on talent management and succession planning**
- Implementation of improvements subsequent to the BDEE findings**
- Review and monitoring governance trends and practices**
- Board renewal processes**

BOARD SUSTAINABILITY COMMITTEE STATEMENT

The Group has in place a BSC to assist the Board in sustainability initiatives and climate change issues. The Chairman of BSC in FY2022 was Dato' Dr Johari Bin Basri and the other members of the committee were Ms Tan Ler Chin, Mr Liew Kok Wing (appointed w.e.f. 1 April 2022) and Mr Chung Soo Kiong (ceased to be BSC member w.e.f. 1 April 2022).

The key functions of the BSC include:

- 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 the BSC are set out in the TOR of the BSC which is available on the Company's website at <https://www.sunwayconstruction.com.my/investor-relations/corporate-governance>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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. The onboarding programme would be arranged where each new Director receives information on all aspects of the Group's business operations.

In view of the increasing demand, complex and multi-dimensional role of a director, the Board recognises the importance of continuing training and professional development to keep abreast of changing operating environments and future trends.

During the FY2022, 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.

During the financial year, the BSC met three (3) times to deliberate on the following matters:-

- On the BSC meeting held on 20 January 2022, the BSC reviewed and discussed the following matters:
 - SunCon Sustainability Policy;
 - Achievement of SunCon Future Value Goals and Sustainability Performance;
 - Task Force on Climate-Related Financial Disclosures (TCFD) report; and
 - SunCon's exposure to climate change risks and opportunities and its strategic responses and actions.
- In the BSC meeting held on 21 July 2022, the BSC reviewed and discussed the proposed SunCon Sustainability Framework which highlighted the 14 ESG focus areas and its corresponding commitments and action plans.
- At its meeting held on 15 December 2022, the BSC reviewed and discussed the following agendas:
 - Adoption of Bursa Malaysia's Enhanced Sustainability Reporting Framework into existing SunCon Sustainability Framework
 - SunCon Stakeholder Assessment 2022 plan
 - SunCon ESG Focus Areas and Targets

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

Name of Directors	Title of Seminar / Workshop Attended	Name of Organizer	Date of Attendance
Dato' Ir Goh Chye Koon	How to be an Effective NED in a Disruptive World	Institute of Corporate Directors Malaysia (ICDM)	12 December 2022
Dato' Dr Johari Bin Basri	Audit Committee Conference 2022 - Beyond Effectiveness: Governance, Sustainability and Agility	Institute of Internal Auditors Malaysia (IIAM) and Malaysian Institute of Accountants (MIA)	23 & 24 May 2022
	Audit Oversight Board (AOB) Conversation with Audit Committees	AOB Securities Commission Malaysia	17 November 2022
Dato' Siow Kim Lun	BNM-FIDE Forum MyFintech Week	FIDE Forum	27 January 2022
	Becoming A Boardroom Star	Malaysian Institute of Corporate Governance (MICG)	16 February 2022
	Corruption Risk Management & Organisational Anti-Corruption Plan	RHB Banking Group	9 March 2022
	ESG Investing: Perspective for the Stockbroking Industry	Malaysian Investment Banking Association	13 April 2022
	Anti-Corruption Empowerment	Hong Leong Financial Group / Malaysian Anti-Corruption Commission (MACC)	13 May 2022

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name of Directors	Title of Seminar / Workshop Attended	Name of Organizer	Date of Attendance
Dato' Siow Kim Lun	Invest ASEAN 2022: Framing a Future	Maybank Investment Bank	8 & 9 June 2022
	Webinar on the Audit Committee	MICG	27 June 2022
	Sustainability and its impact on organisations: What directors need to know	Asia School of Business: Iclif Executive Education Center	4 July 2022
	ASEAN Sustainability Summit 2022	Ernst & Young Singapore	5 & 6 July 2022
	Assessment of the Board, Board Committees, and Individual Directors	MIA	8 July 2022
	RMIT: Sharing of insights and discussions on the strategic aspects of IT risks	FIDE Forum	20 July 2022
	Dissecting environmental factors in sustainability investments	Securities Industry Development Corporation	3 August 2022
	What should Investor Relations know about Section 17A MACC Act 2009?	Malaysian Investor Relations Association	17 August 2022
	Masterclass: The Effective Board - Integral Components Required for Board Effectiveness	ICDM	11 October 2022
	AOB Conversation with Audit Committees	AOB Securities Commission Malaysia	17 November 2022
Dr Sarinder Kumari	TCFD Climate Disclosure Training Programme - TCFD 101	Bursa Malaysia Berhad (Bursa)	2 March 2022
	TCFD Climate Disclosure Training Programme - TCFD 102	Bursa	9 March 2022
	Audit Committee Conference 2022 - Beyond Effectiveness: Governance, Sustainability and Agility	IIAM and MIA	23 & 24 May 2022
	Cyber Security: What's Directors Need to Know	Minority Shareholder Watchdog Group (MSWG)	8 June 2022
	FCD Series Module C: Reputation and Crisis Management for Board	ICDM	8 September 2022
	International Directors Summit 2022	ICDM	26 - 28 September 2022
	Masterclass: The Effective Board - Integral Components Required for Board Effectiveness	ICDM	11 October 2022
	CGI Global Summit 2022: Ambition to Action	Climate Governance Initiative	12 October 2022
	AOB Conversation with Audit Committees	AOB Securities Commission Malaysia	17 November 2022
	Tan Ler Chin	How to Start Your Sustainability Journey	Climate Governance Malaysia
TCFD Climate Disclosure Training Programme - TCFD 101		Bursa	2 March 2022
TCFD Climate Disclosure Training Programme - TCFD 102		Bursa	9 March 2022
Cyber Security: What's Directors Need to Know		MSWG	8 June 2022
SME Future Trends: Gearing up for the Post-Pandemic Era		The Business Times and DHL	21 July 2022
FCD Series Module A: Board Strategy & Risk Management Oversight		ICDM	27 & 28 July 2022
Anti Bribery Course Management System Virtual Awareness Training		BDO Governance Advisory	26 September 2022
Khazanah Megatrends Forum 2022		Khazanah Nasional	3 & 4 October 2022
DBS Webinar: The Future of Digital Assets - Opportunities, Market Trends and Regulations		DBS (Hong Kong) Limited	20 October 2022

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Name of Directors	Title of Seminar / Workshop Attended	Name of Organizer	Date of Attendance
Tan Ler Chin	Fraud Prevention and Detection	MSWG	8 November 2022
	Masterclass in Anti-Money Laundering and Counter Financing of Terrorism (AML / CFT)	Affin Bank Group	22 November 2022
	AOB Conversation with Audit Committees	AOB Securities Commission Malaysia	6 December 2022
Tan Sri Dato' (Dr) Chew Chee Kin	TCFD Climate Disclosure Training Programme - TCFD 101	Bursa	2 March 2022
	Cyber Security: What's Directors Need to Know	MSWG	8 June 2022
Evan Cheah Yean Shin	Sunway Leadership & Strategic Planning Workshop	Pemandu Associates Sdn Bhd	26 August 2022
	MIDF Conversations with Dato' Amirul Feisal Wan Zahir, Managing Director of Khazanah Nasional	Malaysian Industrial Development Finance Berhad	21 September 2022
	LED - Environmental, Social and Governance Essentials (Core)	Singapore Institute of Directors	25 October 2022
Liew Kok Wing	Fraud Prevention and Detection	MSWG	8 November 2022
Dato' Tan Kia Loke (Alternate Director)	Mandatory Accreditation Programme (MAP)	ICDM	23 - 25 May 2022
Wong Kwan Song (Alternate Director)	Mandatory Accreditation Programme (MAP)	ICDM	12 - 14 July 2022
	Emerging Trends Talk #3: ESG Oversight: Role of the Board	ICDM	25 August 2022
	Together Shaping the Future of Construction in Asean	Asean Constructors Federation	17 October 2022

DIRECTORS' REMUNERATION

The Group recognises that in order to attract and retain Directors is to have a fair and comprehensive 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 Director 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.

The details of the Directors' remuneration for the FY2022 are disclosed in the CG Report, which is available on the Company's website, <https://www.sunwayconstruction.com.my/investor-relations/corporate-governance>.



Board Chairman

RM180,000 per year

Non-Executive Director

RM100,000 per year

Meeting Allowance

RM500 per meeting

AC Chairman

RM6,000 per year

AC Member

RM3,000 per year

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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, Companies Act, 2016 (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.

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 scrutinized and reviewed by the AC to ensure that they had complied with the Listing Requirements of Bursa Securities and the terms of the shareholders' mandate. The Company had obtained a renewal of its RRPT mandate from the shareholders on 22 June 2022.

The Independent Non-Executive Directors regularly engage in discussion with the Senior Management, Internal Audit Department (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 on of this IAR2022.

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.

Employees or members of the public who have knowledge or are aware of any improper conduct within the Group are encouraged to disclose it 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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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>.

PRINCIPLE (II): EFFECTIVE AUDIT AND RISK MANAGEMENT ACCOUNTABILITY

RISK MANAGEMENT AND INTERNAL CONTROLS

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 control 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 Division. 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 of this IAR2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 (appointed w.e.f. 22 November 2022) 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.

During the FY2022, five (5) meetings were held to deliberate on the following matters:

<ul style="list-style-type: none"> 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 for 2021; 	<ul style="list-style-type: none"> iv Revised and updated its TOR to incorporate new regulatory requirements and corporate governance guidelines; and v Deliberated on the Anti-Bribery and Corruption and Anti-Money Laundering Anti-Terrorism Financing Compliance Report presented by the Anti-Bribery and Compliance Officer.
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During the year under review, the RMC discussed the findings and the impact of the following potential risks:

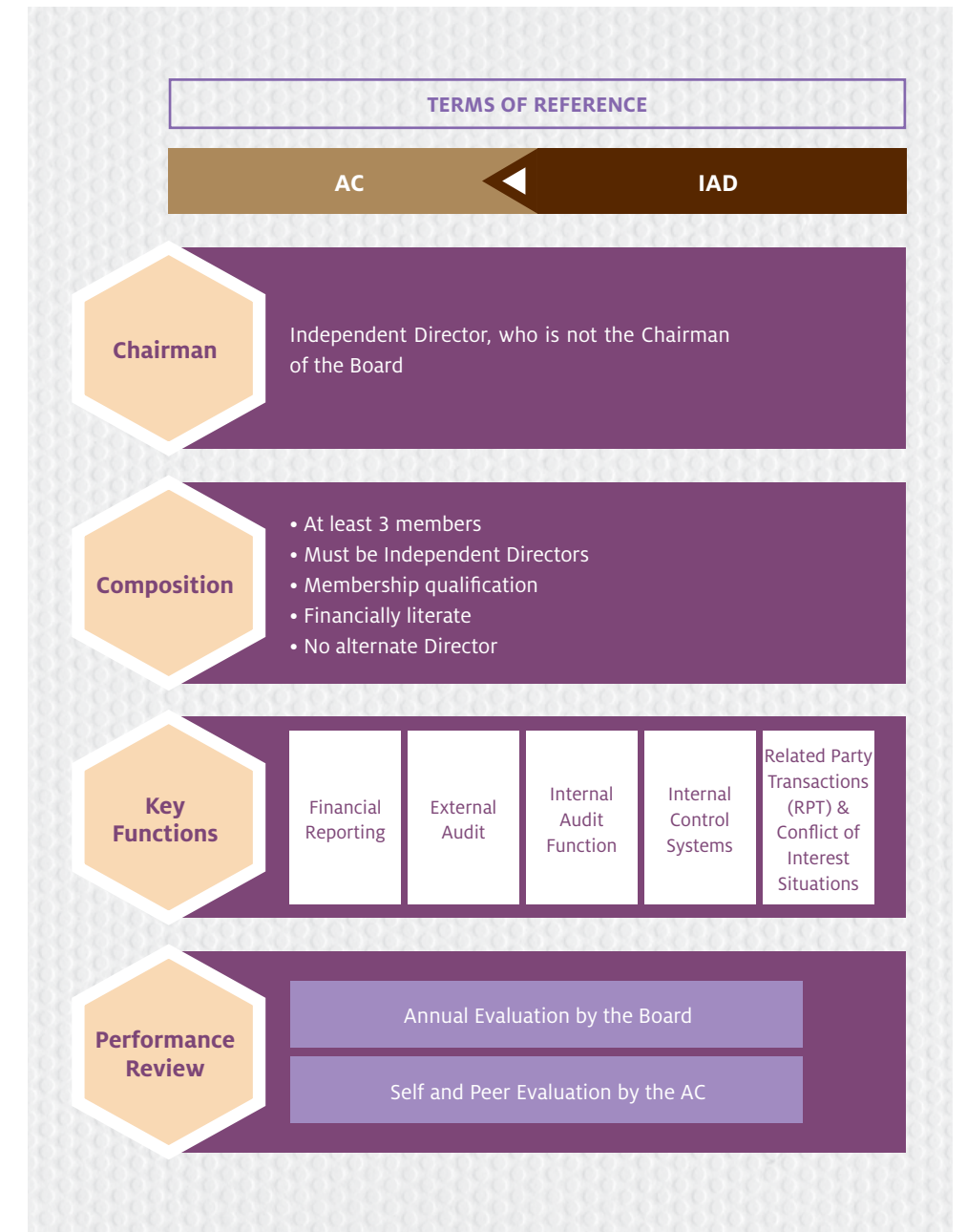
<ul style="list-style-type: none"> i Bribery and corruption risk; ii Delay in project delivery resulting in legal and reputational risk; iii Cost overrun; iv Lack of return on investment of machineries / assets and idling machines; v Reliability of subcontractors; 	<ul style="list-style-type: none"> vi Legal workers; vii Scarcity of construction projects in the market; viii COVID-19 pandemic outbreak; ix Collection risk; x Money Laundering risk; and xi Related Party Transactions.
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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 FY2022.



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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

COMPOSITION

The composition of the AC during the financial year is as follows:

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 A/P Oam Parkash (Member)	Independent Non-Executive Director
4. Ms Tan Ler Chin (Member)	Independent Non-Executive Director

The AC comprised solely of independent Non-Executive Directors (NEDs) who satisfy the test of independence under the Listing Requirements. 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 performance and effectiveness of the AC is assessed on an annual basis. The Board, through its NRC had reviewed the performance of the AC for the FY2021. The internal assessment was facilitated by the Company Secretary. Based on the annual assessment, the Board was satisfied with the performance and effectiveness of the AC, in which it had discharged its roles and responsibilities effectively in accordance with its TOR.

On the recommendation of the NRC, the Board had appointed ICDM as an external independent consultant to undertake the BDEE exercise for the financial year 2022. Based on the assessment in ICDM's report tabled to the Board on 1 September 2022, the ICDM reported that the AC had discharged its roles and responsibilities effectively 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 A/P Oam Parkash	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, then MD of main subsidiary, SCSB and Group Deputy MD of 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 and investigation reports, if any.
External Auditors, BDO (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 was recorded and tabled for the AC's confirmation at subsequent AC meetings. All AC meeting minutes, including meeting papers, on matters deliberated by the AC in the discharge of its functions are properly documented. The Chairman of the AC (AC Chairman) reported the AC's recommendations and remedial actions (if any) to the Board for its consideration and implementation as well as highlighted the significant matters and resolutions deliberated by the AC at its immediate subsequent meeting. The AC reports to the Board every quarter on matters falling within the AC's TOR, including the recommendations of the AC for the Board's consideration and approval.

SUMMARY OF WORK OF THE AC

During the FY2022, the AC carried out the following activities in the discharge of its functions and duties as per its TOR:

1 FINANCIAL REPORTING

(a) Quarterly Financial Results

At the quarterly meetings of the AC held on 23 February 2022, 24 May 2022, 22 August 2022 and 21 November 2022, the AC had reviewed and discussed with the Management the quarterly management accounts and quarterly financial results. The AC focused its attention 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 2022;
- (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.

The AC scrutinised and reviewed 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 the key risks and control lapses were addressed in a timely manner.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 meeting for release to Bursa Securities.

(b) Audited Financial Statements

On 29 March 2022, the AC together with the External Auditors and Management reviewed and deliberated on the annual audited financial statements for the financial year ended 2021 (AFS2021).

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 AFS2021.

At the aforesaid meeting, the Management and External Auditors confirmed to the AC that the AFS2021 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 AFS2021 to Bursa Securities.

(c) Accounting Standards and Other Relevant Regulatory Requirements

The AC was also briefed and took note of the changes and amendments to the regulations, accounting standards and other relevant regulatory requirements tabled by the External Auditors and the CFO that could have financial impact on the Group.

On 23 February 2022, the External Auditors briefed the AC on the new MCGG which took effect on 28 April 2021.

The CFO also briefed the AC on the Tax Governance Guidelines issued on 17 November 2021, which is intended to guide the directors of listed issuers in reporting on the management of tax matters affecting the corporations in their annual reports.

On 29 March 2022, the External Auditors provided the AC its Transparency Report 31 December 2020 pursuant to the requirement of the Audit Oversight Board and paragraph

33(d)(ii) of International Standard on Quality Management (ISQM).

At the aforesaid meeting, the External Auditors also updated the AC on the following key enhancements of the Listing Requirements:

- (i) Tenure of an independent director shall not be more than a cumulative tenure of 12 years in a listed issuer and its group of corporations. All long serving independent directors impacted by this enhancement must resign or be re-designated as non-independent directors by 1 June 2023;
- (ii) Public listed companies (PLCs) with a market capitalization of RM2 billion as at 31 December 2021, should appoint at least one-woman director by 1 September 2022. For the remaining PLCs, this requirement should be complied with by 1 June 2023; and
- (iii) PLCs should have in place a fit and proper policy that addresses Board quality and integrity for the appointment and re-election of directors across the PLC group, which must be published on the websites of the PLCs, starting from 1 July 2022. PLCs were also required to disclose the application of the PLC's fit and proper policy in the nomination and election of their directors in their annual reports issued for financial year ending on or after 31 December 2022.

On 24 May 2022, the CFO updated the AC on the amendments on the following two accounting standards:

- > MFRS 139 - Financial Instruments: Recognition and Measurement
- > MFRS 116 - Property, Plant and Equipment

On 21 November 2022, the AC was updated by the External Auditors on the following ESG updates:

- (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 further updated the AC that in tandem with the issuance of the Enhanced Sustainability Framework, Bursa Securities issued the updated Sustainability Reporting Guide and Toolkits, which provided listed issuers with practical and useful guidance on embedding sustainability in their organisation, complying with the enhanced sustainability practices and disclosures, and produce quality assurance.

The External Auditors also informed the AC that BDO had prepared its Transparency Report 31 December 2021 (Transparency Report 2021) pursuant to the requirement of the Audit Oversight Board and paragraph 33(d)(ii) of International Standard on Quality Management (ISQM).

The Transparency Report 2021 is available on BDO's website at <https://www.bdo.my/en-gb/insights/featured-insights/bdo-plt-transparency-report-31-december-2021>.

Apart from the above, the External Auditors and the CFO had not brought to the attention of the AC any changes and amendments to accounting standards and other relevant regulatory requirements that might have a financial impact on the Company.

2 EXTERNAL AUDIT

(a) The AC met with the External Auditors on the following dates:

- The AC on 23 February 2022 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 2021 (FY2021).

In the meeting, the External Auditors confirmed their professional independence in relation to the audit engagement for FY2021. They also reported 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 findings on areas of significant auditors' attention, summary of misstatements, key audit matter, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- The AC, on 29 March 2022, discussed with the External Auditors the final draft of the AFS2021. It was noted that there was no material deviation between the audited financial results for FY2021 and the unaudited fourth quarter results for the period ended 31 December 2021.

The External Auditors were of the opinion that the Company's AFS2021 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 2021:

Revenue recognition from construction contracts

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.

- The AC had also reviewed and discussed with the External Auditors and Management the Audit Planning for financial year ended 31 December 2022 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, ESG updates and BDO PLT Transparency Report 31 December 2021.
- (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 23 February 2022 and 29 March 2022. 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.

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- (c) The AC, had at its meeting held on 29 March 2022, reviewed the audit and non-audit fees for the FY2021.

The details of the nature of non-audit services rendered by the External Auditors and / or its affiliates for the FY2021 are set out as follows:

Fees paid and / or payable to External Auditors or its affiliates	FY2021	
	Company (RM'000)	Group (RM'000)
Statutory audit and related fees	17	564
Non-audit fees	Nil	37
Total	17	601

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 29 March 2022. Based on the assessment, the AC and Management were satisfied with the External Auditors' independence, performance and their audit quality for the FY2021.

As part of the independence review process, the External Auditors had also provided its written confirmation on its independence and the measures undertaken to control the quality of its audit work.

As such, the AC had subsequently recommended to the Board that the External Auditors be re-appointed as the Company's statutory auditors for the next financial year subject to the shareholders' approval at the Company's Annual General Meeting.

3 INTERNAL AUDIT

- (a) The AC approved the IAD's 2022 Internal Audit Plan (IA Plan) at its meeting held on 23 February 2022. 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). Accordingly, the audit planning processes included developing an audit universe and assess risks based on various parameters.

The AC had reviewed and deliberated on the IA Plan, on the adequacy and relevance of audit scope selected and resources allocated for the IA Plan.

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 2022 were mainly carried out in the following areas:

- Review of processes for tendering and awarding of contracts to subcontractors to ensure internal controls were adequate and effective and complied with the Group's existing policies and procedures. Contracts reviewed during the year included those awarded within all major on-going projects and key trade packages such as structural, mechanical and civil engineering and architectural;
- Review of project performances and processes over budgetary control, major materials management, 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 precast plants in Johor covering the production, procurement and inventory management;
- Review of payroll and HR administration processes (for head office and all local subsidiaries) to ensure adequate controls in payroll processing and compliance with the Group's policies and procedures;

- Review of Geotechnical Division's key processes and projects, focusing on subcontractors' awarding, certifications and payments as well as overall project performance;
- Review of key processes at machinery maintenance unit ensuring adequate controls are in place for the procurement and inventory management areas;
- 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;
- Conducted compliance and governance reviews on the following areas:
 - 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 against bribery and corrupt activities in the conduct of business. A follow-up audit was performed on the management actions taken for issues raised in the previous audit. Review of compliance to ABC policies has been carried out on a yearly basis since the implementation of the ABC policies and procedures in 2020.
 - 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 reviews are being carried out on a yearly basis.
 - Recurrent Related Party Transactions (RRPTs) - compliance to procedures established by the RRPT Mandate of SunCon.
- 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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 29 March 2022, 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 2021 and was of the opinion that the internal audit function was appropriate to its size and the nature and scope of its activities.

At the same meeting, the Head of IAD confirmed to the AC that all the internal auditors had signed a declaration that they were and had been independent, objective and 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.

- (d) At the meeting held on 21 November 2022, 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.

4 REVIEWING RELATED PARTY TRANSACTIONS & CONFLICT OF INTEREST SITUATIONS

- (a) The AC had at its meetings held on 23 February 2022, 24 May 2022, 22 August 2022 and 21 November 2022 deliberated on any potential Management's conflict of interest, related party transactions and recurring related party transactions.

The review on all RPTs and RRPTs 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.

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With the assistance of the IAD, the AC in its review had satisfied itself that processes and procedures on RPTs / RRPTs are adequate and appropriately identified and comply with the CA 2016 and the Listing Requirements. The review has also ensured that RPTs are declared, approved and reported appropriately.

The AC took note that there was no management conflict of interest situations for operational matters (including any transaction, procedure or course of conduct) as reported by the Group MD at its quarterly meetings.

- (b) On 23 February 2022, 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;
- Procurement and inventory management of the machinery maintenance unit;
- Production, procurement and inventory management of the precast business unit; and
- Payroll and human resources administration processes.

- (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:
- Amendments to the Listing Requirements in relation to enhanced adviser framework, submission of corporate proposals and other amendments via Bursa Malaysia Berhad (Bursa Malaysia)'s letter dated 20 December 2021;
 - Amendments to Listing Requirements in relation to director appointment and independence as well as other miscellaneous changes via Bursa Malaysia's letter dated 19 January 2022; and
 - Public Listed Companies Transformation Programme.
- (b) On 29 March 2022, the AC reviewed and recommended for the Board's approval, the CG Overview, AC Report and Statement on Risk Management and Internal Control for inclusion in the Company's Integrated Annual Report 2021.

The AC also reviewed and recommended for the Board's approval, the Integrated Annual Report 2021 of the Company and the CG Report which was published together with the Company's Integrated Annual Report 2021 on the Company's website.

- (c) At the AC meeting held on 24 May 2022, the AC reviewed the Internal Audit Charter and recommended the same to the Board for approval.

KPMG Management & Risk Consulting Sdn Bhd (KPMG) was also invited to update the AC on the results of the Quality Assessment Review (QAR) on the IA function. The review was undertaken to provide an independent assurance that the IA function conformed to the International Standards for the Professional Practice of Internal Auditing (IIA Standards). The results by KPMG concluded that IAD was assessed to be carrying out its IA activities in conformance with the IIA Standards. The improvement areas suggested by KPMG and action plans by the Management had also been discussed and noted by the AC.

Based on the maturity assessment performed on IAD's practices against KPMG's Strategic, Performance Review of Internal Audit Maturity Model, KPMG concluded that IAD was at the "Mature" stage from the aspects of "Positioning", "People" and "Process".

Subsequently, at the AC meeting held on 22 August 2022, the AC was updated by the Head of IAD on the status of implementation of the agreed action plans from the QAR.

The AC was also briefed by the Head of IAD on the Quality Assurance and Improvement Program (QAIP) of IAD as well as the succession planning and departmental budget for IAD.

- (d) The AC conducted its annual review of its TOR. The TOR was amended to be in line with recent applicable rules and regulations.
- (e) The AC had also reviewed the IAD budget and training plan as well as IA key performance indicator for 2022.
- (f) 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.
- (g) Minutes of the previous AC's meetings were tabled at the subsequent Board meetings by the AC Chairman. Significant issues and concerns discussed during the AC meetings together with the recommendations were highlighted and reported to the Board.

CONTINUING EDUCATION

During the year, AC members attended various conferences, seminars and training programmes to enhance their knowledge to maintain high levels 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 FY2022 are set out in the CG Overview under "Directors' Onboarding, Training and Development".

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 are performed by the Head of IAD. During the financial year under review, there was one case reported through the channel. IAD had taken the necessary steps to conduct an investigation on the complaint received.

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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 organizational 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 carried out its activities based on a risk-based annual audit plan approved by the AC. In ensuring that the responsibilities of the IAD are fully discharged, the AC reviews annually the adequacy of the scope, function and resources of the IA.

During the year, 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 FY2022 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;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- (b) Performed audit engagements which covered reviews of internal control systems, accounting and management information systems, risk management and governance practices;
- (c) Issued internal audit reports to the AC and Management highlighting results of the assessments of internal controls identifying key areas of concerns as well as providing recommendations for improvements and follow-up audits;
- (d) Acted on suggestions made by the AC and / or Management on concerns over operations or controls and significant issues pertinent to the Company and of the Group;
- (e) Performed investigative audits on allegations of mismanagement or improper acts reported through the whistleblowing procedures and / or other channels;
- (f) Reported to the AC the status of implementation of the agreed action plan following the QAR conducted by KPMG as well as the QAIP of IAD;

- (g) Tabled to the AC for review of the succession planning, training plan and departmental budget for IAD;
- (h) Tabled to the AC for review of the IA key performance indicators for 2022;
- (i) Reported to the AC on the review of the adequacy, appropriateness and compliance with the procedures established to monitor RRPTs; and
- (j) 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 FY2022 including staff payroll costs and overheads amounted to RM969,000 (The cost incurred in the previous year was RM919,000).

PRINCIPLE (III): 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 are available for its stakeholders to access include:

<ul style="list-style-type: none"> a Up-to-date information on the Company’s website; b An investor relations team; c Announcements to Bursa Malaysia; d Annual reports; e General Meetings; 	<ul style="list-style-type: none"> f Investors, analysts and media briefings; g Domestic and overseas roadshows and investors conference; and h Investor Relations Mobile Application.
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The Company maintains a corporate website, <https://www.sunwayconstruction.com.my/> to disseminate information and enhance its investor relations. All disclosures, press releases, material information and announcements made to Bursa Securities via Bursa LINK are concurrently updated on the website.

There is an Investor Relations 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 circulars 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 FY2022, the Company had participated in various virtual investor conferences and road shows in Malaysia.

STAKEHOLDER ENGAGEMENT

To promote the success of the Company, we strive to foster strong business relationships with customers, suppliers and the communities in which we operate, and meet the interests of our employees while acting fairly for the benefit of shareholders as a whole. Engagement with our key stakeholders helps to ensure we have a long-term sustainable business model that provides good quality projects for our customers.

All Directors take into consideration the interests of stakeholders in their decision-making. Whilst the importance of giving due consideration to our stakeholders is not new, this part of the report sets out how we engage with, and take into consideration, the interests of those key stakeholders who are material to the long-term success of the business.

Our key stakeholders are our shareholders, our business partners, our employees, our suppliers, the communities in which we operate, our customers and the Government and regulators. The stakeholders’ voice is brought into the boardroom throughout the annual cycle through information provided by management and also by direct engagement with stakeholders themselves.

Details of the stakeholder engagement process are set out on of this IAR2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INVESTOR RELATIONS



SunCon places great emphasis on timely and effective communication on the Company's financial performance, business strategies and future prospects as these are essential in maintaining good relationship with our stakeholders. Our approach is to allow investors and research analysts have equal access to information in a transparent and non-discriminative environment as this is important for the success and growth of a company.

SunCon's Investor Relations (IR) team has been actively promoting fair valuation for SunCon and attracting new investors who believe in our operational model and business strategies.

IR ACTIVITIES

In 2022, we attended 15 events which are depicted below. Also, due to the COVID-19 risk, we reduced the number of physical conferences during the year. Despite that, we continued to have virtual meetings with our analysts and fund managers to keep them updated.

Organiser	Event	Date	Venue
Hong Leong Investment Bank	IR Updates	24 Jan 2022	Webinar
CLSA	Conference Call	25 Feb 2022	Webinar
KAF	Conference Call	07 Mar 2022	Webinar
Hong Leong Investment Bank	Google Meet	14 Mar 2022	Webinar
UBS	UBS Construction Day	11 Apr 2022	Webinar
Kenanga	Conference Call	29 Apr 2022	Webinar
The Edge	SCG Group Managing Director Interview	10 May 2022	SCG Office
CLSA	Conference Call	27 May 2022	Webinar
CLSA	PNB Precast Plant Visit	08 Jun 2022	Senai Plant
CLSA	Conference Call	25 Jul 2022	Webinar
Affin Hwang	Conference Call	01 Aug 2022	Webinar
Macquarie	MQ Malaysia Insight	12 Aug 2022	Webinar
Hong Leong Investment Bank	Precast Plant Visit	09 Sep 2022	Iskandar Plant
Hong Leong Investment Bank	Conference Call	12 Oct 2022	Webinar
UBS	Malaysia Corporate	01 Nov 2022	Webinar

RESEARCH COVERAGE

The number of research coverage reduced from 14 to 13 research institutions from 2021 to 2022. The research institutions include:



FINANCIAL ANNOUNCEMENT

SunCon continued to engage with its stakeholders through a series of investor relations activities throughout the year. All major announcements, such as the release of the quarterly results, new construction orders or new ventures, were published on Bursa Malaysia. The information was then disseminated in the form of flash notes to all interested parties. We also ensured that these documents were immediately made available on the Group's Investor Relations websites.

SunCon conducted its 8th Annual General Meeting on 22 June 2022 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 allowed to follow the proceedings via live streaming as well as participate and vote online. Our Group MD presented the financial performance and review of 2021 as well as future prospects. The Board and Management also duly responded to all the queries, opinions and feedback from the shareholders.

INDEX INCLUSION

SunCon ceased to be a constituent of the FTSE4Good Index series which we had been a constituent of for 5 consecutive years since our listing. The exclusion from the Index was not due to a drop in the ESG Rating but because we were moved from the underlying indexes, which in this case is the FTSE EMAS Index. We were removed because we did not pass the liquidity screening.

In fact, our ESG rating is above the threshold required for index inclusion, as confirmed by FTSE Russell during the semi-annual review of the FTSE4Good Inclusion Index Series.

Nevertheless, SunCon will continue to keep our focus on sustainability themes as we are committed to being a responsible corporate entity. Our commitment to sustainability has been demonstrated through multiple sustainability awards that we secured over the past few years. SunCon's ranking by the MSCI Index has been upgraded to 'AA' status in FY2022 (FY2021: 'BBB'), a recognition of the effectiveness of our ESG strategies in managing environmental and social impacts. SunCon hopes to be reinstated into the FTSE4Good Index series at the next FTSE review.

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CONDUCT OF GENERAL MEETINGS

The Board encourages shareholders' participation in general meetings. The AGM of the Company provides a principal forum for shareholders to share their views. It also provides opportunity for dialogue and interaction between the Board and the shareholders. The participation of shareholders, both individuals and institutional at general meetings on clarifications of pertinent and relevant information is encouraged.

The Company had conducted its 8th AGM virtually through live streaming and online remote voting using Digital Ballot Form provided by the Poll Administrator of the 8th AGM, Mega Corporate Services Sdn Bhd. 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 8th AGM was given to the shareholders more than 28 days before the AGM, which gives the shareholders sufficient time to prepare themselves to attend the AGM or to appoint proxies to attend and vote on their behalf. The Company also distributed together with the Notice of the 8th AGM, an Administrative Details, which furnished useful information regarding the conduct of the 8th 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 8th AGM, the Group MD updated the financial performance and review of 2021 as well as future prospects of the Group via a video presentation.

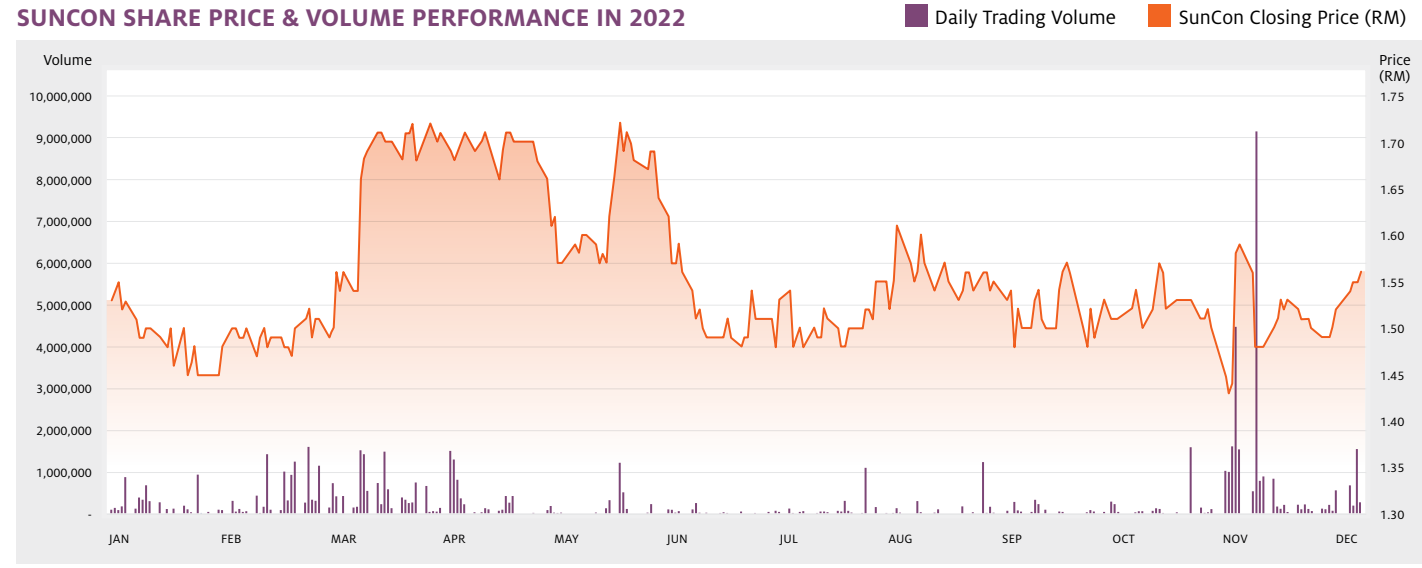
The Chairman provided ample time and opportunity for the Questions and Answers session during the AGM. All the Directors, together with the Group MD, CFO and External Auditors, were present to respond to all questions asked by shareholders. Shareholders were also encouraged to send in their questions prior to the AGM via email or through the 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 8th 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 announced via Bursa LINK on the same day.

The minutes of the 8th AGM was also made available on the Company's website at <https://www.sunwayconstruction.com.my/> for the information of the public.

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SUNCON SHARE PRICE & VOLUME PERFORMANCE IN 2022



OPENING PRICE	SunCon	1.56	KLCI	1,567.53	KLCON	153.88		
CLOSING PRICE	SunCon	1.56	KLCI	1,495.49	-4.6%	KLCON	152.59	-0.8%

1Q CLOSE 31 MAR 22		2Q CLOSE 30 JUN 22		3Q CLOSE 30 SEP 22		4Q CLOSE 31 DEC 22	
SunCon	1.72	SunCon	1.51	SunCon	1.50	SunCon	1.56
KLCI	1,587.36	KLCI	1,444.22	KLCI	1,394.63	KLCI	1,495.49
KLCON	161.21	KLCON	155.23	KLCON	152.76	KLCON	152.59

With pandemic-related disruptions beginning to normalise at the end of 2021, SunCon's share price at the beginning of FY2022 was at RM1.56. The market corrected upwards in February. However, the impact was short-lived with a slight drop in price, following a swift recovery, in line with the Kuala Lumpur Composite Index (KLCI). With the release of 4Q 2021 results and dividend declaration, along with positive sentiment from the announcement of the reopening of international borders in April, SunCon was on a bullish trend, closing 1Q 2022 at RM1.72, which was the peak price for FY2022.

With the lifting of international border restrictions, there was robust domestic rebound and improvement in investors sentiment in April. SunCon continued to remain high for the month. However, subsequent to U.S.'s aggressive interest rate rise, coupled with global inflationary pressure, Bank Negara Malaysia (BNM) raised the Overnight Policy Rate (OPR) by 25bp to 2.0% in May, the domestic market was negatively impacted. After a jump resulting

from the 1Q 2022 results release, SunCon plunged in June, in line with the market, closing 2Q 2022 at RM1.51. It was mainly due to the aggravated risk-off sentiment brought on by mounting concerns regarding the growing global inflationary and potential recession. Despite this, the construction sector recorded its first positive increase since 2Q 2021 (2Q 2022: 2.4%; 1Q 2022: -6.2%) (DOSM).

Entering the second half of 2022, 3Q 2022 remained sluggish for SunCon. BNM increased OPR thrice - July, September and November, to reach 2.75%. The rate hikes were due to headline inflation pressures that accelerated above 4%. SunCon's price was slightly affected by the tightened policy. Simultaneously, the weakening MYR against the USD further raised concerns on the increase in material prices in the domestic market. In November 2022, the MYR reached a historic low of 4.7465 against USD. In spite of this, steel bar prices were on a downtrend. SunCon was also able to resolve the ongoing labour shortage with newly acquired Indonesian workers.

In view of the parliament dissolution in October and hung parliament situation of GE15, the market experienced a drop due to political uncertainty. SunCon also fell to a YTD low of RM1.43 in November 2022. Political clarity was provided with the formation of a new government and in response the market rebounded with SunCon experiencing a 10% jump. The MYR also strengthened against the USD. Before the year ended, SunCon announced a project win which brought the price to RM1.56 at closing.

In whole, SunCon's share movement was in tandem with both KLCI and KLCON in year 2022. The normalisation of the pandemic enabled the construction sector to gradually return job flow to a normal level and registered positive growth amid the ongoing challenges such as rising material costs, labour shortage, and weakening currency.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



The Board of Directors (the Board) of Sunway Construction Group Berhad (SCG) is committed to maintaining a sound internal control and risk management system. 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. Essentially, the Statement outlines the nature and key components of risk management and internal controls within SCG and its subsidiaries (Group) as well as the institutionalization into the business operations to achieve the Group's strategic objectives.

THE BOARD'S RESPONSIBILITY

The Board affirms its commitment and responsibility towards effective risk management and internal control so as to safeguard the shareholders' investments and the Group's assets. In doing so, the Group embeds a system of internal control and risk management in all aspects of the activities, initiatives and processes of SCG and its subsidiaries. The framework has been set in place by the Board to identify, evaluate, mitigate, and monitor the key risks faced by the Group.

The framework is designed to mitigate rather than eliminate the risks or events with significant adverse impact on the achievement of the Group's objectives and strategies. As such, it provides reasonable but not absolute assurance against material financial misstatement and management information and records, or against financial losses or fraud.

The Board acknowledges its responsibility to review and monitor the adequacy, effectiveness and integrity of the Group's internal control systems and risk management framework, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. The Board approves and monitors the Group's risk management strategy, sets the risk appetite and oversees its implementation. In this regard, the Board is supported by the Audit Committee (AC) and the Risk Management Committee (RMC) in evaluating the adequacy of the Group's risk management and internal control systems.

Audit Committee

The AC's main scope and responsibility is to assist the Board in overseeing the financial and non-financial reporting and assessing the effectiveness of the Group's internal framework. The AC also reviews and ensures operational effectiveness, adequacy and integrity of the Group's internal control systems, financial and non-financial reporting processes and management information systems, including compliance with applicable laws, rules, directives and guidelines.

Risk Management Committee

In respect of risk management, the RMC assists the Board in ensuring a sound, robust Risk Management Framework and overseeing the implementation of appropriate systems and processes to enhance the Group's corporate governance practices with focus on key risk areas and its mitigations. Through its quarterly meeting, the RMC undertakes the following considerations:

- Identify, assess and monitor key business risks and review risk mitigation strategies;
- Review and recommend risk management strategies, policies and levels of risk tolerance; and
- Ensure infrastructure, resources and systems are in place to manage risks.

During the financial year, the RMC reviewed, appraised and assessed the controls and progress of action plans taken to mitigate and manage the Group's risk exposure. Subsequently, the principal risks and remedial actions highlighted by the Board would be cascaded to the Management team for remedial actions. The RMC provided assurance to the Board that the Group's risk management and internal control are operating adequately and effectively in all material aspects. This statement however, does not cover associate companies and joint ventures where risk management and internal control are managed by the respective management teams.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Risk Working Committee (RWC) led by the Group Deputy Managing Director of Sunway Construction was set up to ensure that the Group's risk coverage is more conclusive on exposures specifically to operational matters.

The RWC communicates the Board's expectations to management teams and employees during management meetings, managers' conferences and forums while the heads of the operating subsidiaries and departments are empowered with the responsibility of planning, monitoring, reporting and managing their respective operations.

INTERNAL CONTROL SYSTEM

The Board and Management of the Group has put in place key internal controls to assure the achievement of the Group's objectives and its operational effectiveness. Planning, monitoring and review of the Group's performance and conduct are carried out via scheduled periodic meetings of the Board, Board Committees and management. As part of the Group's strategic initiatives, clear lines of accountability and responsibility have been set and communicated via Organisation Charts, Strategic Plans, Annual Budgets and Authority Limits. The effectiveness of the organisational structure is assessed regularly and enhancements will be implemented as and when necessary to ensure future-proofing.

Other Components of the Internal Control System

1 POLICIES & PROCEDURES

The Group's internal control system encompasses formalised and documented internal policies, standards and procedures to ensure compliance with internal controls, relevant laws and regulations. It enables all divisions and operating subsidiaries to effectively and efficiently, operate and respond proactively to potential business, operational, financial, compliance and other risks in achieving the Group's goals and objectives. These documents are continuously being revised and updated to meet operational needs, and are published in the Group's online portal for employees' reference.

2 AUDITS

The Group Internal Audit Department (GIAD) carries out internal audits on divisions and business units of the Group based on a risk-based audit plan approved annually by the Audit Committee (AC). 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 appropriate 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.

Additionally, subsidiaries accredited with certifications such as International Organisation for Standardisation (ISO) and Occupational Health and Safety Advisory Services (OHSAS) are audited as scheduled by auditors of relevant certification bodies. Results of these audits are reported to management.

3 STRATEGIC PLANS AND BUDGETS

The Group puts in place an annual strategic planning and thorough budgeting process to establish goals, targets and required resources. The Board participates in the review and approval of the Annual Business Plans and Budget. Performance is monitored on a regular basis, and interventions are carried out, where required. The Board pays particular attention to significant variances of key performance indicators against plans and budget to monitor performance. Key variances are highlighted and followed up by Management through the appropriate mitigation plans. The Group has institutionalised a well-controlled budgeting process that provides a responsible accounting framework. The Group's annual budget is approved by the Board prior to implementation.

4 EMPLOYEE ENGAGEMENT AND PERFORMANCE

Key performance indicators are used to track and measure employee performance while employee engagement surveys are conducted to gain feedback on effectiveness and efficiency of the Group to aid continuous improvement of employee competency, in line with the Group's goals and objectives.

5 EMPLOYEE CONDUCT

Available for employees' access in the Group Governance and Integrity 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- c) The **Whistle Blowing 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.

6 RISK MANAGEMENT

The Group's risk management framework is benchmarked against the ISO 31000:2018 Risk Management – Principles and Guidelines and is designed to embed Enterprise Risk Management (ERM) into key activities, initiatives and processes of the Group. This enables the Group to identify, assess and mitigate risks that may prevent the Group from achieving its objectives. In doing so, the stakeholders are assured that their interest is protected. During the financial year, the Group constantly reinforces its risk management framework to remain relevant and effective given the present business environment.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Continuous risk assessment is fundamental to the Group’s risk management process. Operating subsidiaries are tasked with reporting major risks on a quarterly basis to management as it aims for a holistic approach towards risk management. The respective operating subsidiaries, being risk owners of their immediate sphere, are responsible to develop the appropriate response strategies to mitigate the risks.

The quarterly risks from all operating subsidiaries are consolidated and updated to the RMC, highlighting major risks and mitigating controls carried out.

The Group has four (4) core response strategies for risk management. These include:

1. Risk Termination

In this instance, management chooses to terminate risks by eliminating the business or by significantly altering it. The Group may choose this route for risks that could have major or catastrophic impact on its businesses.

2. Risk Reduction

Risks may be reduced by taking specific actions aimed at reducing the likelihood of occurrence, thus reducing the impact of these risks on the Group’s businesses.

3. Risk Acceptance

Management may choose not to act and to consciously accept certain risks which are significantly low in likelihood of occurrence and / or impact. Factors to consider for risks of such nature would be:

- Adequacy of current controls;
- Quality and quantity of information on the controls;
- Likelihood and consequences of the risk occurring; and
- The cost of additional controls.

4. Risk Transfer

Management may choose to transfer all or part of a certain risk to other parties via:

- Transferring an entire business process to another party as is the case with sub-contracting and outsourcing arrangements;

- Sharing the business process with another party as is the case with partnerships and joint venture arrangements; and
- Retaining the process and transferring the legal and financial risks as is the case with insurance arrangements and the use of certain treasury / financial products.

Risk management discipline ensures that risk assessment is an on-going process whereby risks and risk mitigation measures are regularly reviewed and adjusted accordingly. The continuous risk assessment process therefore, represents the cornerstone of an effective ERM program for the Group.

Reporting Structure

The RMC will meet and deliberate on the top risks identified on a quarterly basis while its Chairman will subsequently update the Board on proceedings and updates from the RMC. Significant issues arising from changes in business environment are reviewed continuously to ensure minimal impact to the Group. The Group positions its business units towards a profitable objective while incorporating risk management principles into our functions and processes.

RWC is accountable for effectiveness of the risk management framework and undertakes the role of assisting Business Units by identifying, quantifying, managing and mitigating critical risks in addition to monitoring and reporting of action plans prepared by the Business Units.

RWC continues to support the Group’s efforts in embracing change and evolution into a resilient conglomerate, allowing it to refine its focus and strategies to achieve goals and objectives while striking an equilibrium between employees, communities and the environment. Thus, as the Group commits to provide Environmental, Safety and Health (ESH) standards and practices to enhance stakeholders’ value, RWC’s quarterly risk reporting exercise with operating subsidiaries goes beyond risk mitigation to ensure that operational processes are consistent and remain compliant with the relevant standards such as OHSAS 18001 and ISO 14001, to name a few.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

2 REGULATORY RISKS

Changes in regulations, guidelines and laws in Malaysia or any other countries may directly and indirectly impact the Group. This risk is monitored to reduce the Group’s exposure to potential legal liabilities and minimise any adverse impact arising from non-compliance of such changes. Together with the Group Managing Director, relevant business units and departments engaged in discussions to attend to necessary changes to ensure compliance and monitor the resulting changes adopted. Management took the stance to continue to instil a compliance culture within the Group, by complementing internal processes, and providing internal and external legal support to operational teams when required. Close collaboration and ongoing dialogues with industry associations / regulatory bodies were undertaken to address emerging legal / regulatory requirements as well as industry trends and standards.

3 FINANCIAL

Credit and liquidity risk may arise from the inability to recover debts in a timely manner which may negatively affect the Group’s profitability, liquidity, cash flows and funding. The slowdown of the construction industry coupled with longer payment terms gradually increased the debtors’ turnover ratio. The Group minimizes such exposures through persistent and close monitoring of collections and overdue debts and assessing the creditworthiness of potential customers before agreeing to tender invitations. Furthermore, the Group constantly monitors and forecasts its cash flow position to ensure that a healthy balance is maintained between the continuity of funding and financial flexibility through the availability of ample credit facilities offered by financial institutions.

4 OPERATIONAL

The Group’s business units have continuously and consistently paid significant attention to this risk where aspects of project delivery, disaster recovery, infrastructure, production and safety are of paramount importance. One of the mitigation efforts is for the team to continue to enlarge the pool of competent and experienced consultants and subcontractors owning good track records to support the Group’s project requirements.

Key Risk Factors

For the financial year under review, RWC identified several risks which were most prevalent among business units in the Group. These were presented to the RMC quarterly which includes the Group Managing Director and CFO where controls, mitigating plans and monitoring mechanisms were highlighted.

These risks can be found on under Risks and Mitigation Strategies.

Below is a summary of the key risk factors that the Group focused on.

1 EXTERNAL RISKS / MARKET CONDITIONS

The current economic climate of geopolitical tensions, continued subdued property market, raw material price increase, intense competition and the slowdown in the local and global economy placed the Group in a challenging position. Coupled with manpower shortages, decline in government infrastructure spending, fewer construction and tender opportunities further contributed stress to the Group and its order book enhancement.

The challenges prompted the Group to continuously assess and realign strategy to market conditions and requirements and to remain resilient against these risks. The Group closely monitored performance across core business units, including active profit & loss and cash management, as well as maintained the funding facilities.

A myriad of strategies were adopted to effectively reduce and control cost in all aspects and continuously explore for new projects locally and regionally to achieve our financial and operational target. The Group managed to secure more in-house projects with competitive pricing and quality assurance, a sizeable maiden data centre project in Sedenak Tech Park, Johor, more solar projects as well as an overseas project in Vietnam to ensure business continuity and profitability.

The surge in commodity prices such as steel, copper and cement price also put an additional pressure on the Group as it is directly exposed to the volatile material costs that can squeeze profit margins. Nevertheless, several measures were already in place to mitigate this risk such as increasing the pool of approved suppliers, engaging in active negotiation of prices with these suppliers, hedging whenever possible to protect against fluctuations of prices and close monitoring of costs.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Engagements with external stakeholders, customers, legislators, regulators, local communities and NGOs are also actively carried out. When all parties are kept abreast of any outstanding issues, the Group's reputation will be effectively safeguarded from potential damage from one or more events, which could turn into negative publicity and impair public confidence. Appropriate and effective policies and procedures are implemented and thoroughly monitored by RWC to mitigate these risks. These are also continuously reviewed to ensure effectiveness and adequacy, in accordance with global best practices and standards.

With Malaysia's international borders fully reopened on 1 April 2022, the situation of labour shortage which had impacted several industries especially construction gradually improved throughout the year. We successfully applied and brought in 400 number of foreign workers into the country. The Group also assisted our business partners for critical jobs providing them with workers which were then backcharged in contract to maintain productivity level and timely project delivery.

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 CFO that the Group's risk management and internal control framework is operating adequately and effectively in all material aspects. Continuous focus on measures to protect and enhance shareholders value and business sustainability will remain a core practice for the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control as required under Paragraph 15.23 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements. The limited assurance review was performed in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3 (AAPG 3), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report.

Based on their procedures performed, the External Auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

This Statement on Risk Management and Internal Control was approved by the Board of Directors on 29 March 2023.

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 2022.

3 RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

The details of the recurrent related party transactions are disclosed in Note 41 of the Notes to the Financial Statements.

4 AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2022, 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	FY2022	
	Company (RM'000)	Group (RM'000)
Statutory audit and related fees	19	602
Non-audit fees	6	51
Total	25	653

DIRECTORS' RESPONSIBILITY STATEMENT FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("Act") to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Act in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year. Where there are new accounting standards or policies that become effective during the year, the impact of these new treatments would be stated in the notes to the financial statements, accordingly.

In preparing the financial statements, the Directors have:

- (i) Adopted appropriate accounting policies and applied them consistently;
- (ii) Made judgements and estimates that are reasonable and prudent;
- (iii) Ensure that all applicable accounting standards have been followed; and
- (iv) Prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors are responsible for taking such steps as are reasonably available to them to safeguard the assets of the Group and of the Company and to detect and prevent fraud and other irregularities.



FINANCIAL STATEMENTS

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 2022.

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. 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	138,739	92,043
Profit attributable to:		
Owners of the parent	135,181	92,043
Non-controlling interests	3,558	-
	138,739	92,043

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 2021:	
Second interim single-tier dividend of 4.00 sen per ordinary share paid on 7 April 2022	51,574
In respect of financial year ended 31 December 2022:	
First interim single-tier dividend of 3.00 sen per ordinary share paid on 29 September 2022	38,681
	90,255

On 21 February 2023, the Board of Directors had declared a second interim single-tier dividend of 2.50 sen per ordinary share for the financial year ended 31 December 2022. The total dividend payable amounted to RM32,233,978. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2023.

The Board of Directors does not recommend any final dividend for the financial year ended 31 December 2022.

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 - Appointed as Director and Group Managing Director on 1 April 2022
 Dato' Tan Kia Loke (Alternate Director to Evan Cheah Yean Shin)
 Wong Kwan Song (Alternate Director to Liew Kok Wing) - Appointed on 1 April 2022
 Chung Soo Kiong - Resigned on 1 April 2022

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than as may arise from the warrants and irredeemable convertible preference shares issued by its intermediate holding company, Sunway Berhad.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 41 to the financial statements.

DIRECTORS' 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 1.1.2022/ Date of Appointment [^]	Acquired	Sold	As at 31.12.2022
The Company				
Direct interests:				
Wong Kwan Song [^]	371	15,000	-	15,371
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	-	-	841,482,318

⁽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 Companies Act 2016 ("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 1.1.2022/ Date of Appointment [^]	Acquired	Sold	As at 31.12.2022
Intermediate holding company				
Sunway Berhad				
Direct interests:				
Tan Sri Dato' (Dr.) Chew Chee Kin	21,038,466	-	-	21,038,466
Evan Cheah Yean Shin	4,195,196	-	-	4,195,196
Liew Kok Wing	285,628	-	-	285,628
Dato' Tan Kia Loke	10,229,880	-	-	10,229,880
Wong Kwan Song [^]	8,927	-	-	8,927
Deemed interests:				
Dato' Ir Goh Chye Koon ⁽¹⁾	120,201	-	-	120,201
Tan Sri Dato' (Dr.) Chew Chee Kin ⁽²⁾	1,564,862	-	-	1,564,862
Evan Cheah Yean Shin ⁽³⁾	3,089,765,645	17,121,000	-	3,106,886,645

⁽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(1)(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.

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONTD.)

	Number of ordinary shares			
	As at 1.1.2022	Acquired	Sold	As at 31.12.2022
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 1.1.2022	Acquired	Sold	As at 31.12.2022
Ultimate holding company				
Active Equity Sdn. Bhd.				
Direct interest:				
Evan Cheah Yean Shin	25,500	-	-	25,500
Deemed interest:				
Evan Cheah Yean Shin ⁽¹⁾	102,000	-	-	102,000

⁽¹⁾ Deemed interest held through parent.

	Number of ordinary shares			
	As at 1.1.2022	Acquired	Sold	As at 31.12.2022
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 1.1.2022	Acquired	Sold	As at 31.12.2022
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⁾	676,799,926	8,922,900	-	685,722,826

⁽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(1)(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 1.1.2022	Alloted	Redeemed	As at 31.12.2022
Penultimate holding company Sungei Way Corporation Sendirian Berhad				
Deemed interests:				
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 1.1.2022/ Date of Appointment [^]	Acquired	Sold	As at 31.12.2022
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	-	-	1,293
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	-	-	468,393,341

⁽¹⁾ Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Affin Hwang Trustee Berhad GCK Family Trust.

⁽²⁾ Deemed interest by virtue of Section 59(1)(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 and warrants in the Company or its related corporation during the financial year.

DIRECTORS' REPORT

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2022 were as follows:

	Group RM'000	Company RM'000
Fees	780	780
Emoluments	4,356	89
Estimated money value of benefits-in-kind	114	-
Total Directors' remuneration	5,250	869

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.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONTD.)

(II) From the end of the financial year to the date of this report (contd.)

- (d) In the opinion of the Directors:
- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) As at the date of this report

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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 [#]	Kwong Tzyy En	Subba Rao Semenchalam
Chung Soo Kiong	Krishnakumar A/L Chelliah [*]	Tan Sri Dato' (DR) R.V. Navaratnam [^]
Eric Tan Chee Hin	Liew Kok Wing	Thomas Samuel A/L CT Samuel [^]
Evan Cheah Yean Shin	Lim Vin Tze	Tan Kim Yoke
Elaine Lai Ee-Ling [*]	Lim Chee Siang	Tan Eng Koon [^]
Khor Seng Yan [#]	Ng Bee Lien	U Than Oo
Kok Shin Lin	Ng Chee Hwa	Wong Kwan Song
Kong Heong Fook [^]	Ng Chong Beng	Yip Lai Hun [*]
Kumaresan Varadu Rasu	Oh Keng Jin	

[^] Resigned during the financial year
[#] Ceased after the financial year
^{*} Appointed during the financial year

DIRECTORS' REPORT

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 24 February 2022, Russia invaded Ukraine resulting in the imposition of various economic sanctions on Russia by several countries across the world. These developments resulted in soaring global commodities and energy prices, supply chain disruption, significant decrease in value of Ruble and a temporary halt of trading on the Moscow Exchange.

As at the date of authorisation of the financial statements, the Russia-Ukraine conflict is still evolving and remains unpredictable. Consequently, the Group and the Company are unable to estimate the financial effects of the situation at this juncture. The Group and the Company are actively monitoring and managing the operations of the Group and the Company to minimise any impact arising from these developments.

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 2022 were as follows:

	Group RM'000	Company RM'000
Statutory audit	602	19
Non-statutory audit	51	6
	653	25

Signed on behalf of the Board in accordance with a resolution of the Directors dated 29 March 2023.

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 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 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 2023.

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 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 2023

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 2022 of the Group and of the Company, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on

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 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition from construction contracts

Revenue from construction contracts during the financial year as disclosed in Note 5 to the financial statements is RM1,973,648,000.

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, IFRSs and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company, or to cease operations, or have no realistic alternative but to do so.

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.

INDEPENDENT AUDITORS' REPORT

to the Members of Sunway Construction Group Berhad
(Incorporated in Malaysia)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTD.)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 17 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT

201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Kuala Lumpur
29 March 2023

Tan Seong Yuh

03314/07/2023 J
Chartered Accountant

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	5	2,155,231	1,729,155	89,587	30,005
Cost of sales	6	(1,789,474)	(1,371,584)	-	-
Gross profit		365,757	357,571	89,587	30,005
Other income	7	22,995	21,324	-	-
Administrative expenses		(186,638)	(218,555)	(3,646)	(1,875)
Net impairment losses on financial assets	9	(11,878)	(15,456)	-	-
Other expenses		(3,728)	(5,469)	-	-
Operating profit		186,508	139,415	85,941	28,130
Finance and other distribution income	8	13,874	4,153	6,105	5,711
Finance costs	8	(18,025)	(4,583)	-	-
Share of results of associates, net of tax		3,699	8,621	-	-
Share of results of joint ventures, net of tax		(1,999)	4,639	-	-
Profit before tax	9	184,057	152,245	92,046	33,841
Income tax expense	12	(45,318)	(41,495)	(3)	(2)
Profit for the financial year		138,739	110,750	92,043	33,839
Profit attributable to:					
Owners of the parent		135,181	112,586	92,043	33,839
Non-controlling interests		3,558	(1,836)	-	-
		138,739	110,750	92,043	33,839
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translations		(4,055)	681	-	-
Share of other comprehensive income of joint ventures		2,717	462	-	-
Net change in fair value for cash flow hedges		(7,616)	-	-	-
Other comprehensive income for the financial year, net of tax		(8,954)	1,143	-	-
Total comprehensive income for the financial year		129,785	111,893	92,043	33,839
Total comprehensive income attributable to:					
Owners of the parent		128,251	113,811	92,043	33,839
Non-controlling interests		1,534	(1,918)	-	-
		129,785	111,893	92,043	33,839
Earnings per share attributable to owners of the parent (sen per share):					
Basic	13	10.48	8.73		
Diluted	13	10.48	8.73		

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	Group	
		2022 RM'000	2021 RM'000
Assets			
Non-current assets			
Property, plant and equipment	15	107,521	124,668
Intangible assets	16	96	82
Investments in associates	18	-	596,917
Investments in joint arrangements	19	223,131	126,601
Other investments	20	266	273
Goodwill	21	-	-
Deferred tax assets	33	3,381	878
Long term receivables	23	264,291	-
		598,686	849,419
Current assets			
Other investments	20	84,694	-
Inventories	22	53,422	46,164
Trade receivables	23	677,726	600,607
Other receivables	24	135,536	60,227
Amount due from intermediate holding company	26	33	16
Amounts due from related companies	27	154,495	187,968
Amounts due from joint ventures	28	20,931	1,259
Amount due from an associate	29	-	-
Tax recoverable		18,897	19,710
Cash and bank balances	31	491,628	98,845
		1,637,362	1,014,796
Total assets		2,236,048	1,864,215

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022 (contd.)

	Note	Group	
		2022 RM'000	2021 RM'000
Equity and liabilities			
Current liabilities			
Borrowings	32	172,179	92,524
Trade payables	34	716,220	766,656
Other payables	35	169,773	94,183
Amount due to intermediate holding company	26	54	115
Amounts due to related companies	27	14,238	11,353
Amount due to a joint venture	28	10,520	13,925
Lease liabilities	36	5,980	5,184
Tax payable		6,749	7,285
Derivative liabilities	30	7,616	786
		1,103,329	992,011
Non-current liabilities			
Borrowings	32	308,541	145,390
Lease liabilities	36	3,384	7,157
Deferred tax liabilities	33	-	2,886
		311,925	155,433
Total liabilities		1,415,254	1,147,444
Equity attributable to owners of the parent			
Share capital	37	258,580	258,580
Treasury shares	37	(6,990)	(6,990)
Merger reserve	38	(37,894)	(37,894)
Foreign currency translation reserve	38	14,091	13,405
Cash flow hedge reserve	38	(7,616)	-
Capital contribution by intermediate holding company	38	641	641
Other capital reserve	38	471	600
Retained earnings	38	515,856	470,791
		737,139	699,133
Non-controlling interests		83,655	17,638
Total equity		820,794	716,771
Total equity and liabilities		2,236,048	1,864,215

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022 (contd.)

	Note	Company	
		2022 RM'000	2021 RM'000
Assets			
Non-current assets			
Investment in subsidiaries	17	415,083	258,580
Current assets			
Other investments	20	3,283	203,264
Other receivables	24	72	121
Tax recoverable		1	1
Amount due from a subsidiary	25	121	68
Amount due from intermediate holding company	26	16	-
Cash and bank balances	31	87,133	38,950
		90,626	242,404
Total assets		505,709	500,984
Equity and liabilities			
Current liabilities			
Other payables	35	1,846	1,155
Amount due to a subsidiary	25	2,640	412
Amounts due to related companies	27	43	25
		4,529	1,592
Total liabilities		4,529	1,592
Equity attributable to owners of the parent			
Share capital	37	258,580	258,580
Treasury shares	37	(6,990)	(6,990)
Retained earnings	38	249,590	247,802
Total equity		501,180	499,392
Total equity and liabilities		505,709	500,984

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 2022

Group	Note	Attributable to owners of the parent										Equity, total RM'000
		Non-distributable					Equity attributable to owners of the parent, total					
		Treasury shares (Note 37)	Merger reserve (Note 38)	Foreign currency translation reserve (Note 38)	Cash flow hedge reserve (Note 38)	Capital contribution by intermediate holding company (Note 38)	Other capital reserve (Note 38)	Distributable retained earnings (Note 38)	Equity attributable to owners of the parent, total	Non-controlling interests	Equity, total	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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)	
Dividend 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 structure 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	641	471	515,856	737,139	83,655	820,794	

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2022 (contd.)

Group	Note	Attributable to owners of the parent										Equity, total RM'000
		Non-distributable					Equity attributable to owners of the parent, total					
		Share capital (Note 37)	Treasury shares (Note 37)	Merger reserve (Note 38)	Foreign currency translation reserve (Note 38)	Capital contribution by intermediate holding company (Note 38)	Other capital reserve (Note 38)	Distributable retained earnings (Note 38)	Equity attributable to owners of the parent, total	Non-controlling interests	Equity, total	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2021		258,580	(6,990)	(37,894)	12,180	641	600	409,779	636,896	1,714	638,610	
Profit for the financial year		-	-	-	-	-	-	112,586	112,586	(1,836)	110,750	
Other comprehensive income, net of tax		-	-	-	1,225	-	-	-	1,225	(82)	1,143	
Total comprehensive income		-	-	-	1,225	-	-	112,586	113,811	(1,918)	111,893	
Transactions with owners												
Dividends paid	14	-	-	-	-	-	-	(51,574)	(51,574)	-	(51,574)	
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	-	(201)	(201)	
Acquisitions of equity interests in subsidiaries by non-controlling interests		-	-	-	-	-	-	-	-	18,043	18,043	
Total transactions with owners		-	-	-	-	-	-	(51,574)	(51,574)	17,842	(33,732)	
At 31 December 2021		258,580	(6,990)	(37,894)	13,405	641	600	470,791	699,133	17,638	716,771	

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2022 (contd.)

Company	Note	Distributable			Equity, total RM'000
		Share capital (Note 37) RM'000	Treasury shares (Note 37) RM'000	Retained earnings (Note 38) RM'000	
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
Transaction 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
At 1 January 2021		258,580	(6,990)	265,537	517,127
Profit for the financial year		-	-	33,839	33,839
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	33,839	33,839
Transactions with owners					
Dividends paid	14	-	-	(51,574)	(51,574)
Total transactions with owners		-	-	(51,574)	(51,574)
At 31 December 2021		258,580	(6,990)	247,802	499,392

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 2022

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from operating activities				
Profit before tax	184,057	152,245	92,046	33,841
Adjustments for:				
Accretion of financial assets and financial liabilities	(370)	1,521	-	-
Bad debts written off	36	-	-	-
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets	23,760	27,417	-	-
Dividend income	-	-	(89,587)	(30,005)
Employees' share option scheme	-	35	-	-
Fair value gain on derivative assets and liabilities	-	(93)	-	-
Fair value loss on other investments	7	-	-	-
Finance and other distribution income	(13,874)	(4,153)	(6,105)	(5,711)
Finance costs	18,025	4,583	-	-
Gain on liquidation of a subsidiary	(294)	-	-	-
Gain on reassessments and modifications of leases	-	(810)	-	-
Impairment losses on:				
- trade receivables	14,470	16,195	-	-
- other receivables	649	26	-	-
- amounts due from related companies	23	11	-	-
- quasi-equity loan advanced to a joint venture	295	541	-	-
- investment in an associate	-	1,091	-	-
Inventories written down	500	-	-	-
Net gain on disposal of property, plant and equipment	(732)	(2,372)	-	-
Net unrealised foreign exchange (gain)/loss	(10)	6	-	-
Loss on liquidation of a subsidiary	343	-	-	-
Write off of:				
- property, plant and equipment	50	77	-	-
- intangible asset	3	-	-	-
- inventories	11	-	-	-
Reversal of impairment losses on:				
- trade receivables	(1,382)	(978)	-	-
- other receivables	(2,133)	(36)	-	-
- amount due from an associate	-	(134)	-	-
- amounts due from related companies	(44)	-	-	-
- amount due from a joint venture	-	(169)	-	-
Share of results of joint ventures	1,999	(4,639)	-	-
Share of results of associates	(3,699)	(8,621)	-	-
Write back of payables	-	(5)	-	-
Operating cash flows before working capital changes carried forward	221,690	181,738	(3,646)	(1,875)

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2022 (contd.)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from operating activities (contd.)				
Operating cash flows before working capital changes brought forward	221,690	181,738	(3,646)	(1,875)
Changes in working capital:				
Inventories	(7,636)	(11,908)	-	-
Trade receivables	(357,389)	251,710	-	-
Other receivables	(77,902)	(21,580)	49	(75)
Trade payables	(51,661)	(71,408)	-	-
Other payables	77,397	(10,694)	691	111
Amounts due from/(to) subsidiaries	-	-	2,175	(878)
Amount due from/(to) intermediate holding company	-	291	(16)	-
Amounts due from/(to) related companies	37,067	(69,956)	18	(32)
Amount due from an associate	-	9,265	-	-
Amounts due from/(to) joint ventures	(2,064)	7,545	-	-
Cash (used in)/generated from operations	(160,498)	265,003	(729)	(2,749)
Interest received	13,874	4,153	6,105	5,711
Interest paid	(17,596)	(4,039)	-	-
Dividend received from a joint venture	-	211	-	-
Distribution of income from an associate	-	2,301	-	-
Tax refunded	1,966	1,080	-	-
Tax paid	(52,770)	(29,999)	(3)	(3)
Net cash (used in)/from operating activities	(215,024)	238,710	5,373	2,959
Cash flows from investing activities				
Proceeds from disposals of property, plant and equipment	25,208	3,290	-	-
(Placement)/Withdrawal of deposits pledged to other financial institutions	(45,695)	43,986	(45,695)	43,986
Acquisitions of property, plant and equipment and intangible assets	(27,114)	(34,819)	-	-
Acquisitions of equity interests in subsidiaries by non-controlling interests	20,050	18,043	-	-
Addition of interests in a joint venture	(88,698)	-	-	-
Advance to a joint venture	(20,426)	(56,961)	-	-
Addition of interests in associates	-	(147,550)	-	-
Net cash (used in)/from investing activities carried forward	(136,675)	(174,011)	(45,695)	43,986

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2022 (contd.)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from investing activities (contd.)				
Net cash (used in)/from investing activities brought forward	(136,675)	(174,011)	(45,695)	43,986
Net redemptions of units in a structured entity by non-controlling interests	(204,421)	-	-	-
Net cash flow from funds the Group has significant influence	-	-	43,478	(26,342)
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	-	-	-
Share capital reduction of a subsidiary	(280)	-	-	-
Dividends received	-	-	89,587	30,005
Net cash from/(used in) investing activities	423,770	(174,011)	87,370	47,649
Cash flows from financing activities				
Drawdowns of term loans	322,721	68,143	-	-
Drawdowns of bills discounting	939,369	78,186	-	-
Repayments of term loans	(80,945)	(68,143)	-	-
Repayments of bills discounting	(927,155)	(120,007)	-	-
Repayments of revolving credits	(15,000)	(23,000)	-	-
Payments of lease liabilities	(5,574)	(5,238)	-	-
Interest paid on:				
- lease liabilities	(429)	(544)	-	-
Dividends paid	(90,255)	(51,574)	(90,255)	(51,574)
Dividends paid to non-controlling interests of subsidiaries	(42)	(201)	-	-
Net cash from/(used in) financing activities	142,690	(122,378)	(90,255)	(51,574)
Net increase/(decrease) in cash and cash equivalents	351,436	(57,679)	2,488	(966)
Effects of exchange rate changes on cash and cash equivalents	(4,348)	439	-	-
Cash and cash equivalents at beginning of financial year	60,598	117,838	905	1,871
Cash and cash equivalents at end of financial year	407,686	60,598	3,393	905

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 2022

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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 2022 comprise the Company and its subsidiaries and the interests of the Group in associates and joint arrangements.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 17 to the financial statements.

The financial statements for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 29 March 2023.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The new MFRSs and amendments to MFRSs adopted during the financial year are set out in Note 43(a) to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand ("RM'000"), unless otherwise stated.

3. SEGMENT INFORMATION

For management purpose, the Group is organised into business units based on their products and services. In addition, the businesses are considered from a geographical perspective. The Group's reporting segments are as follows:

- 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.
- Precast concrete - construction engineering, sub-contracting works for precast fabrication, manufacturing and distribution of precast components and building materials.

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	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
Results					
Operating profit	168,615	17,893	-	A	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 joint ventures	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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3. SEGMENT INFORMATION (CONTD.)

Business segments (contd.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (contd.)

	Construction RM'000	Precast concrete RM'000	Elimination RM'000	Note	Total RM'000
At 31 December 2022					
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

At 31 December 2021

Revenue

	Construction RM'000	Precast concrete RM'000	Elimination RM'000	Note	Total RM'000
Sales to external customers	1,606,248	122,907	-		1,729,155
Inter-segment sales	427,181	92,316	(519,497)	A	-
Total revenue	2,033,429	215,223	(519,497)		1,729,155

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3. SEGMENT INFORMATION (CONTD.)

Business segments (contd.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (contd.)

	Construction RM'000	Precast concrete RM'000	Elimination RM'000	Note	Total RM'000
At 31 December 2021					
Results					
Operating profit	134,861	4,554	-	A	139,415
Finance and other distribution income	3,910	243	-		4,153
Finance costs	(3,247)	(1,336)	-		(4,583)
Share of results of associates	8,621	-	-		8,621
Share of results of a joint venture	4,639	-	-		4,639
Profit before tax	148,784	3,461	-		152,245
Income tax expense	(41,058)	(437)	-		(41,495)
Profit for the financial year	107,726	3,024	-		110,750
Non-controlling interests	1,836	-	-		1,836
Attributable to owners of the parent	109,562	3,024	-		112,586
Assets					
Segment assets	1,510,786	191,880	(582,557)		1,120,109
Investments in associates	596,917	-	-		596,917
Investments in joint ventures	4,806	121,795	-		126,601
Unallocated assets					20,588
Total assets					1,864,215
Liabilities					
Segment liabilities	1,107,365	207,695	(177,787)		1,137,273
Unallocated liabilities					10,171
Total liabilities					1,147,444
Other segment information					
Capital expenditure	6,245	28,574	-	B	34,819
Depreciation and amortisation	23,408	4,009	-		27,417

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3. SEGMENT INFORMATION (CONTD.)

Geographical segments

The following table provides an analysis of the Group's revenue, profit before tax, net profit, profit attributable to owners of the parent and assets by geographical segment:

	Revenue from contracts with customers RM'000	Profit/(Loss) before tax RM'000	Net profit/(loss) RM'000	Profit/(Loss) attributable to owners of the parent RM'000	Segment assets RM'000
At 31 December 2022					
Malaysia	1,680,356	159,110	119,670	118,387	1,440,159
Singapore	181,583	(1,582)	(1,582)	(1,569)	186,211
India	293,292	26,588	20,710	18,422	364,123
Trinidad & Tobago	-	-	-	-	26
United Arab Emirates	-	(39)	(39)	(39)	116
Myanmar	-	(20)	(20)	(20)	4
	2,155,231	184,057	138,739	135,181	1,990,639
At 31 December 2021					
Malaysia	1,593,986	152,430	111,248	110,815	952,985
Singapore	122,907	(32)	(32)	(32)	115,898
India	12,262	(7,957)	(8,273)	(6,004)	50,978
Trinidad & Tobago	-	-	-	-	25
United Arab Emirates	-	7,904	7,904	7,904	198
Myanmar	-	(100)	(97)	(97)	25
	1,729,155	152,245	110,750	112,586	1,120,109

Note Nature of eliminations to arrive at amounts reported in the consolidated financial statements

- A Inter-segment revenues and profit are eliminated on consolidation.
B Capital expenditures consist of:

	2022 RM'000	2021 RM'000
Property, plant and equipment (exclude right-of-use buildings)	27,022	34,737
Software	92	82
	27,114	34,819

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3. SEGMENT INFORMATION (CONTD.)

Major customers

Revenue from three (3) customers (2021: two (2) customers) from the construction segment represent approximately RM788,101,000 (2021: RM539,453,000) of the Group's revenue.

The following are major customers with revenue equal or more than ten percent (10%) of Group's revenue:

	Revenue	
	2022 RM'000	2021 RM'000
Customer A	289,190	.*
Customer B	233,603	329,000
Customer C	265,308	210,453
	788,101	539,453

* Represents revenue not disclosed as the revenue is less than 10% of Group's revenue.

4. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the Group's and of the Company's capital management is the maintenance of a strong credit rating and healthy capital ratio, in order to support the Group's and the Company's businesses and maximise shareholders' value.

The Group and the Company manage their capital structure by ensuring that financial commitments are met as and when they fall due. In addition, divestment of the Group's and of the Company's non-core assets which provide low returns are also made to optimise the capital structure of the Group and of the Company.

The Group and the Company monitor capital utilisation using the gearing ratio. This ratio is used to assess the appropriateness of the Group's and of the Company's debt level, hence its capital structure. The ratio is calculated as total borrowings divided by total equity. Total equity is the equity attributable to owners of the parent.

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Borrowings (Note 32)	480,720	237,914	-	-
Equity attributable to owners of the parent	737,139	699,133	501,180	499,392
Gearing ratio	65%	34%	N/A	N/A

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

4. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTD.)

(b) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the current financial year and previous financial year, the Group's policy that no trading in derivative financial instruments shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

Interest rate risk

The Group's and the Company's interest rate risk arises primarily from interest bearing deposits with licensed banks and other financial institutions, borrowings and lease liabilities.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 31, 32 and 36 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 22% (2021: 8%) of the Group's sales are denominated in foreign currencies whilst almost 1% (2021: 2%) 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 RM83,902,000 (2021: RM18,013,000).

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 2022

4. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTD.)

(b) Financial risk management objectives and policies (contd.)

Foreign currency risk (contd.)Foreign currency risk exposure

The currency risk exposure profiles for each class of financial instruments are as follows:

Group	INR RM'000	SGD RM'000	Others RM'000
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)
Borrowing	(161,909)	(232,262)	-
Net exposure	112,147	(118,324)	2,453
Group	INR RM'000	SGD RM'000	Others RM'000
At 31 December 2021			
Financial assets in foreign currencies			
Cash and bank balances	5,538	12,203	272
Trade and other receivables	45,033	79,541	15
Financial liabilities in foreign currencies			
Trade and other payables	(8,982)	(19,834)	(65)
Borrowing	-	(145,390)	-
Net exposure	41,589	(73,480)	222

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

4. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTD.)

(b) Financial risk management objectives and policies (contd.)

Foreign currency risk (contd.)

Foreign currency risk exposure (contd.)

The currency risk exposure profiles for each class of financial instruments are as follows: (contd.)

Company

At 31 December 2022/2021

The currency risk exposure profile of the Company is not presented as there is no exposure to foreign currency at the end of the reporting period.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the foreign exchange rates against the functional currency of the Group, with all other variables held constant.

	Group Profit net of tax	
	2022 RM'000	2021 RM'000
INR/RM		
- strengthened 1.7% (2021: 1.5%)	(1,430)	(437)
- weakened 1.7% (2021: 1.5%)	1,430	437
SGD/RM		
- strengthened 2.7% (2021: 0.6%)	(2,652)	(366)
- weakened 2.7% (2021: 0.6%)	2,652	366

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 26, 27, 28, 30, 32, 34, 35 and 36 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

4. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTD.)

(b) Financial risk management objectives and policies (contd.)

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The credit risk concentration profiles have been disclosed in Notes 23 and 24 to the financial statements.

5. REVENUE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contracts with customers				
- Construction contracts	1,973,648	1,606,248	-	-
- Sale of goods	181,583	122,907	-	-
Other revenue				
Dividend income from a subsidiary	-	-	89,587	30,005
	2,155,231	1,729,155	89,587	30,005

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5. REVENUE (CONTD.)

Group	India RM'000	Malaysia RM'000	Singapore RM'000	Total RM'000
31 December 2022				
Major products and service lines				
Revenue from construction contracts	293,292	1,680,356	-	1,973,648
Sales of goods	-	-	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
31 December 2021				
Major products and service lines				
Revenue from construction contracts	12,262	1,593,986	-	1,606,248
Sales of goods	-	-	122,907	122,907
Revenue from external customers	12,262	1,593,986	122,907	1,729,155
Timing of revenue recognition				
Services transferred over time	12,262	1,593,986	17,365	1,623,613
Products transferred at a point in time	-	-	105,542	105,542
Revenue from external customers	12,262	1,593,986	122,907	1,729,155

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5. REVENUE (CONTD.)

(a) Revenue from construction contracts (contd.)

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using the output method. The output method recognises revenue based on contract work certified to date which depicts the basis of direct measurements of value to the customers of the construction work performed to date relative to the remaining construction work promised under the contract.

If control of the asset transfers at a point in time, revenue is recognised at a point in time when the customer obtains control of the asset.

Significant judgement is required in estimating the progress towards complete satisfaction of performance obligations and in assessing the exposures to liquidated ascertained damages ("LAD") based on the facts and circumstances of the relevant construction projects, including projects that had been served with certificates of non-achievement for project delays. In making these judgements, the Group evaluates based on experience and by relying on the work of specialists. The progress towards complete satisfaction of performance obligations is measured using the output method, which is based on the contract work certified to date over the estimated total contract sum.

(b) Sale of goods

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using the output method. The output method recognises revenue on the basis of direct measurements of value to the customers of goods transferred to date relative to the remaining goods promised under the contract.

If control of the asset transfers at a point in time, revenue is recognised at a point in time when the goods has been transferred to the customer and coincides with the delivery of goods and acceptance by customers.

There is no material right of return and warranty provided to the customers on the sale of products.

(c) Dividend income

Dividend income is recognised when the right of the Company to receive payment is established.

6. COST OF SALES

	Group	
	2022 RM'000	2021 RM'000
Construction contract costs	1,631,128	1,260,207
Cost of goods sold	158,346	111,377
	1,789,474	1,371,584

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

7. OTHER INCOME

Included in other income are the following:

	Group	
	2022 RM'000	2021 RM'000
Rental income	907	635
Gain on disposal of property, plant and equipment	732	2,402
Gain on liquidation of subsidiary	294	-
Gain on reassessments and modifications of leases	-*	810
Write back of payables	-	5
Accretion of financial assets	1,102	334
Foreign exchange gain:		
- realised	2,227	130
- unrealised	189	217

Rental income is accounted for on a straight-line basis over the lease term of an ongoing lease.

* Amount is immaterial to disclose.

8. FINANCE AND OTHER DISTRIBUTION INCOME AND FINANCE COSTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Finance and other distribution income				
Finance and other distribution income from:				
Deposits with licensed banks	762	27	-	-
Deposits with other financial institutions	1,794	3,143	1,373	1,861
Structured entities controlled by its intermediate holding company	8,867	489	4,722	3,842
Others	2,451	494	10	8
	13,874	4,153	6,105	5,711
Finance costs				
Interest expense in relation to:				
Lease liabilities	(429)	(544)	-	-
Bank borrowings	(13,608)	(4,039)	-	-
Others	(3,988)	-	-	-
	(18,025)	(4,583)	-	-

Interest income from short term deposits, structured entities controlled by its intermediate holding company and advances are recognised on an accrual basis, using the effective interest method, unless recoverability is in doubt, in which case, it is recognised on receipt basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Auditors' remuneration:				
- statutory audits	602	567	19	17
- under/(over) provision in prior years	55	(3)	-	-
- other services	51	37	6	6
Foreign exchange losses:				
- realised	110	288	-	-
- unrealised	179	223	-	-
Fair value gain on derivative assets and liabilities	-	(93)	-	-
Accretion of financial assets and liabilities	(370)	1,521	-	-
Bad debts written off	36	-	-	-
Impairment losses on:				
- investment in an associate (Note 18)	-	1,091	-	-
Written off of:-				
- property, plant and equipment (Note 15)	50	77	-	-
- inventories (Note 22)	11	-	-	-
- intangible asset (Note 16)	3	-	-	-
Rental expenses:				
- short term lease expenses	444	301	-	-
- lease expense for low value assets	299	271	-	-
- variable lease payment expense	67	79	-	-
Management fees paid to intermediate holding company and a related company (Note 41)	13,469	16,382	-	-
Management fees paid to a subsidiary (Note 41)	-	-	2,243	202
Service level agreement fees paid to related companies (Note 41)	3,431	3,416	6	6

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

9. PROFIT BEFORE TAX (CONTD.)

(b) Net impairment losses on financial assets recognised in profit or loss were as follows:

	Group	
	2022 RM'000	2021 RM'000
Impairment losses on:		
- trade receivables (Note 23)	14,470	16,195
- other receivables (Note 24)	649	26
- amounts due from related companies (Note 27)	23	11
- quasi-equity loan advanced to joint ventures (Note 19)	295	541
	15,437	16,773
Reversal of allowance for impairment losses of:		
- trade receivables (Note 23)	(1,382)	(978)
- other receivables (Note 24)	(2,133)	(36)
- amount due from an associate (Note 29)	-	(134)
- amounts due from joint ventures (Note 28)	-	(169)
- amounts due from related companies (Note 27)	(44)	-
	(3,559)	(1,317)
Net impairment losses on financial assets	11,878	15,456

10. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Wages, salaries, allowances and bonuses	122,076	120,737	-	-
Social security contributions	1,056	910	-	-
Contributions to defined contribution plan	9,443	9,856	-	-
Employees' share option scheme	-	35	-	-
Other benefits	5,891	5,622	32	16
	138,466	137,160	32	16

Included in employee benefits expense of the Group are Executive Directors' remuneration amounting to RM4,267,000 (2021: RM4,339,000) as further disclosed in Note 11 to the financial statements.

11. DIRECTORS' REMUNERATION

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Executive Directors' remuneration:				
Salaries and bonuses	3,810	3,874	-	-
Contribution to defined contribution plan	457	465	-	-
Total Executive Directors' remuneration excluding benefits-in-kind (Note 10)	4,267	4,339	-	-
Estimated money value of benefits-in-kind	114	57	-	-
Total Executive Directors' remuneration including benefits-in-kind (Note 41)	4,381	4,396	-	-
Non-Executive Directors' remuneration:				
Fees	780	709	780	709
Other emoluments	89	78	89	78
	869	787	869	787
Total Directors' remuneration including benefits-in-kind	5,250	5,183	869	787

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	
	2022 RM'000	2021 RM'000
Executive Directors:		
RM2,600,001 - RM3,000,000	1	-
RM2,000,001 - RM2,600,000	-	1
RM1,500,001 - RM2,000,000	1	1
Non-Executive Directors:		
RM150,001 - RM200,000	1	1
RM100,000 - RM150,000	6	5
Below RM100,000	-	1

Included in Executive Directors, is the Alternate Director.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

12. INCOME TAX EXPENSE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current income tax:				
Malaysian income tax	36,088	30,159	2	1
Foreign tax	5,722	-	-	-
	41,810	30,159	2	1
Under provision in prior years:				
Malaysian income tax	8,094	1,882	1	1
Foreign tax	834	313	-	-
	8,928	2,195	1	1
	50,738	32,354	3	2
Deferred tax (Note 33):				
Relating to origination and reversal of temporary differences	(532)	9,465	-	-
Over provision in prior years	(4,888)	(324)	-	-
	(5,420)	9,141	-	-
Total income tax expense	45,318	41,495	3	2

(a) Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 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 2022

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	
	2022 RM'000	2021 RM'000
Profit before tax	184,057	152,245
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	44,174	36,539
Different tax rates in other countries	215	(28)
Effect of reduction in tax rates arising from incremental taxable income	(166)	35
Income not subject to tax	(4,917)	(3,580)
Expenses not deductible for tax purposes	2,593	8,433
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	175	1,791
Utilisation of deferred tax assets previously not recognised	(387)	(384)
Effect of share of results of associates	(888)	(2,069)
Effect of share of results of joint ventures	479	(1,113)
Under provision of income tax in prior years	8,928	2,195
Over provision of deferred tax in prior years	(4,888)	(324)
Income tax expense for the year	45,318	41,495

	Company	
	2022 RM'000	2021 RM'000
Profit before tax	92,046	33,841
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	22,091	8,122
Income not subject to tax	(22,964)	(8,570)
Expenses not deductible for tax purposes	875	449
Under provision of income tax in prior years	1	1
Income tax expense for the year	3	2

(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 2022

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	
	2022	2021
Profit attributable to owners of the parent (RM'000)	135,181	112,586
Weighted average number of ordinary shares in issue ('000)	1,289,359	1,289,359
Basic earnings per ordinary share (sen)	10.48	8.73

(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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interim dividend for 2020:				
Single-tier dividend of 2.75 sen per ordinary share	-	-	-	35,457
Interim dividend for 2021:				
Single-tier dividend of 1.25 sen per ordinary share	-	16,117	-	16,117
Single-tier dividend of 4.00 sen per ordinary share	-	51,574	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	-	-	-
	70,915	67,691	90,255	51,574

On 21 February 2023, the Board of Directors had declared a second interim single-tier dividend of 2.50 sen per ordinary share for the financial year ended 31 December 2022. The total dividend payable amounted to RM32,233,978. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2023.

The Board of Directors does not recommend any final dividend for the financial year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

15. PROPERTY, PLANT AND EQUIPMENT

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	
Written-off	-	(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	
Written-off	-	(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 2022

15. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group At 31 December 2021	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Capital work-in- progress RM'000	Right-of-use buildings RM'000	Total RM'000
Cost								
At beginning of financial year	8,538	18,234	267,808	27,944	9,733	3	18,973	351,233
Additions	-	-	5,119	509	534	28,575	10,603	45,340
Written-off	-	-	(8,482)	(51)	(976)	-	-	(9,509)
Disposals	-	-	(3,156)	(1,579)	-	-	-	(4,735)
Reassessment and modification of leases	-	-	-	-	-	-	350	350
Reclassifications	-	-	3	-	-	(3)	-	-
Exchange differences	-	-	13	(1)	26	(30)	22	30
At end of financial year	8,538	18,234	261,305	26,822	9,317	28,545	29,948	382,709
Accumulated depreciation								
At beginning of financial year	-	6,272	191,746	21,865	7,897	-	12,589	240,369
Depreciation charge for the financial year	-	1,033	17,760	2,584	541	-	5,405	27,323
Written-off	-	-	(4,862)	(52)	(975)	-	-	(5,889)
Disposals	-	-	(2,241)	(1,576)	-	-	-	(3,817)
Exchange differences	-	-	13	-	23	-	19	55
At end of financial year	-	7,305	202,416	22,821	7,486	-	18,013	258,041
Accumulated impairment losses								
At beginning of financial year	-	-	3,543	-	-	-	-	3,543
Written-off	-	-	(3,543)	-	-	-	-	(3,543)
At end of financial year	-	-	-	-	-	-	-	-
Net carrying amount	8,538	10,929	58,889	4,001	1,831	28,545	11,935	124,668

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

15. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

- (a) Right-of-use buildings represent right-of-use assets arising from lease arrangements that do not meet the definition of investment property.
- (b) All items of property, plant and equipment (excluding right-of-use assets) are initially recorded at cost. After initial recognition, property, plant and equipment (excluding right-of-use assets) are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	2 - 15	%
Plant and machinery	10 - 33	
Motor vehicles	20	
Office equipment, furniture and fittings	10 - 33	

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The useful lives and residual values of other components of property, plant and equipment (excluding right-of-use assets) are estimated based on common life expectancies and commercial factors applied in the various respective industries.

Changes in expected level of usage, occupancy rates and economic development could impact the economic useful lives and the residual values of these assets, and hence future depreciation charges on such assets could be revised.

- (c) The right-of-use assets under property, plant and equipment are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the end of the lease term. The principal depreciation periods are as follows:

Buildings over the lease period from 2 to 12 years

- (d) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2022 RM'000	2021 RM'000
Additions of property, plant and equipment	29,685	45,340
Additions via finance lease	(2,663)	(10,603)
Cash outflow for acquisition of property, plant and equipment	27,022	34,737

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

16. INTANGIBLE ASSETS

	Group	
	2022 RM'000	2021 RM'000
Software		
Cost		
At beginning of financial year	18,342	18,260
Additions	92	82
Written-off	(64)	-
At end of financial year	18,370	18,342
Accumulated amortisation		
At beginning of financial year	18,260	18,166
Amortisation charge for the year	75	94
Written-off	(61)	-
At end of financial year	18,274	18,260
Net carrying amount	96	82

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 (2021: three (3) years).

17. INVESTMENT IN SUBSIDIARIES

	Company	
	2022 RM'000	2021 RM'000
At cost		
Unquoted ordinary shares	258,580	258,580
At fair value		
Quoted units in a wholesale fund	156,503	-
	415,083	258,580

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

17. INVESTMENT IN SUBSIDIARIES (CONTD.)

- (a) Investments in subsidiaries other than investments in quoted units in wholesale funds are stated in the separate financial statements of the Company at cost less impairment losses, if any.

Investments in quoted units in wholesale funds 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 funds is categorised as Level 1 in the fair value hierarchy. There is no transfer between levels in the fair value hierarchy during the financial year.

- (b) All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.
- (c) The Group determined that its placements in a wholesale fund is in substance, a structured entity under its control in accordance with MFRS 10 *Consolidated Financial Statements*, taking into consideration its power over the wholesale fund, exposure or rights to variable returns from its involvement with the wholesale fund and its ability to use its power over the wholesale fund to affect the amount of its returns.

The Group invested in the wholesale fund with the objective of achieving short term to long term income for its treasury management purposes. The fund 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 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, 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 remains 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 remains at 60%.
- (iii) On 28 June 2022, Sunway Façade Network Sdn. Bhd. ("SFNSB") had undertaken 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 arising 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 amounting to RM700,000 was disbursed to the shareholders of the SFNSB on 14 December 2022. The Group's effective shareholding in SFNSB remains at 60%.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

17. INVESTMENT IN SUBSIDIARIES (CONTD.)

- (d) During the financial year, the Group completed the following subscription and acquisition of shares, share capital reduction and dissolutions of companies: (contd.)
- (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 will be 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 RM10,983,000.00.
- (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 22 December 2022 ("Lodgement date"), the Returns by Liquidator Relating to Final Meeting of Sunspan were lodged with Companies Commission of Malaysia. Sunspan will be dissolved on the expiration of three months after the Lodgement date.
- (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.
- (e) Acquisition of Maybank Shariah Institutional Income Fund ("MSIIF")
- (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 has increased to 83.06%.

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For the financial year ended 31 December 2022

17. INVESTMENT IN SUBSIDIARIES (CONTD.)

- (e) Acquisition of Maybank Shariah Institutional Income Fund ("MSIIF") (contd.)

- (ii) The effects to the Group were as follows:

The fair value of the identifiable assets and liabilities acquired and the effects on cash flows arising from the acquisition are as follows:

	Note	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	18 (d)	(330,960)
Purchase consideration		-
Cash and cash equivalents of a subsidiary acquired		355,145
Net cash inflow on acquisition		355,145

- (f) In prior financial year, the Group completed the following subscription and acquisition of shares:

- (i) The Group, via Sunway Construction Sdn. Bhd. had acquired additional equity shares, representing 2,300,000 shares in Sunway Construction India Pte. Ltd., an existing indirect wholly-owned subsidiary, for a total cash consideration of INR23,000,000 (approximately equivalent to RM1.3 million).
- (ii) The Group, via Sunway Construction Sdn. Bhd. had acquired additional equity shares, representing 2,049 shares in Sunway RNS TJ Private Limited, an existing indirect subsidiary, for a total cash consideration of INR296,316,255 (approximately equivalent to RM16.7 million). The effective shareholding interest of the Group in Sunway RNS TJ Private Limited remains at 60%.
- (iii) The Group, via Sunway Construction Sdn. Bhd. had acquired additional equity shares, representing 2,117 shares in Sunway RNSIL MC Private Limited, an existing indirect subsidiary, for a total cash consideration of INR192,964,550 (approximately equivalent to RM10.9 million). The effective shareholding interest of the Group in Sunway RNSIL MC Private Limited remains at 60%.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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For the financial year ended 31 December 2022

17. INVESTMENT IN SUBSIDIARIES (CONTD.)

- (g) 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 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

17. INVESTMENT IN SUBSIDIARIES (CONTD.)

- (g) (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 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

- (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 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

- (iv) As at 31 December 2021, the Group did not have any non-controlling interest which was individually material to the Group.

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For the financial year ended 31 December 2022

17. INVESTMENT IN SUBSIDIARIES (CONTD.)

(h) Details of the subsidiaries are as follows:

Name of companies	Principal place of business/ Country of incorporation	Principal activities	% of ownership interest held by			
			Group		Non-controlling interest	
			2022	2021	2022	2021
			%	%	%	%
Subsidiary of Sunway Construction Group Berhad						
Sunway Construction Sdn. Bhd.	Malaysia	Turnkey, construction related design and build, civil engineering and building works, and transportation agents	100.00	100.00	-	-
Subsidiaries of Sunway Construction Sdn. Bhd.						
Sunway Innopave Sdn. Bhd.	Malaysia	Dormant	100.00	100.00	-	-
Sunway Machinery Sdn. Bhd.	Malaysia	Renting of machinery and site equipment undertaking of sub-contract work and transportation agent	100.00	100.00	-	-
Sunway Engineering Sdn. Bhd.	Malaysia	Provision of mechanical, engineering works and 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	-	-

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For the financial year ended 31 December 2022

17. INVESTMENT IN SUBSIDIARIES (CONTD.)

(h) Details of the subsidiaries are as follows: (contd.)

Name of companies	Principal place of business/ Country of incorporation	Principal activities	% of ownership interest held by			
			Group		Non-controlling interest	
			2022	2021	2022	2021
			%	%	%	%
Subsidiaries of Sunway Construction Sdn. Bhd. (contd.)						
Sunway Creative Stones Sdn. Bhd. *-(<i>In liquidation</i>)	Malaysia	Dormant	70.00	70.00	30.00	30.00
Sunway Precast Industries Sdn. Bhd.	Malaysia	Manufacturing of precast concrete building components, undertaking of precast concrete building contracts and construction activities, as well as acting as transportation agent	100.00	100.00	-	-
Sunway Builders Sdn. Bhd.	Malaysia	Construction of building and civil works	100.00	100.00	-	-
Sunway Construction Caribbean Limited ®	Trinidad and Tobago	Dormant	100.00	100.00	-	-
Sunway RNS TJ Private Limited **	India	Concessionarie	60.00	60.00	40.00	40.00
Sunway RNSIL MC Private Limited **	India	Concessionarie	60.00	60.00	40.00	40.00
Sunway Geotechnics (M) Sdn. Bhd.	Malaysia	Providing geotechnical services and related products and hire of heavy machineries	100.00	100.00	-	-
Sunspan Sdn. Bhd. *-(<i>In liquidation</i>)	Malaysia	Dormant	100.00	100.00	-	-
Sunway SK Sdn. Bhd.	Malaysia	Construction of building and civil works	100.00	100.00	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

17. INVESTMENT IN SUBSIDIARIES (CONTD.)

(h) Details of the subsidiaries are as follows: (contd.)

Name of companies	Principal place of business/ Country of incorporation	Principal activities	% of ownership interest held by			
			Group		Non-controlling interest	
			2022	2021	2022	2021
			%	%	%	%
Subsidiaries of Sunway Construction Sdn. Bhd. (contd.)						
Sunway Facade Network Sdn. Bhd.	Malaysia	Facade design, engineering, construction and consultancy services	60.00	60.00	40.00	40.00
Sunway Visioneering Sdn. Bhd.	Malaysia	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	-	-
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

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For the financial year ended 31 December 2022

17. INVESTMENT IN SUBSIDIARIES (CONTD.)

(h) Details of the subsidiaries are as follows: (contd.)

Name of companies	Principal place of business/ Country of incorporation	Principal activities	% of ownership interest held by			
			Group		Non-controlling interest	
			2022	2021	2022	2021
			%	%	%	%
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 *^^- (In liquidation)	Myanmar	Dormant	100.00	100.00	-	-

Structured entity under the control of Sunway Construction Group Berhad	Principal activities	% of ownership interest held by			
		Group		Non-controlling interest	
		2022	2021	2022	2021
		%	%	%	%
Maybank Shariah Institutional Income Fund *****	Investment in shariah-compliant equities, Sukuk, Islamic deposits, Islamic money market instruments, Islamic collective investment schemes	83.06	-	16.94	-

* Audited by BDO Member Firms.
 ** Audited by firms of auditors other than BDO PLT in Malaysia and BDO Member Firms.
 # Statutory audit not required as at 31 December 2022 as the subsidiaries are in the process of winding-up.
 @ Applied for deregistration on 29 March 2019.
 ^ Subsidiary is consolidated based on management accounts for the financial year ended 31 December 2022 as financial year end of the subsidiary of 31 March does not coincide with the Group.
 ^^ Subsidiary is consolidated based on management accounts for the financial year ended 31 December 2022 as financial year end of the subsidiary of 30 September does not coincide with the Group.
 *** 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.
 - In the process of liquidation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

18. INVESTMENTS IN ASSOCIATES

	Group	
	2022 RM'000	2021 RM'000
At cost:		
Unquoted:		
Cost of investment	-	577,590
Share of post-acquisition profits and other comprehensive income, net of dividend income	1,091	20,418
	1,091	598,008
Less: Accumulated impairment losses	(1,091)	(1,091)
	-	596,917

(a) Investments in associates are stated at cost less any accumulated impairment losses in the separate financial statements and it is accounted for using the equity method of accounting in the consolidated financial statements.

(b) The financial year end of the associates are coterminous with the financial year end of the Group.

(c) Details of the associates are as follows:

Name of associates	Principal place of business	Principal activities	Proportion of ownership interest	
			2022 %	2021 %
Associate of Sunway Builders Sdn. Bhd.				
ISZL Consortium [†]	Unincorporated Abu Dhabi	Construction	25.00	25.00

Associates of the Group	Principal activities	Proportion of ownership interest	
		2022 %	2021 %
Maybank Shariah Institutional Income Fund ("MSIIF") ^{†^}	Investment in shariah-compliant equities, Sukuk, Islamic deposits, Islamic money market instruments, Islamic collective investment schemes	-	29.47
Kenanga MoneyExtra Fund II ("KMEF2") ^{†^}	Investment in short term money market instruments and fixed income securities	-	33.40

[†] Audited by firms of auditors other than BDO PLT in Malaysia and BDO Member Firms.

[^] In the previous financial year, the wholesale funds were deemed as associates of the Group as the Group had significant influence over the wholesale funds in accordance with MFRS 128 *Investments in Associates and Joint Ventures*.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

18. INVESTMENTS IN ASSOCIATES (CONTD.)

(d) Deemed disposal of associates during the financial year ended 31 December 2022

(i) MSIIF

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%.

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 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 has increased to 83.06%.

The details of the deemed disposal are as follows:-

	Note	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	17 (e) (ii)	(330,960)
Fair value gain on deemed disposal		-

(ii) KMEF2

On 22 April 2022, the Group has redeemed units amounting to RM24,300,000 from KMEF2, resulting to a decrease in proportion of ownership interest in the fund to 17.25%. Pursuant to that, the Group has classified the investment in KMEF2 as other investment in statements of financial position as the Group has lost significant influence over KMEF2. There is no gain no loss arising from the reclassification to other investment.

The details of the deemed disposal are as follows:-

	At date of disposal RM'000
Cost of investment	175,244
Share of post acquisition reserve	14,056
Share of interest in associate	189,300
Fair value interest held	(189,300)
Fair value gain on deemed disposal	-

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For the financial year ended 31 December 2022

18. INVESTMENTS IN ASSOCIATES (CONTD.)

- (e) As at 31 December 2022, the Group does not have any associate which is individually material to the Group.
- (f) Summarised financial information in respect of each of the material associates of the Group as of 31 December 2021 was set out below. The summarised financial information represented the amounts in the financial statements of the associates and not share of the Group of those amounts.

(i) Summarised statements of financial position

	ISZL Consortium 2021 RM'000	MSIIF 2021 RM'000	KMEF2 2021 RM'000	Total 2021 RM'000
Current assets	459	1,070,021	843,145	1,913,625
Total assets	459	1,070,021	843,145	1,913,625
Loan from Consortium Members	6,391	-	-	6,391
Current liabilities	(2,488)	(54)	(37)	(2,579)
Total liabilities	3,903	(54)	(37)	3,812
Net assets	4,362	1,069,967	843,108	1,917,437

(ii) Summarised statements of profit or loss and other comprehensive income

	ISZL Consortium 2021 RM'000	MSIIF 2021 RM'000	KMEF2 2021 RM'000	Total 2021 RM'000
Revenue	-	21,731	16,242	37,973
(Loss)/Profit before tax	(3,816)	21,185	15,938	33,307
Total comprehensive (loss)/income	(2,930)	21,185	15,938	34,193

18. INVESTMENTS IN ASSOCIATES (CONTD.)

- (f) (contd.)

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

	ISZL Consortium 2021 RM'000	MSIIF 2021 RM'000	KMEF2 2021 RM'000	Total 2021 RM'000
Net assets at beginning of financial year	16,496	957,640	462,278	1,436,414
Net placement	-	111,174	373,286	484,460
(Loss)/Profit for the year	(3,816)	21,185	15,938	33,307
Other comprehensive income	886	-	-	886
Distribution of income during the year	(9,204)	(20,032)	(8,394)	(37,630)
Net assets at end of financial year	4,362	1,069,967	843,108	1,917,437
Interest in associate as at year end	25%	29.47%	33.40%	
	1,091	315,319	281,598	598,008
Less: Impairment losses	(1,091)	-	-	(1,091)
Carrying value of Group's interest in associates	-	315,319	281,598	596,917

19. INVESTMENTS IN JOINT ARRANGEMENTS

	Group	
	2022 RM'000	2021 RM'000
Unquoted shares at cost	44,488	44,488
Share of post-acquisition profits and other comprehensive income, net of dividends received	5,924	5,207
	50,412	49,695
Quasi-equity loan	173,598	77,447
Less: Impairment loss	(879)	(541)
	172,719	76,906
	223,131	126,601

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

19. INVESTMENTS IN JOINT ARRANGEMENTS (CONTD.)

19.1 Investments in joint ventures

- (a) Investments in joint ventures are stated at cost less accumulated impairment losses in the separate financial statements. The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method.
- (b) The Group has determined that all of its joint arrangements structured through separate vehicles provide rights to the net assets and are therefore, classified as joint ventures.
- (c) The financial year end of the joint ventures are coterminous with the financial year end of the Group, except for IJM Sunway Sdn. Bhd., which has a financial year end of 31 March. Management accounts of this joint venture for the financial year ended 31 December 2022 has been used for the purpose of applying the equity method of accounting.
- (d) Unquoted investment in joint venture with a carrying amount of RM45,090,000 (2021: RM44,889,000) has been charged to licensed bank for credit facilities granted to the subsidiary as disclosed in Note 32(d).
- (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.
- (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	
	2022 RM'000	2021 RM'000
At beginning of financial year	541	-
Charge for the year	295	541
Exchange differences	43	-
At end of financial year	879	541

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

19. INVESTMENTS IN JOINT ARRANGEMENTS (CONTD.)

19.1 Investments in joint ventures (contd.)

- (g) Details of the joint ventures are as follows:

Name of Joint Venture	Principal place of business/ Country of incorporation	Principal activities	Effective interest in equity	
			2022 %	2021 %
Joint venture of Sunway Engineering Sdn. Bhd.				
IJM Sunway Sdn. Bhd. **	Malaysia	Dormant	50.00	50.00
GME-SE Joint Venture (STW) **	Unincorporated Malaysia	Provision of mechanical and engineering works	50.00	50.00
Joint venture of Sunway 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

** Audited by firms of auditors other than BDO PLT in Malaysia and BDO Member Firms.

- (h) 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 not share of the Group of those amounts.

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For the financial year ended 31 December 2022

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

19. INVESTMENTS IN JOINT ARRANGEMENTS (CONTD.)

19.1 Investments in joint ventures (contd.)

(h) (contd.)

(i) Summarised statements of financial position

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

At 31 December 2021	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	-	-	271,322	271,322
Cash and cash equivalents	652	880	609	2,141
Other current assets	19,271	-	8,593	27,864
Current assets	19,923	880	9,202	30,005
Total assets	19,923	880	280,524	301,327
Trade and other payables and provisions	11,067	-	188,914	199,981
Total current liabilities	11,067	-	188,914	199,981
Net assets	8,856	880	91,610	101,346

19. INVESTMENTS IN JOINT ARRANGEMENTS (CONTD.)

19.1 Investments in joint ventures (contd.)

(h) (contd.)

(ii) Summarised statements of profit or loss and other comprehensive income

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 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	-	-	-	-

At 31 December 2021	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	57,726	-	-	57,726
Cost of sales	(48,870)	-	-	(48,870)
Profit before tax	8,856	-	-	8,856
Taxation	-	-	-	-
Profit after tax	8,856	-	-	8,856
Other comprehensive income net of tax	-	-	943	943
Total comprehensive income	8,856	-	943	9,799
Dividend received from joint venture during the financial year	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

19. INVESTMENTS IN JOINT ARRANGEMENTS (CONTD.)

19.1 Investments in joint ventures (contd.)

(h) (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 2022	GME-SE	Sunway	HL-Sunway	Total
	Joint Venture (STW)	Aneka Pertama Geotechnics (PH) Inc.	JV Pte. Ltd.	
	RM'000	RM'000	RM'000	RM'000
Net assets at beginning of financial year	8,856	880	91,610	101,346
Profit/(Loss) before tax	1,032	-	(5,135)	(4,103)
Other comprehensive income	-	-	5,545	5,545
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

At 31 December 2021	GME-SE	Sunway	HL-Sunway	Total
	Joint Venture (STW)	Aneka Pertama Geotechnics (PH) Inc.	JV Pte. Ltd.	
	RM'000	RM'000	RM'000	RM'000
Net assets at beginning of financial year	-	880	90,667	91,547
Profit for the year	8,856	-	-	8,856
Other comprehensive income	-	-	943	943
Net assets at end of financial year	8,856	880	91,610	101,346
Interest in joint ventures as at year end	50%	43%	49%	
Carrying value of Group's interest in joint ventures	4,428	378	44,889	49,695

19.2 Investments in joint operations

(a) Taisei-Sunway Joint Venture is deemed to be a joint operation of the Group, which is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

NOTES TO THE FINANCIAL STATEMENTS

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19. INVESTMENTS IN JOINT ARRANGEMENTS (CONTD.)

19.2 Investments in joint operations (contd.)

(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 operation are as follows:

Name of Joint Venture	Principal place of business	Principal activities	Participating interest	
			2022 %	2021 %
Joint operation of Sunway Construction Sdn. Bhd.				
Taisei-Sunway Joint Venture*	Unincorporated Malaysia	Construction works	50.00	50.00

* Audited by BDO Member Firms.

20. OTHER INVESTMENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current				
Corporate membership	266	273	-	-
Current				
Unquoted corporate bonds	41,007	-	-	-
Placement in funds	43,687	-	3,283	203,264
Total current	84,694	-	3,283	203,264

NOTES TO THE FINANCIAL STATEMENTS

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20. OTHER INVESTMENTS (CONTD.)

- (a) The other investments are financial assets and measured at fair value through profit or loss pursuant to MFRS 9 *Financial Instruments*.
- (b) Placement in funds are in respect of investment in wholesale funds, which are structured entities controlled by its intermediate holding company in accordance with MFRS 10 *Consolidated Financial Statements*.
- (c) The fair value of corporate membership and unquoted corporate bonds of the Group are categorised as Level 2 in the fair value hierarchy while the fair value of placement in funds is categorised as Level 1 in the fair value hierarchy. 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.
- (d) There is no transfer between levels in the hierarchy during the financial year.

21. GOODWILL

	Group	
	2022 RM'000	2021 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 2022/2021 RM'000
Precast concrete	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

22. INVENTORIES

	Group	
	2022 RM'000	2021 RM'000
At cost		
Properties stocks	453	453
Raw materials	8,975	14,179
Finished goods	41,415	28,283
Spare parts	298	3,249
	51,141	46,164
At net realisable value		
Spare parts	2,281	-
	2,281	-
	53,422	46,164

- (a) Properties stocks comprise properties received from trade receivables as settlement of debts in the ordinary course of business.
- (b) Cost of raw materials and finished goods is determined on a first-in, first-out basis. Cost comprises costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition.
- (c) Cost of spare parts is determined on a weighted average basis. Cost comprises costs of purchase plus other costs incurred in bringing the inventories to their present location and condition.
- (d) During the current financial year, inventories of the Group recognised as cost of sales amounted to RM135,576,000 (2021: RM86,630,000).
- (e) During the financial year, a write down of inventories to net realisable value and write off of inventories of RM500,000 (2021: Nil) and RM11,000 (2021: Nil) respectively are made.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

23. TRADE RECEIVABLES

	Group	
	2022 RM'000	2021 RM'000
Non-current		
Third parties	265,795	-
Less: Impairment losses	(1,504)	-
	264,291	-
Current		
Third parties	439,304	407,992
Related parties	97,422	29,005
Retention sums	198,726	209,782
	735,452	646,779
Less: Impairment losses	(57,726)	(46,172)
	677,726	600,607
Total trade receivables	942,017	600,607

- (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 (2021: 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(i) to the financial statements.
- (c) Included in retention sums of the Group are amounts owing from related parties of RM80,477,000 (2021: RM50,317,000).
- (d) Impairment for trade receivables is recognised based on the simplified approach using the lifetime expected credit losses ("ECL").

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

The Group considers historical credit loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected credit loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

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.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

23. TRADE RECEIVABLES (CONTD.)

- (e) The reconciliation of movements in impairment losses for trade receivables is as follows:

	Group		
	Lifetime ECL - not credit impaired RM'000	Lifetime ECL - credit impaired RM'000	Total RM'000
At 31 December 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
At 31 December 2021			
At beginning of financial year	5,813	25,136	30,949
Charge for the financial year	148	16,047	16,195
Reversal of impairment losses	(423)	(555)	(978)
Exchange differences	6	-	6
At end of financial year	5,544	40,628	46,172

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments as at the financial year end.

- (f) The ageing analysis of the Group's trade receivables are as follows:

Group	2022		
	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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

23. TRADE RECEIVABLES (CONTD.)

(f) The ageing analysis of the Group's trade receivables are as follows: (contd.)

Group	2021		
	Gross RM'000	Impaired RM'000	Total RM'000
Current	555,357	(4,568)	550,789
1 to 30 days past due	799	(7)	792
31 to 60 days past due	2,728	(21)	2,707
61 to 90 days past due	2,019	(15)	2,004
91 to 120 days past due	4,140	(40)	4,100
121 days to 150 days past due	5,456	(360)	5,096
More than 150 days past due	76,280	(41,161)	35,119
	91,422	(41,604)	49,818
	646,779	(46,172)	600,607

(g) The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's total trade receivables at the end of the reporting period are as follows:

	Group			
	2022		2021	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	637,535	67.7%	519,020	86.4%
Singapore	109,321	11.6%	67,680	11.3%
India	195,161	20.7%	13,907	2.3%
	942,017	100.0%	600,607	100.0%
By segment:				
Construction	832,696	88.4%	532,927	88.7%
Precast concrete	109,321	11.6%	67,680	11.3%
	942,017	100.0%	600,607	100.0%

Exposure to credit risk

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are engaged in a wide spectrum of activities and sell in a variety of end markets. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

23. TRADE RECEIVABLES (CONTD.)

- (h) The non-current trade receivables of the Group are unsecured, bear interest at rates ranging from 3.50% to 4.50% (2021: Nil) per annum and not expected to be repayable within the next twelve months in cash and cash equivalents.
- (i) At the end of the reporting period, the interest rate profile of the interest-bearing trade receivables was:

	Group	
	2022 RM'000	2021 RM'000
Variable rate	265,795	-

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 RM505,000 (2021: Nil).

24. OTHER RECEIVABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits	8,333	8,669	-	-
Prepayments	34,460	18,289	54	58
Sundry receivables	94,314	36,350	18	63
	137,107	63,308	72	121
Less: Impairment losses	(1,571)	(3,081)	-	-
Total other receivables	135,536	60,227	72	121

- (a) Total other receivables, net of prepayments are classified as financial assets measured at amortised cost.
- (b) Included in other receivables of the Group is amounts due from related parties of RM111,000 (2021: RM134,000).
- (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 (2021: 30 days to 90 days).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

24. OTHER RECEIVABLES (CONTD.)

- (d) Impairment for other receivables is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while twelve-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the twelve months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment trends and past due information.

The probability of non-payment by other receivables, amount due from a subsidiary, intermediate holding company, related companies, joint ventures, an associate and quasi-equity loan is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss for other receivables, amount due from a subsidiary, intermediate holding company, related companies, joint ventures, an associate and quasi-equity loan. The Group has identified the Gross Domestic Product, unemployment rate and 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 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.
- (f) The reconciliation of movements in impairment losses for other receivables is as follows:

	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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

24. OTHER RECEIVABLES (CONTD.)

- (f) The reconciliation of movements in impairment losses for other receivables is as follows: (contd.)

	Group		
	12-month ECL RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
At 31 December 2021			
At beginning of financial year	64	3,027	3,091
Charge for the financial year	26	-	26
Reversal of impairment losses	(36)	-	(36)
At end of financial year	54	3,027	3,081

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. AMOUNT DUE FROM/(TO) A SUBSIDIARY

	Company	
	2022 RM'000	2021 RM'000
Current assets		
Amount due from a subsidiary (non-trade)	121	68
Current liabilities		
Amount due to a subsidiary (non-trade)	2,640	412

- (a) Amount due from/(to) a subsidiary are classified as financial assets/(liabilities) measured at amortised cost.
- (b) Amount due from/(to) a subsidiary (non-trade) are unsecured, interest free and the terms of repayment are within next twelve (12) months in cash and cash equivalents.
- (c) The maturity profile of amount due to a subsidiary of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is payable on demand or within one year.
- (d) Impairment for amount due from a subsidiary is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 24(d) to the financial statements.

No expected credit loss is recognised arising from amount due from a subsidiary because the probability of default by the subsidiary is negligible.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

26. AMOUNT DUE FROM/(TO) INTERMEDIATE HOLDING COMPANY

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current assets				
Amount due from intermediate holding company (non-trade)	33	16	16	-
Current liabilities				
Amount due to intermediate holding company (non-trade)	54	115	-	-

- (a) Amount due from/(to) intermediate holding company are classified as financial assets/(liabilities) measured at amortised cost.
- (b) Amount due from/(to) intermediate holding company (non-trade) are unsecured, interest free and the terms of repayment are within next twelve (12) months in cash and cash equivalents.
- (c) The maturity profile of amount due to intermediate holding company of the Group and 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 is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 24(d) to the financial statements.

No expected credit loss is recognised arising from amount due from intermediate holding company because the probability of default by intermediate holding company is negligible.

27. AMOUNTS DUE FROM/(TO) RELATED COMPANIES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current assets				
Amounts due from related companies				
- trade	154,261	187,920	-	-
- non-trade	308	147	-	-
	154,569	188,067	-	-
Less: Impairment losses	(74)	(99)	-	-
Net carrying amount of amounts due from related companies	154,495	187,968	-	-
Current liabilities				
Amounts due to related companies				
- trade	12,898	9,364	-	-
- non-trade	1,340	1,989	43	25
	14,238	11,353	43	25

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

27. AMOUNTS DUE FROM/(TO) RELATED COMPANIES (CONTD.)

- (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 (2021: 30 days to 90 days).
- Included in amounts due from related companies (trade) are retention sum of RM90,183,000 (2021: RM94,338,000).
- (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 at the end of the reporting period based on contractual undiscounted repayment obligations are payable on demand or within one year.
- (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(d) to the financial statements and impairment for amounts due from related companies (non-trade) is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 24(d) to the financial statements.

The reconciliation of movements in impairment losses for amounts due from related companies (trade) is as follows:

Group	Lifetime ECL - not credit impaired	
	2022 RM'000	2021 RM'000
At beginning of financial year	99	88
Charge for the financial year	23	11
Reversal of impairment losses	(44)	-
Exchange rate translation	(4)	-
At end of financial year	74	99

No expected credit loss is recognised arising from amounts due from related companies (non-trade) because it is negligible.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

28. AMOUNTS DUE FROM/(TO) JOINT VENTURES

	Group	
	2022 RM'000	2021 RM'000
Current assets		
Amounts due from joint ventures		
- trade	1	2
- non-trade	20,930	1,257
	20,931	1,259
Less: Impairment losses	-	-
Net carrying amount of amounts due from joint ventures	20,931	1,259
Current liabilities		
Amount due to a joint venture		
- trade	10,520	13,925

- (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 (2021: 30 days to 90 days).
- (c) Amounts due from joint ventures (non-trade) are unsecured, interest free and the terms of repayment is within next twelve (12) months in cash and cash equivalents.
- (d) The maturity profile of amount due to a joint venture of the Group at the end of the reporting period based on contractual undiscounted repayment obligations is payable on demand or within one year.
- (e) Impairment for amounts due from joint ventures (trade) is recognised based on the simplified approach using the lifetime expected credit loss as disclosed in Note 23 (d) to the finance 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.

The reconciliation of movements in impairment losses for amounts due from joint ventures is as follows:

Group	12-month ECL	
	2022 RM'000	2021 RM'000
At beginning of financial year	-	167
Reversal of impairment losses	-	(169)
Exchange differences	-	2
At end of financial year	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

29. AMOUNT DUE FROM AN ASSOCIATE

	Group	
	2022 RM'000	2021 RM'000
Amount due from an associate (non-trade)	-	-
Less: Impairment losses	-	-
Net carrying amount of amount due from an associate	-	-

- (a) Amount due from an associate was classified as financial asset measured at amortised cost.
- (b) Amount due from an associate (non-trade) was secured, interest free and the terms of repayment was within next twelve (12) months in cash and cash equivalents.
- (c) Impairment for amount due from an associate was recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 24(d) to the financial statements.

The reconciliation of movements in impairment losses for amount due from an associate is as follows:

Group	12-month ECL	
	2022 RM'000	2021 RM'000
At beginning of financial year	-	131
Reversal of impairment losses	-	(134)
Exchange differences	-	3
At end of financial year	-	-

30. DERIVATIVE LIABILITIES

Group	2022		2021	
	Contract/ Notional amount RM'000	Liabilities RM'000	Contract/ Notional amount RM'000	Liabilities RM'000
Interest rate swaps	-	-	61,016	786
Forward currency contracts	227,131	7,616	-	-
Total derivatives liabilities		7,616		786
Less: Current portion		(7,616)		(786)
Non-current portion		-		-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

30. DERIVATIVE LIABILITIES (CONTD.)

- (a) Derivatives are classified as fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss.
- (b) Derivatives are categorised as Level 2 in the fair value hierarchy.
- (c) The Group entered into derivatives as follows:

(i) Interest rate swap

An interest rate swap is a derivative in which one party exchanges a stream of interest payments for another party's stream of cash flow. In the previous financial year, the Group entered into interest swaps to exchange floating interest rate for fixed interest rates in order to minimise the exposure from fluctuation of interest rate. This interest rate swaps received floating interest rate equals to Singapore Swap Offer Rate ("SOR") per annum and paid fixed rate of interest of 1.49% and 1.58% 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.

(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.

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 2022				
Derivatives - settled net	7,616	-	-	7,616
As at 31 December 2021				
Derivatives - settled net	786	-	-	786

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

31. CASH AND BANK BALANCES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances				
Cash at banks and on hand	113,820	45,972	1,392	860
Deposits with:				
Licensed banks	35,442	483	-	-
Other financial institutions	342,366	52,390	85,741	38,090
Cash and bank balances	491,628	98,845	87,133	38,950

- (a) The weighted average interest rates per annum of deposits that were effective as at the end of the reporting period were as follows:

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Deposits with licensed banks	3.64	2.08	-	-
Deposits with other financial institutions	2.17	2.42	4.16	2.32

The maturity of deposits with licensed banks during the years under review is 7 days to 365 days (2021: 25 - 365 days).

The average maturity of deposits with other financial institutions of the Group and of the Company are 3 days (2021: 1 day) and 1 day (2021: 1 day) respectively at the end of the reporting period.

- (b) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Cash and bank balances	491,628	98,845	87,133	38,950
Less: Deposits with licensed banks with maturity of more than 3 months	(202)	(202)	-	-
Less: Deposits pledged to other financial institutions	(83,740)	(38,045)	(83,740)	(38,045)
Total cash and cash equivalents	407,686	60,598	3,393	905

- (c) Included in the deposits with other financial institutions of the Group and Company is an amount of RM83,740,000 (2021: RM38,045,000) pledged to other financial institutions as securities for banking facilities granted to certain subsidiary as disclosed in Note 32(d) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

31. CASH AND BANK BALANCES (CONTD.)

(d) At the end of the reporting period, the interest rate profile of the deposits with licensed banks and other financial institutions were:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fixed Rates	35,442	483	-	-
Floating rates	342,366	52,390	85,741	38,090

Sensitivity analysis for fixed rate cash and bank balances at the end of the reporting period is not presented as it is not affected by 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 and of the Company to be higher/(lower) by RM650,000 (2021: RM100,000) and RM163,000 (2021: RM72,000) respectively.

(e) Cash and bank balances are financial assets measured at amortised cost.

(f) No expected credit loss is recognised arising from cash and bank balances because the probability of default by these financial institutions is negligible.

32. BORROWINGS

	Group	
	2022 RM'000	2021 RM'000
Long term borrowings		
Secured:		
Term loans	308,541	68,055
Unsecured:		
Term loans	-	77,335
	308,541	145,390
Short term borrowings		
Unsecured:		
Term loans	82,352	-
Revolving credits	12,000	27,000
Bills discounting	77,827	65,524
	172,179	92,524
	480,720	237,914
Total borrowings		
Term loans	390,893	145,390
Revolving credits	12,000	27,000
Bills discounting	77,827	65,524
	480,720	237,914

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

32. 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	
	2022 %	2021 %
Long term borrowings		
Term loan (SGD denominated)	2.93	0.80
Term loan (INR denominated)	8.74	-
Short term borrowings		
Term loans (SGD denominated)	2.32	-
Revolving credits (MYR denominated)	2.67	2.33
Bills discounting (SGD denominated)	5.03	-
Bills discounting (MYR denominated)	2.44	2.18

(d) The secured term loans of the Group are secured by way of:

- Fixed deposits as disclosed in Note 31(c) to the financial statements.
- A legal charge over the equity interest in a joint venture as disclosed in Note 19.1(d) to the financial statements.
- A first floating charge over the Operating Account and a first fixed charge over the Financial Service Reserve Account.
- A fresh deed of subordination of all presents and future shareholders' and/or related companies advances and loans.
- 30% of the issued and paid-up share capital of the subsidiaries.
- 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 2022

32. BORROWINGS (CONTD.)

(e) At the end of the reporting period, the interest rate profile of the borrowings was:

	Group	
	2022 RM'000	2021 RM'000
Fixed rate	89,827	153,540
Floating rate	390,893	84,374

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 RM743,000 (2021: RM160,000).

(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 2022	179,307	356,261	-	535,568
As at 31 December 2021	94,139	148,179	-	242,318

(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	
	2022 RM'000	2021 RM'000
Not later than 1 year	82,353	-
Later than 1 year and not later than 5 years	308,541	145,390
Later than 5 years	-	-
	390,894	145,390

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

32. BORROWINGS (CONTD.)

(h) Reconciliation of liabilities arising from financing activities

	Group			
	1.1.2022 RM'000	Cash flows RM'000	Non-cash changes RM'000	31.12.2022 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

	Group			
	1.1.2021 RM'000	Cash flows RM'000	Non-cash changes RM'000	31.12.2021 RM'000
Term loans	143,570	-	1,820	145,390
Revolving credits	50,000	(23,000)	-	27,000
Bills discounting	107,345	(41,821)	-	65,524
	300,915	(64,821)	1,820	237,914

33. DEFERRED TAX

	Group	
	2022 RM'000	2021 RM'000
At beginning of financial year	(2,008)	7,133
Recognised in profit or loss (Note 12)	5,420	(9,141)
Exchange difference	(31)	-
At end of financial year	3,381	(2,008)
Presented after appropriate offsetting as follows:		
Deferred tax assets, net *	3,381	878
Deferred tax liabilities, net *	-	(2,886)
	3,381	(2,008)

* The amount of set-off between deferred tax assets and deferred tax liabilities was RM3,998,000 (2021:RM2,589,000) for the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

33. 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 2021	10,810	2,944	13,754
Recognised in profit or loss	(9,463)	(824)	(10,287)
At 31 December 2021/1 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	4,055	3,324	7,379

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000	Total RM'000
At 1 January 2021	6,621	6,621
Recognised in profit or loss	(1,146)	(1,146)
At 31 December 2021/1 January 2022	5,475	5,475
Recognised in profit or loss	(1,477)	(1,477)
At 31 December 2022	3,998	3,998

- (b) Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2022 RM'000	2021 RM'000
Unused tax losses		
- Expires by 31 December 2028	438	598
- Expires by 31 December 2029	-	259
- Expires by 31 December 2030	454	469
- Expires by 31 December 2032	10	-
Unabsorbed capital allowances	9,788	10,024
Other deductible temporary differences	14,152	14,375
	24,842	25,725

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

33. DEFERRED TAX (CONTD.)

- (b) Deferred tax assets have not been recognised in respect of the following items: (contd.)

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.

34. TRADE PAYABLES

	Group	
	2022 RM'000	2021 RM'000
Third parties	716,220	766,656

- (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 (2021: 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.

35. OTHER PAYABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Sundry payables	56,186	35,685	724	15
Advances received on contracts	53,706	7,127	-	-
Accruals	59,881	51,371	1,122	1,140
	169,773	94,183	1,846	1,155

- (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 RM17,000 (2021: RM16,000).
- (d) Included in the advances received on contracts are advances received in relation to seven (7) (2021: four (4)) construction contracts awarded to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

36. LEASE LIABILITIES

	Group	
	2022 RM'000	2021 RM'000
Non-current liabilities	3,384	7,157
Current liabilities	5,980	5,184
Total lease liabilities	9,364	12,341

- (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 RM79,100 (2021: RM460,000) and right-of-use assets of RM78,800 (2021: RM350,000) (Note 15) as well as a gain on reassessments and modifications of leases of RM300 (2021: RM810,000) recognised in profit or loss (Note 7).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

36. LEASE LIABILITIES (CONTD.)

- (b) The maturity profile of the Group's lease liabilities at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

	Group	
	2022 RM'000	2021 RM'000
Not later than 1 year	6,299	5,577
Later than 1 year and not later than 2 years	2,558	5,166
Later than 2 years and not later than 3 years	510	1,704
Later than 3 years and not later than 4 years	176	160
Later than 4 years and not later than 5 years	176	176
Later than 5 years	176	351
Total undiscounted lease payments	9,895	13,134
Less: Future finance charges	(531)	(793)
Present value of lease liabilities	9,364	12,341

Analysis of present value of lease liabilities

Not later than 1 year	5,980	5,184
Later than 1 year and not later than 2 years	2,438	4,929
Later than 2 years and not later than 3 years	469	1,623
Later than 3 years and not later than 4 years	151	128
Later than 4 years and not later than 5 years	159	151
Later than 5 years	167	326
	9,364	12,341
Less: Amount due within 12 months	(5,980)	(5,184)
Amount due after 12 months	3,384	7,157

- (c) The lease payments are discounted using the Group's annual incremental borrowing rate of 2.92% to 5.78% (2021: 2.92% to 5.32%).
- (d) Lease liabilities are fixed rate instruments. Sensitivity analysis at the end of the reporting period is not presented as it is not affected by changes in interest rates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

36. LEASE LIABILITIES (CONTD.)

(e) Reconciliation of liabilities from financing activities to the statements of financial position and statements of cash flows are as follows:

	Group	
	2022 RM'000	2021 RM'000
At beginning of financial year	12,341	7,434
Cash flows		
- Payments of lease liabilities	(5,574)	(5,238)
- Payments of lease interests	(429)	(544)
Non-cash flows		
- Additions	2,663	10,603
- Reassessments and modifications	(79)	(460)
- Exchange difference	13	2
- Interest expense	429	544
At end of financial year	9,364	12,341

(f) The following are total cash outflows for leases as a lessee:

	Group	
	2022 RM'000	2021 RM'000
Included in net cash from operating activities		
- Payment relating to short-term leases and low value assets	743	572
- Payment relating to variable lease payment not included in the measurement of lease liabilities	67	79
	810	651
Included in net cash from financing activities		
- Payment of lease liabilities	5,574	5,238
- Interest paid in relation to lease liabilities	429	544
	6,003	5,782
Total cash outflows for leases	6,813	6,433

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

37. SHARE CAPITAL AND TREASURY SHARES

	Group/Company			
	Number of shares		Amount	
	2022 '000	2021 '000	2022 RM'000	2021 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 2022, the Company held a total of 3,540,900 ordinary shares as treasury shares out of its total issued and paid up share capital of 1,292,900,010 ordinary shares. Such treasury shares are recorded at a carrying amount of RM6,989,694 (2021: RM6,989,694). None of the treasury shares repurchased had been sold as at 31 December 2022.

38. RESERVES

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 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)	14,091	13,405	-	-
Cash flow hedge reserve	(d)	(7,616)	-	-	-
Other capital reserve	(e)	471	600	-	-
		(30,307)	(23,248)	-	-
Distributable:					
Retained earnings		515,856	470,791	249,590	247,802
		485,549	447,543	249,590	247,802

The movements in each category of reserves are disclosed in the statements of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

38. RESERVES (CONTD.)

The natures of each category of reserves are as follows:

(a) Capital contribution by intermediate holding company

Capital contribution by intermediate holding company represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options.

(b) Merger reserve

The merger reserve represents the following:

- (i) Premium on the issue of shares for the acquisition of the remaining shares in Sunway Builders Sdn. Bhd.; and
- (ii) The excess of the consideration paid over the share capital and capital reserves of Sunway Construction Sdn. Bhd. and its subsidiaries as at the acquisition date under the pooling of interest method of accounting.

(c) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group.

(d) 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.

39. CAPITAL COMMITMENTS

	Group	
	2022 RM'000	2021 RM'000
Capital expenditure:		
Approved and contracted for property, plant and equipment	-	41
Approved and contracted for investment in a joint venture	14,814	108,222
Approved and contracted for investment in India concessionaire	-	30,075
Approved but not contracted for property, plant and equipment	98	100
	14,912	138,438

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

40. CONTINGENT LIABILITIES**(a) Guarantees**

	2022 RM'000	2021 RM'000
Unsecured:		
Guarantees given to third parties in respect of contracts and trade performance	405,608	315,095
Guarantees given to related companies in respect of contracts and trade performance	196,072	131,527
	601,680	446,622

The Group designates guarantees given to related companies as insurance contracts as defined in MFRS 4 *Insurance Contract*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of the reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statements of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

The Directors are of the view that the chances of the third parties and related companies to call upon the guarantees are remote.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

40. CONTINGENT LIABILITIES (CONTD.)**(b) Material outstanding litigations**

- (i) On 4 September 2008, the solicitors of Sunway Construction Sdn. Bhd. ("SunCon") had been served with a Statement of Claim ("Statement of Claim") by Shristi Infrastructure Development Corporation Ltd ("Claimant").

Pursuant to an agreement signed between SunCon and the National Highway Authority of India for the rehabilitation and upgrading of NH-25 to a four-lane configuration in the state of Uttar Pradesh being a part of the East-West Corridor Project, SunCon had entered into a work order with the Claimant for the upgrading and rehabilitation of the stretch of NH-25 from 143.6 km to 170.0 km, of which the Claimant has provided two bank guarantees ("Bank Guarantees") to SunCon.

The Claimant has failed to carry out its obligations under the work order and SunCon has terminated the work order and cashed the Bank Guarantees. The Claimant had filed an application in the Supreme Court of India for the appointment of an arbitrator to arbitrate upon the disputes between the parties. The Supreme Court had appointed a sole arbitrator.

The Statement of Claim was raised in respect of various claims and the total amount claimed is Rs.891.5 million (approximately equivalent to RM49.1 million) in addition to interest and cost.

In the counterclaim, SunCon is seeking for Rs.781.4 million (approximately equivalent to RM43.1 million) for inter alia, additional costs incurred by SunCon to complete the works, recovery of mobilisation advance and interest charges, loss of reputation and loss of profits.

On 11 January 2013, the arbitrator that presided over the case passed away and 75 hearings had been held.

SunCon was notified by its solicitors that an arbitration petition had been filed by the Claimant on 7 January 2016 in the Supreme Court of India for the appointment of a new arbitrator. The Supreme Court of India by an order dated 5 January 2017 appointed Hon'ble Mr. Justice Vikramajit Sen (a former Judge of the Supreme Court of India) as arbitrator. The first hearing before Mr. Justice Vikramajit Sen was held on 24 February 2017 and cross examination had been completed on 7 October 2017.

The Arbitrator published his award on 9 April 2019 and awarded the Claimant Rs.128.4 million (approximately equivalent to RM7.1 million).

SunCon had filed an appeal with the High Court of New Delhi in early July 2019 to set aside the arbitral award. Shristi has also filed an execution application against SunCon for enforcement of the arbitral award.

On 10 February 2020, the Honorable Court has directed SunCon to deposit, on a without prejudice basis, the decretal amount with interest with the Registrar General of the High Court of Delhi. SunCon has deposited Rs.135.7 million (approximately equivalent to RM7.5 million) on 26 February 2020 and the amount has been fully provided in the accounts on prudence grounds. Subject to compliance of the said direction, the Honorable Court has stayed the Arbitral Award dated 9 April 2019.

The Claimant filed an application in the High Court of Delhi to permit the Claimant to withdraw the decretal amount deposited by SunCon on 4 March 2020 for release of Rs. 67.3 million (approximately equivalent to RM3.7 million) from the deposited Award Amount.

On 27 August 2020, the Court directed the release of Rs.67.2 million (approximately equivalent to RM3.7 million) on the basis of a corporate guarantee to the furnished by Srei Infrastructure Finance Ltd. ("SIFL"). The balance is to be released subject to furnishing of a bank guarantee. On 3 November 2020, the Court placed on record the corporate guarantee issued on 21 September 2020 and directed the registry to release the amount in terms of the Court order dated 27 August 2020. On 18 November 2020, Shristi withdrew their application for withdrawal without a bank guarantee and it has been dismissed accordingly.

Matter was adjourned a few times due to the Covid-19 pandemic and the next date of hearing is on 27 April 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

40. CONTINGENT LIABILITIES (CONTD.)**(b) Material outstanding litigations (contd.)**

- (ii) SunCon was awarded a contract for the execution of the rehabilitation and upgrading of km 406 to km 449.15 of highway NH-76 in the State of Rajasthan, India to four-lane configuration ("NH-76 Highway Project") by the National Highways Authority ("NHA") in 2005. SunCon commenced 7 separate arbitration proceedings against NHA on various disputes arising from the NH-76 Highway Project (each, a "Reference"). The following sets out the nature of SunCon's claims and the current status of the proceedings:

Reference 1 – In November 2009, SunCon claimed against NHA for the payment of the completed construction of fly ash for the highway embankment. The Arbitral Tribunal had, via an award dated 28 June 2011, awarded SunCon a sum of Rs.43.1 million (approximately equivalent to RM2.4 million). NHA appealed against the Arbitral Tribunal's decision to the High Court of Delhi. In 2012, the High Court ruled in favour of NHA and set aside SunCon's award.

SunCon appealed to the Supreme Court of India and was granted leave of appeal. Next date of hearing date fixed on 27 March 2021. The scheduled hearing was subsequently postponed until further notice due to the "COVID-19" pandemic. The solicitors acting for SunCon is of the view that SunCon has a good case on the merits and would depend on the perceptions of the Supreme Court.

Reference 4 – In November 2012, SunCon claimed against NHA for the loss and expenses incurred during the extended project year which was due to NHA's delay. The Arbitral Tribunal had, via an award dated 29 April 2014, awarded SunCon a sum of Rs.310.3 million (approximately equivalent to RM17.1 million).

NHA appealed against the Arbitral Tribunal's award to the High Court.

The solicitors acting for SunCon, after taking into consideration of the narrow scope of challenge to the arbitral awards as permissible under the Indian Arbitration and Conciliation Act 1996, is of the view that SunCon has a high chance of success.

On 3 June 2020, SunCon has issued a letter to NHA with the intention to explore the possibility of an amicable resolution of the disputes with NHA through the mechanism of Conciliation Committee of Independent Experts ("CCIE"). After a series of discussion, no amicable settlement ensued between the parties. The next hearing is scheduled for 11 May 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

40. CONTINGENT LIABILITIES (CONTD.)

(b) Material outstanding litigations (contd.)

- (iii) PNSB Acmar Sdn. Bhd. ("Plaintiff") had on 14 November 2019 served a Writ of Summon and a Statement of Claim both dated 8 November 2019 on Prasarana Malaysia Berhad ("Prasarana") (1st Defendant) and Sunway Construction Sdn. Bhd. ("SunCon") (2nd Defendant).

The Plaintiff is claiming that all the construction works in relation to the project known as "Construction and Completion of Light Rail Transit Line 3 (LRT3) from Bandar Utama to Johan Setia" ("Project") and the structures such as the Project's poles, bars, and LRT stations had trespassed and/or encroached into the Plaintiff's own development project area and has resulted in losses and damages towards the Plaintiff.

Prasarana is the owner of the Project and SunCon is the awarded Works Package Contractor for the contract known as "Contract No. Prasarana/GSC/CTT/2.06080/ 2017: Construction and Completion of Guideway, Stations Iconic Bridge, Park and Rides, Ancillary Buildings and other Associated Works for Package GS07-08 for Light Rail Transit 3 (LRT3) from Bandar Utama to Johan Setia" in relation to the Project.

The Plaintiff is claiming, amongst other, for the following:

- Special damages of RM711,367,434.46;
- The costs between the solicitor and client amounts to RM400,000.00;
- Interest rate of 5% per year from the date of trespass i.e. 30 April 2018 until the full settlement; and
- Court's declarations, injunctions, orders and other reliefs that the Honorable Court deems fit and proper.

On the case management on 5 March 2020, the Court had directed SunCon to file the application to strike out the case by 19 March 2020. On 30 October 2020, the striking out application by Prasarana and SunCon is dismissed and matter is to proceed for full trial. On 9 December 2020, the Plaintiff filed an application for discovery against the Defendants. Based on decision published on 11 May 2021, the court has dismissed Plaintiff's application for discovery against SunCon. On 19 February 2021, SunCon filed applications to include Setia Utama LRT3 Sdn. Bhd. ("SULRT3") (formerly known as "MRCB George Kent Sdn. Bhd.") as co-defendant and third party to the suit.

On 21 July 2021, the Court has allowed SunCon's Application for Leave to issue Third Party Notice to SULRT3. The Court has further directed for SunCon to file and serve its Statement of Claim on SULRT3 within 14 days. With regard to the Plaintiff's Application to amend the Statement of Claim to RM643,851,825.01, the Court has allowed the Plaintiff's Application with no order as to cost. The Court has dismissed SunCon's Application for Further and Better Particulars with cost of RM3,000.00 to be paid to the Plaintiff. On 28 July 2021, the Court has disallowed SunCon's application to include SULRT3 as co-defendant with cost of RM4,000.00. On 18 April 2022, the Court has granted order in terms for the Plaintiff's Application to transfer the Proceedings to Construction Court with no order as to costs. Matter is currently fixed for case management on 16 May 2023.

The solicitors acting for SunCon, after taking into consideration the evidence available, a review of the Statement of Claim, documents with client and a review of the law, are of the considered opinion that the Plaintiff's claim for the sum of RM643,851,825.01 is likely to be dismissed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

41. RELATED PARTY DISCLOSURES

(a) Significant related party transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

Group	2022 RM'000	2021 RM'000
Rental income of plant and machinery from:		
Related companies:		
Deco Style Sdn. Bhd.	10	-
Emerald Tycoon Sdn. Bhd.	5	4
SunMed Velocity Sdn. Bhd.	-	3
Sunway Enterprise (1988) Sdn. Bhd.	-	35
Sunway Giza Mall Sdn. Bhd.	4	-
Sunway Marketing Sdn. Bhd.	104	-
Sunway Medical Centre Sdn. Bhd.	-	10
Related parties:		
Sunway Medical Centre Sdn. Bhd.	8	-
Sunway Nursery and Landscape Sdn. Bhd.	5	-
Sunway Real Estate Investment Trust *	3	-
Sunway Specialist Centre Sdn. Bhd.	1	-
Contract revenue from:		
Related companies:		
Alliance Parade Sdn. Bhd.	-	47,377
Deco Style Sdn. Bhd.	23,109	32,444
Emerald Tycoon Sdn. Bhd.	-	411
Paradigm Fairview Sdn. Bhd.	-	8,773
SunMed Velocity Sdn. Bhd.	-	(5,735)
Sunway Belfield Sdn. Bhd.	86,073	34,671
Sunway City (Ipoh) Sdn. Bhd.	-	32
Sunway Integrated Properties Sdn. Bhd.	45,792	17,375
Sunway Leadership Center Sdn. Bhd.	2	-
Sunway Medical Centre (Ipoh) Sdn. Bhd.	-	1,472
Sunway Medical Centre Sdn. Bhd.	-	125,859
Sunway Paving Solutions Sdn. Bhd.	-	585
Sunway PFM Sdn. Bhd.	3,171	4,078
Sunway Resort Hotel Sdn. Bhd.	771	-
Sunway Serene Sdn. Bhd.	70,558	102,163
Sunway South Quay Sdn. Bhd.	105,945	68,284
Sunway Spun Pile (M) Sdn. Bhd.	-	397
Sunway Velocity Two Sdn. Bhd.	155,524	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

41. RELATED PARTY DISCLOSURES (CONTD.)

(a) Significant related party transactions (contd.)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (contd.)

Group (contd.)	2022 RM'000	2021 RM'000
Contract revenue from: (contd.)		
Related parties:		
Alliance Parade Sdn. Bhd.	68,530	-
Directors of the group	293	-
Paradigm Fairview Sdn. Bhd.	45,813	-
Sunway Iskandar Sdn. Bhd. ^	-	(9)
SunMed Velocity Sdn. Bhd.	(1,305)	-
Sunway Marketplace Sdn. Bhd. ^	37,113	34,665
Sunway Medical Centre (Ipoh) Sdn. Bhd.	22,784	-
Sunway Medical Centre Sdn. Bhd.	200,372	-
Sunway Real Estate Investment Trust *	72,140	108,878
Sunway Velocity Mall Sdn. Bhd. ^	1,566	10
Sunway Velocity Two Sdn. Bhd. #	-	114,208
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	3,259	3,645
Maybank Shariah Institutional Income Fund	7,730	6,199
Management fees charged by: (Note 9)		
Intermediate holding company:		
Sunway Berhad	-	(185)
Related company:		
Sunway Services Sdn. Bhd.	(13,469)	(16,197)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

41. RELATED PARTY DISCLOSURES (CONTD.)

(a) Significant related party transactions (contd.)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (contd.)

Group (contd.)	2022 RM'000	2021 RM'000
Rental of land charged by:		
Related party:		
Sunway Iskandar Sdn. Bhd. ^	(600)	(450)
Rental of office space charged by:		
Intermediate holding company:		
Sunway Berhad	1	-
Related companies:		
Emerald Tycoon Sdn. Bhd.	(2,907)	(2,665)
Rich Worldclass Sdn. Bhd.	(16)	(17)
Sunway Integrated Properties Sdn. Bhd.	13	-
Sunway Management Sdn. Bhd.	-	(46)
Sunway Paving Solutions Sdn. Bhd.	-	1
Sunway Pyramid Development Sdn. Bhd.	(9)	(71)
Sunway Services Sdn. Bhd.	(62)	-
Related parties:		
Sunway Real Estate Investment Trust *	(1,243)	(1,648)
Tanda Warisan Sdn. Bhd. ^	(44)	-
Service level agreement fees paid to: (Note 9)		
Related companies:		
Sunway FSSC Sdn. Bhd.	(812)	(894)
Sunway HR Shared Services Sdn. Bhd.	(747)	(910)
Sunway Shared Services Sdn. Bhd.	(1,872)	(1,612)
Purchases of goods/services from:		
Intermediate holding company:		
Sunway Berhad	(489)	31

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

41. RELATED PARTY DISCLOSURES (CONTD.)

(a) Significant related party transactions (contd.)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (contd.)

Group (contd.)	2022 RM'000	2021 RM'000
Purchases of goods/services from: (contd.)		
Related companies:		
Alliance Parade Sdn. Bhd.	-	(8)
Credit Bureau Malaysia Sdn. Bhd.	(12)	-
Deco Style Sdn. Bhd.	(16,214)	(3,170)
Emerald Tycoon Sdn. Bhd.	(13)	(110)
Fame Parade Sdn. Bhd.	(683)	(1,232)
Kinta Sunway Resort Sdn. Bhd.	(9)	(3)
Paradigm Fairview Sdn. Bhd.	-	(2)
Pasir Mas Holdings Sdn. Bhd.	(369)	(384)
SunMed Clinics Sdn. Bhd.	-	(20)
SunMed Velocity Sdn. Bhd.	-	(172)
Sunway Belfield Sdn. Bhd.	-	(165)
Sunway City (JB) Sdn. Bhd.	(22)	(22)
Sunway Coating Solutions Sdn. Bhd.	(2,710)	(4)
Sunway Design Sdn. Bhd.	(1)	(3)
Sunway Enterprise (1988) Sdn. Bhd.	(20)	(109)
Sunway FSSC Sdn. Bhd.	2	(16)
Sunway HR Shared Services Sdn. Bhd.	(226)	(168)
Sunway Hose Centre Sdn. Bhd.	-	(30)
Sunway Hotel Seberang Jaya Sdn. Bhd.	(47)	(13)
Sunway Integrated Properties Sdn. Bhd.	(1)	-
Sunway Lagoon Club Bhd.	(80)	(92)
Sunway Lagoon Sdn. Bhd.	(394)	(290)
Sunway Leadership Center Sdn. Bhd.	(70)	(89)
Sunway Leasing Sdn. Bhd.	(3)	-
Sunway Leisure Sdn. Bhd.	(100)	(117)
Sunway Lost World Water Park Sdn. Bhd.	(1)	-
Sunway Management Sdn. Bhd.	(89)	(200)
Sunway Marketing Sdn. Bhd.	(52,066)	(61,318)
Sunway Material Handling Sdn. Bhd.	(57)	-
Sunway Medical Centre Sdn. Bhd.	-	(1,838)
Sunway Money Sdn. Bhd.	(1)	(1)
Sunway Pals Loyalty Sdn. Bhd.	(2)	-
Sunway Paving Solutions Sdn. Bhd.	(2,225)	(756)
Sunway PFM Sdn. Bhd.	-	(20)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

41. RELATED PARTY DISCLOSURES (CONTD.)

(a) Significant related party transactions (contd.)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (contd.)

Group (contd.)	2022 RM'000	2021 RM'000
Purchases of goods/services from: (contd.)		
Related companies: (contd.)		
Sunway Pharma Sdn. Bhd.	(89)	(173)
Sunway Putra Hotel Sdn. Bhd.	(1)	-
Sunway Quarry Industries Sdn. Bhd.	(2,466)	(2,094)
Sunway Resort Hotel Sdn. Bhd.	(19)	(2)
Sunway Risk Management Sdn. Bhd.	(2,259)	(22)
Sunway SCF Sdn. Bhd.	-	14
Sunway Serene Sdn. Bhd.	(180)	(234)
Sunway Services Sdn. Bhd.	(351)	(88)
Sunway Shared Services Sdn. Bhd.	(2,505)	(2,846)
Sunway South Quay Sdn. Bhd.	(60)	8
Sunway Spun Pile (M) Sdn. Bhd.	-	(55)
Sunway Sustainability Solutions Sdn. Bhd.	(18)	(35)
Sunway Travel Sdn. Bhd.	(131)	(178)
Sunway Treasury Sdn. Bhd.	(27)	(13)
Sunway United Star Sdn. Bhd.	(944)	(1,080)
Sunway Velocity Two Sdn. Bhd.	61	-
Sunway Ventures Sdn. Bhd.	27	-
Related parties:		
Alliance Parade Sdn. Bhd.	36	-
Daksina Harta Sdn. Bhd.	(9)	-
Hitachi Sunway Information Systems Sdn. Bhd. +	(361)	(337)
SunMed Velocity Sdn. Bhd.	(257)	-
Sunway Big Box Sdn. Bhd. ^	(2)	-
Sunway Big Box Hotel Sdn. Bhd.	(2)	-
Sunway Computer Services Sdn. Bhd. +	(55)	(140)
Sunway Digital Wave Sdn. Bhd. +	(1,714)	(1,257)
Sunway Iskandar Sdn. Bhd. ^	(220)	(317)
Sunway Marketplace Sdn. Bhd. ^	(55)	(57)
Sunway Medical Centre Sdn. Bhd.	(197)	-
Sunway Real Estate Investment Trust +	(418)	-
Sunway Velocity Hotel Sdn. Bhd. ^	(4)	(14)
Sunway Velocity Mall Sdn. Bhd. ^	(7)	(4)
Sunway Velocity Two Sdn. Bhd. #	-	(52)
Sunway 42 (Iskandar Puteri) Sdn. Bhd.	14	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

41. RELATED PARTY DISCLOSURES (CONTD.)

(a) Significant related party transactions (contd.)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (contd.)

Company	2022 RM'000	2021 RM'000
Distribution income from: (Note 8)		
Structured entities controlled by its intermediate holding company:		
Kenanga Money Extra Fund II	309	219
Maybank Shariah Institutional Income Fund	4,413	3,623
Management fees charged by:		
Subsidiary:		
Sunway Construction Sdn. Bhd. (Note 9)	(2,243)	(202)
Service level agreement fee paid to:		
Related company:		
Sunway FSSC Sdn. Bhd. (Note 9)	(6)	(6)
Purchases of goods/services from:		
Intermediate holding company:		
Sunway Berhad	15	-
Related companies:		
Sunway Management Sdn. Bhd.	(63)	(182)
Sunway Treasury Sdn. Bhd.	(2)	-

* Sunway Real Estate Investment Trust is an associate of the intermediate holding company.

^ Sunway Iskandar Sdn. Bhd., Sunway Velocity Mall Sdn. Bhd., Sunway Velocity Hotel Sdn. Bhd. and Sunway Marketplace Sdn. Bhd. are joint ventures of Sunway City Sdn. Bhd..

+ Sunway Computer Services Sdn. Bhd., Sunway Digital Wave Sdn. Bhd. and Hitachi Sunway Information Systems Sdn. Bhd. are companies in which a Director of the Company has deemed substantial interests.

* In the previous financial year, Sunway Velocity Two Sdn. Bhd. was a joint venture of Sunway City Sdn. Bhd..

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

41. RELATED PARTY DISCLOSURES (CONTD.)

(b) Remuneration of key management personnel

Key management personnel are persons who have authorities and responsibilities for planning, directing and controlling the activities of the Group or the Company either directly or indirectly. This includes any Director, whether executive or otherwise, of the Group and of the Company.

The remuneration of the Executive Directors and other members of key management during the financial year are as follows:

	Group	
	2022 RM'000	2021 RM'000
Short-term employee benefits	14,224	13,403
Post-employment benefits:		
- Defined contribution plan	2,278	1,332
Estimated money value of benefits-in-kind	245	219
	16,747	14,954

Included in the total key management personnel are:

	Group	
	2022 RM'000	2021 RM'000
Executive Director's remuneration (Note 11)	4,381	4,396

42. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Russian-Ukraine war

On 24 February 2022, Russia invaded Ukraine resulting in the imposition of various economic sanctions on Russia by several countries across the world. These developments resulted in soaring global commodities and energy prices, supply chain disruption, significant decrease in value of Ruble and a temporary halt of trading on the Moscow Exchange.

As at the date of authorisation of the financial statements, the Russia-Ukraine conflict is still evolving and remains unpredictable. Consequently, the Group and the Company are unable to estimate the financial effects of the situation at this juncture. The Group and the Company are actively monitoring and managing the operations of the Group and the Company to minimise any impact arising from these developments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

43. ADOPTION OF MFRSS AND AMENDMENTS TO MFRSS

(a) New MFRSS adopted during the financial year

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

On 1 January 2022, the Group and the Company adopted the following Standards that are mandatory for annual financial periods beginning on or after 1 January 2022.

Title	Effective date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022

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 2023

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
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 <i>Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 - Comparative Information)</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosures of Accounting policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-Current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

DIRECTORS' INTERESTS IN SHARES BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDINGS

As at 31 March 2023

DIRECTORS' INTEREST IN THE COMPANY SUNWAY CONSTRUCTION GROUP BERHAD

Name of Directors	Ordinary Shares	
	No.	%
Direct interest		
Evan Cheah Yean Shin	13,435	#
Wong Kwan Song	1,371	#
Deemed interest		
Dato' Ir Goh Chye Koon ^a	5,000	#
Evan Cheah Yean Shin ^b	841,482,318	65.26

DIRECTORS' INTEREST IN INTERMEDIATE HOLDING COMPANY SUNWAY BERHAD

Name of Directors	Ordinary Shares	
	No.	%
Direct interest		
Tan Sri Dato' (Dr) Chew Chee Kin	21,038,466	0.43
Evan Cheah Yean Shin	4,195,196	0.09
Liew Kok Wing	285,628	0.01
Dato' Tan Kia Loke	10,229,880	0.21
Wong Kwan Song	9,427	#
Deemed interest		
Dato' Ir Goh Chye Koon ^a	120,201	#
Tan Sri Dato' (Dr) Chew Chee Kin ^c	1,564,862	0.03
Evan Cheah Yean Shin ^d	3,141,786,645	64.26

Name of Directors	Warrants 2017/2024	
	No.	%
Direct interest		
Tan Sri Dato' (Dr) Chew Chee Kin	2,818,169	0.42
Evan Cheah Yean Shin	561,959	0.08
Liew Kok Wing	38,260	0.01
Dato' Tan Kia Loke	1,370,325	0.22
Wong Kwan Song	1,293	#
Deemed interest		
Dato' Ir Goh Chye Koon ^a	16,101	#
Tan Sri Dato' (Dr) Chew Chee Kin ^c	209,618	0.03
Evan Cheah Yean Shin ^e	468,393,341	69.98

**DIRECTORS' INTERESTS IN SHARES
BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDINGS**

As at 31 March 2023

**DIRECTORS' INTEREST IN INTERMEDIATE HOLDING COMPANY
SUNWAY BERHAD (CONTD.)**

Name of Directors	Number of Irredeemable Convertible Preference Shares	
	No.	%
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 ^c	312,972	0.03
Evan Cheah Yean Shin ^d	685,722,826	70.13

**DIRECTORS' INTEREST IN PENULTIMATE HOLDING COMPANY
SUNGEI WAY CORPORATION SENDIRIAN BERHAD**

Name of Director	Ordinary Shares	
	No.	%
Deemed interest		
Evan Cheah Yean Shin ^f	10,000,000	100.00

Name of Director	Number of Non-Cumulative Convertible Redeemable Preference Shares	
	No.	%
Deemed interest		
Evan Cheah Yean Shin ^g	300,000,000	100.00

**DIRECTORS' INTERESTS IN SHARES
BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDINGS**

As at 31 March 2023

**DIRECTORS' 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 ^g	102,000	60.00

**DIRECTORS' 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 59(11)(c) of the Act held through spouse.^d Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sendirian Berhad, Jef-San Enterprise Sdn Bhd and parent.^e Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sendirian Berhad and parent.^f Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd and parent.^g Deemed interest by virtue of Section 8 of the Act held through parent.

ANALYSIS OF SHAREHOLDINGS

As at 31 March 2023

Issued Share : 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	3,392	24.75	153,642	0.01
100 - 1,000	5,744	41.91	2,213,170	0.17
1,001 - 10,000	3,522	25.69	14,177,919	1.10
10,001 - 100,000	867	6.32	25,633,404	1.99
100,001 - 64,467,954 (Less than 5% of issued shares)	174	1.27	379,260,456	29.42
64,467,955 (5% and above of issued shares)	8	0.06	867,920,519	67.31
	13,707	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 31 March 2023.

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 RHB NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account-Sumitomo Mitsui Banking Corporation Malaysia Berhad for Sunway Holdings Sdn Bhd	120,000,000	9.31
3 SUNWAY HOLDINGS SDN BHD	90,032,609	6.98
4 RHB NOMINEES (TEMPATAN) SDN BHD Malaysian Trustees Berhad Pledged Securities Account for Sunway Holdings Sdn Bhd-T21	90,000,000	6.98
5 CITIGROUP NOMINEES (TEMPATAN) SDN BHD Employees Provident Fund Board	78,662,093	6.10
6 SJ SEC NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account - Al Rajhi Bank for Sunway Holdings Sdn Bhd	67,500,000	5.24
7 RHB NOMINEES (TEMPATAN) SDN BHD Malaysian Trustees Berhad Pledged Securities Account for Sunway Holdings Sdn Bhd-T16	65,000,000	5.04
8 SUNGEI WAY CORPORATION SENDIRIAN BERHAD	55,520,000	4.31
9 AMANAHRAYA TRUSTEES BERHAD Amanah Saham Bumiputera	53,859,700	4.18
10 SUNGEI WAY CORPORATION SENDIRIAN BERHAD	50,205,817	3.89

ANALYSIS OF SHAREHOLDINGS

As at 31 March 2023

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 AMANAHRAYA TRUSTEES BERHAD Amanah Saham Bumiputera 2	28,755,100	2.23
12 CITIGROUP NOMINEES (TEMPATAN) SDN BHD Employees Provident Fund Board (NOMURA)	23,043,100	1.79
13 RHB NOMINEES (TEMPATAN) SDN BHD Industrial and Commercial Bank of China (Malaysia) Berhad Pledged Securities Account for Sunway Holdings Sdn Bhd	20,000,000	1.55
14 CITIGROUP NOMINEES (TEMPATAN) SDN BHD Great Eastern Life Assurance (Malaysia) Berhad (LSF)	17,358,600	1.35
15 PERMODALAN NASIONAL BERHAD	14,275,600	1.11
16 HSBC NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Sungei Way Corporation Sendirian Berhad	13,000,000	1.01
17 KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	11,600,100	0.90
18 RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Sungei Way Corporation Sendirian Berhad	11,300,000	0.88
19 TAN SRI DATO' SERI DR JEFFREY CHEAH FOOK LING AO	7,903,872	0.61
20 CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB Commerce Trustee Berhad - Kenanga Growth Fund	7,873,300	0.61
21 CITIGROUP NOMINEES (TEMPATAN) SDN BHD Great Eastern Life Assurance (Malaysia) Berhad (LEEF)	7,454,500	0.58
22 CITIGROUP NOMINEES (TEMPATAN) SDN BHD Employees Provident Fund Board (AMUNDI)	7,352,100	0.57
23 PERTUBUHAN KESELAMATAN SOSIAL	6,805,400	0.53
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 Employees Provident Fund Board (RHBISLAMIC)	5,852,200	0.45
26 CITIGROUP NOMINEES (TEMPATAN) SDN BHD Employees Provident Fund Board (BNP Najmah EQ)	5,163,700	0.40
27 AMANAHRAYA TRUSTEES BERHAD Amanah Saham Bumiputera 3 - Didik	5,053,900	0.39
28 CITIGROUP NOMINEES (TEMPATAN) SDN BHD Great Eastern Life Assurance (Malaysia) Berhad (LPP)	4,668,400	0.36
29 CITIGROUP NOMINEES (TEMPATAN) SDN BHD Great Eastern Life Assurance (Malaysia) Berhad (DR)	4,557,100	0.35
30 LIM SUAN	4,303,500	0.33
TOTAL SHAREHOLDINGS	1,134,102,991	87.96

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

As at 31 March 2023

Name of Substantial Shareholders	DIRECT		DEEMED	
	No. of Shares	%	No. of Shares	%
1 Sunway Berhad	-	-	703,532,609 ^a	54.56
2 Sunway Holdings Sdn Bhd	703,532,609	54.56	-	-
3 Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling Ao	7,923,892	0.61	833,629,588 ^b	64.65
4 Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng	-	-	841,553,480 ^c	65.27
5 Sarena Cheah Yean Tih	57,727	*	841,482,416 ^d	65.26
6 Evan Cheah Yean Shin	13,435	*	841,482,318 ^e	65.26
7 Adrian Cheah Yean Sun	-	-	841,482,318 ^e	65.26
8 Sungei Way Corporation Sendirian Berhad	130,025,817	10.08	703,532,609 ^f	54.56
9 Active Equity Sdn Bhd	-	-	833,558,426 ^g	64.65
10 Employees Provident Fund Board	124,534,943	9.66	-	-

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)

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Sunway Carnival Mall
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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. Roa, 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 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 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 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, Malaysia

T (603) 5639 8889
F (603) 5639 9507

Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia

T (603) 2783 9299
F (603) 2783 9222

Auditors

BDO PLT (LLP0018825-LCA & AF0206)
Chartered Accountants

Solicitors

Wong Kian Kheong
Harold & Lam Partnership
Sanjay Mohan

Principal Bankers

HSBC Bank Malaysia Berhad
Standard Chartered Bank Malaysia Berhad
Malayan Banking Berhad

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad
Stock Name SUNCON
Stock Code 5263
Shariah Compliant

Website Address

www.sunwayconstruction.com.my

Investor Relations

Crystal Teh
T (603) 5639 8864
Angelynn Low
T (603) 5639 9684

E irsuncongroup@sunway.com.my
F (603) 5639 9530

KEY PERFORMANCE DATA

AIR MONITORING – TSP

Project Site	Requirement	Compliance Limit	Average Reading	Average Baseline	Maximum	Minimum
LRT3 GS07&08	Malaysian Ambient Air Quality Standard (MAAQS)	260	35.8	61.7	88.0	17.0
SMCSJ	Malaysian Ambient Air Quality Standard (MAAQS)	260	26.0	30.0	28.0	24.0
SIS	Malaysian Ambient Air Quality Standard (MAAQS)	260	34.3	36.0	48.0	26.0
3C4	Malaysian Ambient Air Quality Standard (MAAQS)	260	54.3	110.0	82.0	42.0
Velocity 2 Plot A	Malaysian Ambient Air Quality Standard (MAAQS)	260	21.3	46.0	30.0	15.0
SMC 4	Malaysian Ambient Air Quality Standard (MAAQS)	260	60.2	38.7	170.0	20.0
KJ P1	Malaysian Ambient Air Quality Standard (MAAQS)	260	44.8	54.0	63.0	26.0
Belfield	Malaysian Ambient Air Quality Standard (MAAQS)	260	36.5	32.0	80.0	18.0
SMCD	Malaysian Ambient Air Quality Standard (MAAQS)	260	31.0	47.0	49.0	18.0
SQS	Malaysian Ambient Air Quality Standard (MAAQS)	260	26.6	62.1	67.9	< 10.0
Velocity 2 Plot B	Malaysian Ambient Air Quality Standard (MAAQS)	260	44.6	27.5	68.0	21.0
Bangsar Rising	Malaysian Ambient Air Quality Standard (MAAQS)	260	24.8	45.9	45.9	< 10.0
Big Box Office	Malaysian Ambient Air Quality Standard (MAAQS)	260	68.0	-	98.8	26.0
SMCI	Malaysian Ambient Air Quality Standard (MAAQS)	260	52.5	55.0	55.0	50.0

AIR MONITORING – PM_{2.5}

Project Site	Requirement	Compliance Limit	Average Baseline	Average Reading	Maximum	Minimum
Big Box Office	New Malaysia Ambient Air Quality Standard (2020)	35	-	16.5	23.0	5.0
Belfield	New Malaysia Ambient Air Quality Standard (2020)	35	16.0	12.8	24.0	6.0
RTS	New Malaysia Ambient Air Quality Standard (2020)	35	18.7	17.0	26.0	9.0
SMCD	New Malaysia Ambient Air Quality Standard (2020)	35	11.5	13.5	23.0	6.0
SIS	New Malaysia Ambient Air Quality Standard (2020)	35	16.0	10.3	15.0	6.0
Velocity 2 Plot B	New Malaysia Ambient Air Quality Standard (2020)	35	13.0	12.1	19.0	7.0
SMCI	New Malaysia Ambient Air Quality Standard (2020)	35	26.0	25.0	26.0	22.0

KEY PERFORMANCE DATA

AIR MONITORING – PM₁₀

Project	Permissible Limit (µg/m ³)	Average Baseline (µg/m ³)	2022		2021		2020	
			Min (µg/m ³)	Max (µg/m ³)	Min (µg/m ³)	Max (µg/m ³)	Min (µg/m ³)	Max (µg/m ³)
TNB HQ	100	-	< 5.0	46.2	6.9	57.0	5.0	38.6
SIS	100	27.0	19.0	22.0	18.0	25.0	-	-
Belfield	100	8.0	15.0	49.0	10.0	36.0	-	-
Velocity 2 Plot B	100	24.0	16.0	47.0	11.0	53.0	-	-
SMCD	100	27.0	15.0	30.0	16.0	56.0	-	-
SQS	100	-	7.2	34.5	4.0	22.6	-	-
Big Box Office	100	-	16.0	50.0	-	-	-	-
RTS	100	37.3	27.0	53.0	-	-	-	-
SMCI	100	14.0	43.0	45.0	-	-	-	-

AIR MONITORING – SO_x

Project	Permissible Limit (µg/m ³)	Average Baseline (µg/m ³)	2022		2021		2020	
			Min (µg/m ³)	Max (µg/m ³)	Min (µg/m ³)	Max (µg/m ³)	Min (µg/m ³)	Max (µg/m ³)
SIS	80	< 5.0	< 5.0	< 5.0	< 5.0	< 5.0	-	-
Belfield	80	< 5.0	< 5.0	< 5.0	< 5.0	< 5.0	-	-
Velocity 2 Plot B	80	< 5.0	< 5.0	9.0	< 5.0	27.0	-	-
SMCD	80	< 5.0	< 5.0	< 5.0	< 5.0	< 5.0	-	-
RTS	80	16.0	11.0	36.0	-	-	-	-
SMCI	80	< 2.6	< 2.6	< 2.6	-	-	-	-
Big Box Office	80	-	< 0.7	< 10.0	-	-	-	-

AIR MONITORING – NO_x

Project	Permissible Limit (µg/m ³)	Average Baseline (µg/m ³)	2022		2021		2020	
			Min (µg/m ³)	Max (µg/m ³)	Min (µg/m ³)	Max (µg/m ³)	Min (µg/m ³)	Max (µg/m ³)
LRT3 GS07&08	70	< 0.5	< 0.5	< 0.5	< 0.5	< 0.5	< 0.5	< 0.5
SIS	70	< 0.5	< 0.5	< 0.5	< 0.5	< 0.5	-	-
Belfield	70	< 0.5	< 0.5	< 0.5	< 0.5	< 0.5	-	-
Velocity 2 Plot B	70	< 0.5	< 0.5	6.0	< 0.5	14.0	-	-
SMCD	70	< 0.5	< 0.5	< 0.5	< 0.5	< 0.5	-	-
Big Box Office	70	-	< 1.0	4.0	-	-	-	-
RTS	70	12.0	8.0	38.0	-	-	-	-
SMCI	70	< 1.9	< 1.9	< 1.9	-	-	-	-

KEY PERFORMANCE DATA

AIR MONITORING – CO_x

Project	Permissible Limit (µg/m ³)	Average Baseline (µg/m ³)	2022		2021		2020	
			Min (µg/m ³)	Max (µg/m ³)	Min (µg/m ³)	Max (µg/m ³)	Min (µg/m ³)	Max (µg/m ³)
LRT3 GS07&08	30	0.8	1.0	3.3	1.9	3.8	1.2	4.3
Belfield	10	0.9	0.3	1.4	0.5	2.9	-	-
Velocity 2 Plot B	10	3.3	0.7	1.4	0.5	3.6	-	-
SMCD	10	1.7	0.7	1.4	1.5	2.0	-	-
RTS	10	1.9	1.2	6.4	-	-	-	-
Big Box Office	10	< 1.0	< 1.0	< 5.7	-	-	-	-
SMCI	10	< 2.3	< 2.3	< 2.3	-	-	-	-

WATER MONITORING (RIVER WATER) – TOTAL SUSPENDED SOLIDS (TSS)

Project	Permissible Limit (mg/L)	Average Baseline (mg/L)	2022	
			Min (mg/L)	Max (mg/L)
LRT3 GS07&08	50	27.0	6.0	105.0
SQS	150	11.0	< 5.0	132.0
Velocity 2 Plot A	150	21.0	4.0	16.0
SIS	150	18.0	13.0	58.0
SMCD	150	48.5	4.0	38.0
SMCI	150	16.5	8.0	73.0

WATER MONITORING (SILT TRAP) – TOTAL SUSPENDED SOLIDS (TSS)

Project	Permissible Limit (mg/L)	2022	
		Min (mg/L)	Max (mg/L)
SQS	100	< 5.0	77.0
Belfield	100	2.0	46.0
Velocity 2 Plot A	100	2.0	41.0
Velocity 2 Plot B	100	3.0	94.0
Bangsar Rising	100	9.0	9.2
TNB HQ	100	9.2	95.3
SMC 4	100	5.0	31.0
KJ P1	100	4.0	23.0
SIS	100	4.0	4.0
RTS	50	6.0	6.0
3C4	100	6.0	12.0

KEY PERFORMANCE DATA

NOISE MONITORING – LAeq

Project	Day		Night	
	General Limit: 65 dB		General Limit: 55 dB	
	Baseline	Average	Baseline	Average
LRT3 GS07&08	68.4	65.5	64.1	62.1
SQS	66.1	64.8	61.9	56.0
TNB HQ	50.3	58.2	48.2	53.0
Big Box Office	64.2	56.5	53.2	48.2
Velocity 2 Plot A	60.5	59.9	55.2	48.4
Belfield	63.7	61.3	59.0	57.7
SIS	64.3	65.5	56.3	54.8
Bangsar Rising	63.5	64.7	59.2	57.8
RTS	60.7	61.9	55.6	55.6
SMCSJ	62.2	57.8	65.5	57.4
SMCD	73.1	69.2	68.4	66.7
SMC 4	64.1	67.3	59.1	62.8
KJ P1	61.2	60.7	-	-
3C4	71.6	62.0	63.3	58.4
Velocity 2 Plot B	68.0	65.9	58.3	58.6
SMCI	64.8	67.6	58.2	57.1

KEY PERFORMANCE DATA

	2022	2021	2020
ENVIRONMENT			
Total Water Use (m ³)	354,658	326,728	392,726
Electricity Consumption (MWh)	7,701	6,603	4,775
Energy Intensity (MWh / RM'million)	15.24	17.41*	28.81*
Diesel Consumption (mil' litres)	2.33	2.20	3.74
Scope 1:			
GHG Emissions from Company-Owned Vehicles and Machinery (CO ₂ e in tonnes)	7,167	6,104	9,713
Scope 2:			
Indirect Emissions from Purchased Electricity (CO ₂ e in tonnes)	4,505	3,863	2,793
Scope 3:			
Indirect Emissions from (CO₂e in tonnes):			
- Business Travel (Land)			
tonnes CO ₂ e	84	67	103
tonnes CO ₂	65	53	81
tonnes CH ₄	0	0	0
tonnes N ₂ O	0	1	1
- Business Travel (Air)			
tonnes CO ₂ e	17	33	38
tonnes CO ₂	17	27	31
tonnes CH ₄	0	0	0
tonnes N ₂ O	0	0	0
- Waste Generation (tonnes CO₂e)	2,393	723	165
- Purchased Goods (tonnes CO₂e)	166,394	143,578	138,984
Total Scope 3 (tonnes):			
tonnes CO ₂ e	168,888	144,401	139,290
tonnes CO ₂	82	80	112
tonnes CH ₄	0	0	0
tonnes N ₂ O	0	1	1
Total GHG Emissions			
- GHG Emissions: Scope 1 & 2	11,673	9,967	12,506
- Total GHG Emissions: Scope 1, 2 & 3	180,560	154,368	151,796
CONSTRUCTION WASTE DISPOSAL (MT)			
Total waste disposed to landfills	9,284	34,025	126,271
- Concrete	4,862	32,748	126,271
- Timber	893	232	-
- Construction	2,856	642	-
- Domestic	673	403	-
CONSTRUCTION WASTE DIVERTED (MT)			
Total waste diverted from landfills	2,696	2,383	6,093
- 3R	9	-	-
- Steel	2,687	2,383	6,093

* Restated

KEY PERFORMANCE DATA

	2022	2021	2020
SOCIAL			
SUPPLY CHAIN MANAGEMENT			
Material Purchased (MT)			
Steel Bar	36,346	33,790	32,039
Cement	34,578	26,989	30,243
Sand	77,262	44,372	68,809
Ready Mixed Concrete	124,524	45,940	72,853
Quarry	143,443	125,284	170,098
Premix	759	620	907
Supply Chain			
Proportion of Spending on Local Suppliers	93%	84%	-
Environmental Assessment			
Assessment of New Suppliers	100%	100%	-
Social Assessment			
Assessment of New Suppliers	100%	100%	-
WORKPLACE			
Employees			
Total Number of Employees	1,621	1,466	1,781
Executives	40%	48%	41%
Non-Executives	20%	26%	25%
Foreign Skilled Labour	40%	26%	34%
Permanent Staff	53%	65%	58%
Contract or Temporary Staff	47%	35%	42%
Number of Employees with Physical Disability	2	2	3
Percentage of Women in Management	28%	26%	26%
GENDER – OVERALL			
Female	16%	19%	16%
Male	84%	81%	84%
Senior Management (EG10 & Above)			
Female	6%	9%	9%
Male	94%	91%	91%
Management (EG5-9)			
Female	28%	26%	26%
Male	72%	74%	74%
Executive (EG1-4)			
Female	34%	35%	34%
Male	66%	65%	66%
Non-Executive (NE)			
Female	5%	7%	5%
Male	95%	93%	95%

KEY PERFORMANCE DATA

	2022	2021	2020
SOCIAL			
AGE GROUP - OVERALL			
< 30	29%	24%	33%
30 – 50	59%	62%	56%
> 50	12%	14%	11%
Senior Management (EG10 & Above)			
< 30	0%	0%	0%
30 – 50	28%	23%	23%
> 50	72%	77%	77%
Management (EG5-9)			
< 30	0%	0%	1%
30 – 50	78%	73%	75%
> 50	22%	27%	24%
Executive (EG1-4)			
< 30	28%	25%	31%
30 – 50	59%	62%	57%
> 50	13%	13%	12%
Non-Executive (NE)			
< 30	34%	30%	39%
30 – 50	58%	60%	54%
> 50	8%	10%	7%
WORKPLACE - DIVERSITY			
Malay	45%	48%	49%
Chinese	40%	36%	35%
Indian	13%	14%	14%
Others	2%	2%	2%
Senior Management (EG10 & Above)			
Malay	6%	4%	4%
Chinese	77%	82%	82%
Indian	17%	14%	14%
Others	0%	0%	0%
Management (EG5-9)			
Malay	17%	16%	17%
Chinese	77%	75%	73%
Indian	6%	9%	10%
Others	0%	0%	0%
Executive (EG1-4)			
Malay	45%	46%	46%
Chinese	41%	40%	40%
Indian	12%	12%	12%
Others	2%	2%	2%

KEY PERFORMANCE DATA

	2022	2021	2020
SOCIAL			
WORKPLACE - DIVERSITY (CONT'D)			
Non-Executive (NE)			
Malay	62%	65%	65%
Chinese	17%	15%	14%
Indian	19%	18%	18%
Others	2%	2%	3%
BOARD OF DIRECTORS			
Gender			
Female	25%	25%	14%
Male	75%	75%	86%
Age			
< 60	25.0%	25.0%*	28.6%*
61 – 70	37.5%	37.5%*	42.8%*
> 71	37.5%	37.5%*	28.6%*
Ethnicity			
Malay	12.5%	10.0%	14.0%
Chinese	75.0%	80.0%	72.0%
Indian	12.5%	10.0%	14.0%
Others	0%	0%	0%
EMPLOYEE TURNOVER RATES			
Industry Average	17.7%	25.6%	31.0%
Attrition Rates	22.0%	14.5%	13.1%
Gender			
Female	52	32	31
Male	186	138	141
By Age Group			
< 30	78	47	62
30 – 50	124	92	79
> 50	36	31	31
Employee Category			
Senior Management (EG10 & Above)	5	1	1
Management (EG5-9)	34	17	13
Executive (EG1-4)	112	88	71
Non-Executive (NE)	87	64	87

* Restated

KEY PERFORMANCE DATA

	2022	2021	2020
SOCIAL			
TOTAL NEW HIRES			
Gender			
Female	20%	29%	7%
Male	80%	71%	93%
By Age Group			
< 30	58%	76%	71%
30 – 50	27%	17%	26%
> 50	15%	7%	3%
Nationality			
Malaysia	93%	97%	50%
Singapore	3%	3%	0%
Myanmar	0%	0%	50%
Others	4%	0%	0%
PARENTAL LEAVE			
Employees Exercised Paternity Leave	34	19	41
Employees Exercised Maternity Leave	8	12	19
Return to Work Rates (Return to work after parental leave period):			
- Male	100%	100%	100%
- Female	100%	100%	100%
COMPARISON OF PAY			
Total Men Basic Salary (RM)	56,897,646	61,017,834	63,946,889
Average Annual Men Basic Salary (RM)	80,592	76,368	70,582
Average Number of Men Paid	706	799	906
Total Women Basic Salary (RM)	18,746,518	19,265,874	20,605,901
Average Annual Women Basic Salary (RM)	74,097	69,302	71,055
Average Number of Women Paid	253	278	290
Ratio of Men to Women Pay Equity	1.00 : 0.92	1.00 : 0.91	0.99 : 1.00
REMUNERATION DATA DISCLOSURE (ANNUAL PAY)			
Group MD Annual Total Remuneration to Median Annual Total Remuneration	32.6 : 1.0	37.3 : 1.0	16.5 : 1.0
Mean Pay (RM)	111,147	92,432	95,145
Median Pay (RM)	81,814	68,072	71,577
Lowest total pay (RM)	20,203	18,519	19,293
Highest total pay* (RM)	1,600,480	1,798,720	1,037,643
TRAINING			
Employee Participation in Training	863	1,028	1,326
Average Attendance Per Training Programme	11	11	15
Average Training Budget Per Employee (RM)	961	815	427
Average Man Days of Training Per Employee	2.97	2.18	2.9
Percentage of Employees with a Minimum of 3 Man Days of Training	34%	23%	30%

* Highest total pay excludes remuneration of Group Managing Director

KEY PERFORMANCE DATA

	2022	2021	2020
SOCIAL			
TOTAL TRAINING HOURS BY EMPLOYEE CATEGORY			
Senior Management (EG10 & Above)	812	650	820
Management (EG5-9)	5,617	4,363	6,196
Executive (EG1-4)	14,614	11,960	15,453
Non-Executive (NE)	2,132	1,936	4,650
OCCUPATIONAL SAFETY AND HEALTH			
Worked Man-hours	17,393,348	17,869,038	14,723,472
Fatal Accidents	1	0	2
Lost Time Injury Accidents	2	1	2
Total No. of Reportable Accidents	3	1	4
Lost Time Incident Rate (LTIR)	0.44	0.16	0.54
Accident Frequency Rate (AFR)	0.17	0.06	0.27
No. of Employees Trained on H&S Standards	100%	-	-
COMMUNITY ENRICHMENT			
Total Amount Invested for External Beneficiaries	RM2.09 million	RM1.5 million	RM594,360
Total No. of Beneficiaries of the Investment	22,548	-	-
FAIR LABOUR PRACTICE			
No. of Complaints on Human Rights Violation	0	0	0
GOVERNANCE			
EMPLOYEES TRAINED ON ANTI-CORRUPTION			
Senior Management (EG10 & Above)	100%	100%	100%
Management (EG5-9)	100%	100%	100%
Executive (EG1-4)	100%	100%	100%
Non-Executive (NE)	100%	100%	100%
CONFIRMED INCIDENTS OF CORRUPTION			
	0	0	-
DATA PRIVACY AND SECURITY			
No. of Confirmed Breaches Incident	0	-	-

GRI CONTENT INDEX

GRI Standard / Other Source	Disclosure	Location	
GENERAL DISCLOSURES			
GRI 2: General Disclosures 2021	2-1	Organizational details	About SunCon,
	2-2	Entities included in the organization's sustainability reporting	About This Report, Scope and Boundary,
	2-3	Reporting period, frequency and contact point	About This Report,
	2-4	Restatements of information	Social Capital, ; Risks and Mitigation Strategies,
	2-5	External assurance	Independent Assurance Statement,
	2-6	Activities, value chain and other business relationships	Value Creation Model, ; Our Business Model,
	2-7	Employees	Employee Management,
	2-8	Workers who are not employees	Employee Management,
	2-9	Governance structure and composition	Governance,
	2-10	Nomination and selection of the highest governance body	Nomination and Remuneration Committee Statement,
	2-11	Chair of the highest governance body	Principle (I): Board Leadership and Effectiveness,
	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	
	2-15	Conflicts of interest	Conflicts of Interest,
	2-16	Communication of critical concerns	Risks and Mitigation Strategies, ; Task Force on Climate-Related Financial Disclosures,
	2-17	Collective knowledge of the highest governance body	Annual Board and Board Committees Evaluation, Results from the Evaluation for FY2022, both
	2-18	Evaluation of the performance of the highest governance body	
	2-19	Remuneration policies	Directors' Remuneration,
	2-20	Process to determine remuneration	
	2-21	Annual total compensation ratio	Key Performance Data,
	2-22	Statement on sustainable development strategy	Our Business Model, ; Group Sustainability Framework,
	2-23	Policy commitments	Board Policies, Corporate Policies and Alignment with Sunway Berhad's Policies, all on
	2-24	Embedding policy commitments	
	2-25	Processes to remediate negative impacts	Risks and Mitigation Strategies, ; Task Force on Climate-Related Financial Disclosures,
	2-26	Mechanisms for seeking advice and raising concerns	Whistleblowing Policy and Procedures, ; Grievance Mechanism,
	2-27	Compliance with laws and regulations	Social Capital, ; Risk and Regulatory Compliance, ; Pollution Management,
	2-28	Membership associations	Membership of Associations,
	2-29	Approach to stakeholder engagement	Social Capital,
	2-30	Collective bargaining agreements	Collective Bargaining and Freedom Of Association,

GRI CONTENT INDEX

GRI Standard / Other Source	Disclosure	Location
MATERIAL TOPICS		
GRI 3: Material Topics 2021	3-1	Process to determine material topics
	3-2	List of material topics
Economic performance		
GRI 3: Material Topics 2021	3-3	Management of material topics
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed
	201-2	Financial implications and other risks and opportunities due to climate change
	201-3	Defined benefit plan obligations and other retirement plans
	201-4	Financial assistance received from government
Market presence		
GRI 3: Material Topics 2021	3-3	Management of material topics
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage
	202-2	Proportion of senior management hired from the local community
Indirect economic impacts		
GRI 3: Material Topics 2021	3-3	Management of material topics
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported
	203-2	Significant indirect economic impacts
Procurement practices		
GRI 3: Material Topics 2021	3-3	Management of material topics
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers
Anti-corruption		
GRI 3: Material Topics 2021	3-3	Management of material topics
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption
	205-2	Communication and training about anti-corruption policies and procedures
	205-3	Confirmed incidents of corruption and actions taken

GRI CONTENT INDEX

GRI Standard / Other Source	Disclosure	Location
Materials		
GRI 3: Material Topics 2021	3-3	Management of material topics
GRI 301: Materials 2016	301-1	Materials used by weight or volume
	301-2	Recycled input materials used
	301-3	Reclaimed products and their packaging materials
Energy		
GRI 3: Material Topics 2021	3-3	3-3 Management of material topics
GRI 302: Energy 2016	302-1	Energy consumption within the organization
	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
Water and effluents		
GRI 3: Material Topics 2021	3-3	Management of material topics
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource
	303-2	Management of water discharge-related impacts
	303-3	Water withdrawal
	303-4	Water discharge
	303-5	Water consumption
Biodiversity		
GRI 3: Material Topics 2021	3-3	Management of material topics
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
	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

GRI CONTENT INDEX

GRI Standard / Other Source	Disclosure	Location	
Emissions			
GRI 3: Material Topics 2021	3-3	Management of material topics	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	
	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)	N / A
	305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Key Performance Data - Indirect Emissions from (CO ₂ e in tonnes),
Waste			
GRI 3: Material Topics 2021	3-3	Management of material topics	
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	
	306-2	Management of significant waste-related impacts	
	306-3	Waste generated	
	306-4	Waste diverted from disposal	
	306-5	Waste directed to disposal	
Supplier environmental assessment			
GRI 3: Material Topics 2021	3-3	Management of material topics	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	
	308-2	Negative environmental impacts in the supply chain and actions taken	
Employment			
GRI 3: Material Topics 2021	3-3	Management of material topics	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	
	401-3	Parental leave	
Labor / management relations			
GRI 3: Material Topics 2021	3-3	Management of material topics	
GRI 402: Labor / Management Relations 2016	402-1	Minimum notice periods regarding operational changes	

GRI CONTENT INDEX

GRI Standard / Other Source	Disclosure	Location
Occupational health and safety		
GRI 3: Material Topics 2021	3-3	Management of material topics
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system
	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
Training and education		
GRI 3: Material Topics 2021	3-3	Management of material topics
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee
	404-2	Programs for upgrading employee skills and transition assistance programs
	404-3	Percentage of employees receiving regular performance and career development reviews
Diversity and equal opportunity		
GRI 3: Material Topics 2021	3-3	Management of material topics
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees
	405-2	Ratio of basic salary and remuneration of women to men

GRI CONTENT INDEX

GRI CONTENT INDEX

GRI Standard / Other Source	Disclosure	Location
Non-discrimination		
GRI 3: Material Topics 2021	3-3	Management of material topics
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken
Freedom of association and collective bargaining		
GRI 3: Material Topics 2021	3-3	Management of material topics
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk
Child labor		
GRI 3: Material Topics 2021	3-3	Management of material topics
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor
Forced or compulsory labor		
GRI 3: Material Topics 2021	3-3	Management of material topics
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor
Security practices		
GRI 3: Material Topics 2021	3-3	Management of material topics
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures
Local communities		
GRI 3: Material Topics 2021	3-3	Management of material topics
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs
	413-2	Operations with significant actual and potential negative impacts on local communities

GRI Standard / Other Source	Disclosure	Location
Supplier social assessment		
GRI 3: Material Topics 2021	3-3	Management of material topics
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria
	414-2	Negative social impacts in the supply chain and actions taken
Public policy		
GRI 3: Material Topics 2021	3-3	Management of material topics
GRI 415: Public Policy 2016	415-1	Political contributions
Customer privacy		
GRI 3: Material Topics 2021	3-3	Management of material topics
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data

NOTICE OF 9TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 9th 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 **Monday, 19 June 2023** 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 2022 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 2022. *(Ordinary Resolution 1)*
3. To approve the payment of benefits payable to Non-Executive Directors of up to RM200,000 for the period from 20 June 2023 until the conclusion of the next Annual General Meeting of the Company to be held in 2024. *(Ordinary Resolution 2)*
4. To re-elect the following Directors:
 - 4.1 Dato’ Siow Kim Lun 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 Tan Sri Dato’ (Dr) Chew Chee Kin who retires by rotation pursuant to Clause 106(1) of the Company’s Constitution and being eligible, offers himself for re-election. *(Ordinary Resolution 4)*
 - 4.3 Mr Evan Cheah Yean Shin who retires by rotation pursuant to Clause 106(1) of the Company’s Constitution and being eligible, offers himself for re-election. *(Ordinary Resolution 5)*
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 6)*

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolutions:-

6. **ORDINARY RESOLUTION:
Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016**

“THAT subject always to the Companies Act 2016 (“**Act**”), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), the Company’s Constitution and the approvals of the relevant government and / or regulatory authorities, the 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 9TH 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 7)

7. **ORDINARY RESOLUTION:
Proposed Renewal of Existing Shareholders’ Mandate and Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

“THAT approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions from time to time, which are necessary for the day-to-day operations as set out in Section 2D of Part A of the Company’s Circular to Shareholders dated 28 April 2023 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 8)

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 9TH 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 9)

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
 28 April 2023

NOTICE OF 9TH ANNUAL GENERAL MEETING

NOTES:

- 1) The 9th 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 9th 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 9th AGM to be at the main venue of the 9th AGM.

NO SHAREHOLDERS / PROXIES / CORPORATE REPRESENTATIVES / ATTORNEYS from the public shall be physically present at the Broadcast Venue on the day of the 9th 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 9th AGM will have to register via the link at <https://vps.megacorp.com.my/YudAPW>. Please refer to the Administrative Notes for the 9th AGM for further information.

Only shareholders whose name appear on the Record of Depositors of the Company as at 12 June 2023 shall be entitled to participate at the 9th 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 9th 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 9th AGM to the Board of Directors of the Company prior to the 9th AGM via email to irsuncongroup@sunway.com.my no later than 3.00 p.m. on 18 June 2023 or via email to AGM-support.SunCon@megacorp.com.my no later than 2.30 p.m. on 19 June 2023.
- 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 9th AGM shall have the same rights as the shareholder to participate at the 9th AGM.

- 7) If a shareholder has appointed a proxy to participate at the 9th AGM and subsequently, he / she decides to participate at the 9th 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 9th 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 9th 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 9th 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 2022 together with the Directors’ and Auditors’ Reports thereon**

The Audited Financial Statements are for discussion only as they do not require shareholders’ approval pursuant to the provision of Section 340(1) of the Companies Act 2016 (“Act”). As such, this agenda will not be put for voting.

2. **Ordinary Resolutions 1 and 2**

Section 230(1) of the Act provides amongst others, that fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders’ approval is sought for the payment of fees and benefits payable to the Non-Executive Directors (“NEDs”), in two (2) separate resolutions as follows:

- (a) **Ordinary Resolution 1 – Directors’ fees to the NEDs amounting to RM795,000 for the financial year ended 31 December 2022**

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

NOTICE OF 9TH ANNUAL GENERAL MEETING

The payment of the NED's fees in respect of the preceding financial year ended 31 December 2022 will only be made if the proposed Ordinary Resolution 1 has been passed at the 9th AGM.

There is no revision to the proposed fees.

(b) Ordinary Resolution 2 – Benefits payable to the NEDs for the period from 20 June 2023 until the conclusion of the next AGM of the Company to be held in 2024 (“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 8th 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 9th AGM.

3. Ordinary Resolutions 3, 4, and 5 – Re-election of Directors

Clause 106(1) of the Company's Constitution provides that one-third or the number nearest to one-third of the Directors of the Company (including Managing Director) for the time being shall retire by rotation at each AGM of the Company. Each Director shall retire from office once at least in each three years but shall be eligible for re-election.

Dato' Siow Kim Lun, Tan Sri Dato' (Dr) Chew Chee Kin and Mr Evan Cheah Yean Shin being eligible, have offered themselves for re-election at the 9th AGM.

The Nomination and Remuneration Committee (“NRC”) has assessed the performance and the contribution of the retiring Directors as well as the independence of the Independent Director seeking re-election at this AGM.

The NRC also considered the fitness and propriety of the Retiring Directors with reference to the Company's Fit and Proper Policy. The NRC is satisfied that the retiring Directors meet the fit and proper criteria as set out in the said policy.

Based on the findings of the Board and Directors Effectiveness Evaluation for financial year 2022 conducted by the Institute of Corporate Directors Malaysia, an external consultant engaged by the Board, the performance and contribution of the retiring Directors were found to be satisfactory and had performed their roles and functions effectively and continues to be an effective and valuable member of the Board.

Based on the above, the Board therefore endorsed the NRC's recommendation that these Directors be re-elected subject to the shareholders' approval at the 9th AGM.

Their profiles are enclosed in the Company's Integrated Annual Report 2022 and on Company's website. These include their age, gender, tenure of service, directorships in other public companies and listed issuers, working experience and any conflict of interest as well as their shareholdings in the Company, if any.

All Directors standing for re-election had abstained from all deliberations and decisions on their own eligibility to stand for re-election at the relevant NRC and Board Meetings. They will continue to abstain from voting on their own re-election at the 9th AGM.

4. Ordinary Resolution 6 – 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 2022, the Board had at its meeting on 29 March 2023 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 2022 did not in any way impair their objectivity and independence as External Auditors of the Company.

Special Business

5. Ordinary Resolution 7 – 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 7, 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 8th AGM held on 22 June 2022.

6. Ordinary Resolution 8 – Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The details on the proposed renewal of existing shareholders' mandate and proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature are set out in Part A of the Company's Circular to Shareholders dated 28 April 2023.

7. Ordinary Resolution 9 – 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 28 April 2023.

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 9th 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 9th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 9th AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and / or guidelines (collectively, the “Purposes”),*
- (ii) *warrants that where the shareholder discloses the personal data of the shareholder's, proxy(ies) and / or representative(s) to the Company (or its agents or service providers), the shareholder has obtained the prior consent of such proxy(ies) and / or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and / or representative(s) for the Purposes; and*
- (iii) *agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.*

For the purposes of this paragraph, “personal data” shall have the same meaning given in Section 4 of the Personal Data Protection Act 2010.

NOTICE OF 9TH ANNUAL GENERAL MEETING

INDEPENDENT ASSURANCE STATEMENT

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 2022. 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 report. The verification by SIRIM QAS International applied to all sustainability performance information (subject matter) within the assurance scope which is included in SunCon Sustainability Statement 2022.

The management of SunCon was responsible for the preparation of the Sustainability Statement. The objectivity and impartiality of this report 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 SunCon Sustainability Statement and the Integrated Annual Report 2022.

The assurance engagement was designed to provide limited assurance in reference to International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, 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 framework such as UN-SDGs, GRI Standards requirement, and other relevant frameworks. The assurance process involves verification of applicable subject matter. Details provided in Appendix 1 of this statement.

The verification was carried out by SIRIM QAS International in April 2023, 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 Review includes a detailed assessment of the sampled data.
- Interviewing key personnel responsible for collating information and writing various parts of the statement in order to substantiate the veracity of the claims.

Enhancements in 2022

In 2022, SunCon endorsed its Group Sustainability Framework to better align its strategic approach to ESG with the industry best practices. The framework comprises 14 focus areas and 24 commitments. All 14 material matters, which are presented through three sections, Governance, Environmental and Social with detailed topics as tabulated in Appendix 1 of this assurance statement, have been reviewed accordingly.

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of other information reported in SunCon's Integrated Annual Report 2022.
- The corporate office at Menara Sunway was visited as part of this assurance engagement. The verification process did not include physical inspections of any of SunCon's operations and assets; and,
- The verification team did not verify any contractor or third-party data.

Conclusion

SIRIM QAS International, a Conformity Assessment Body in Malaysia, is accredited to both ISO 17021-1:2015 and ISO 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 statement. 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, the following represents SIRIM QAS International's opinion:

- The level of data accuracy included in SunCon Sustainability Statement 2022 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 statement;
- The Sustainability Statement provides a reasonable and balanced presentation of the sustainability performance of Sunway Construction Group Berhad.

List of Assessors.

- | | | | |
|----|--------------------------|---|-------------|
| 1) | Ms. Aernida Abdul Kadir | : | Team Leader |
| 2) | Ms. Kamini Sooriamoorthy | : | Team Member |
| 3) | Ms. Nur Ruzaini Ab Razak | : | Team Member |

Statement Prepared by:

Statement Approved by:

AERNIDA BINTI ABDUL KADIR

Team Leader

Management System Certification Department
SIRIM QAS International Sdn. Bhd.

Date: 12 April 2023

MOHD HAMIM BIN IMAM MUSTAIN

Senior General Manager

Management System Certification Department
SIRIM QAS International Sdn. Bhd.

Date: 18 April 2023

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 (12 April 2023).

INDEPENDENT ASSURANCE STATEMENT

Appendix 1 The topics and information covered in this assessment is tabulated below:	CLASSIFICATION OF DATA			
	HIGH	MEDIUM	LOW	UN SUBSTANTIATED
Group Sustainability Framework				
Governance				
Governance and Ethical Business				
Anti-Corruption and Anti-Bribery				
Responsible Supply Chain				
Risk and Regulatory Compliance				
Data Privacy and Security				
Environmental				
Climate Change				
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 (12 April 2023).

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 – 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 has been confirmed with the direct owners. However, the source of the data origin has been based on secondary data which is not accessible by the verifiers during the conduct of the assessment.

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 – Data and information was not made available during the assessment review period due to reasons like confidentiality, unattainable data source and unavailable data owner. It has been identified as one of the limitations during the conduct of the assessment.

PROXY FORM

9th Annual General Meeting

Number of share(s) held	
CDS Account No.	

SUNWAY®

CONSTRUCTION

SUNWAY CONSTRUCTION GROUP BERHAD

Registration No.: 201401032422 (1108506-W)

(Incorporated in Malaysia)

*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 9th 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 **Monday, 19 June 2023 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' Siow Kim Lun as Director		
4.	To re-elect Tan Sri Dato' (Dr) Chew Chee Kin as Director		
5.	To re-elect Mr Evan Cheah Yean Shin as Director		
6.	To re-appoint Messrs. BDO PLT as Auditors and to authorise the Directors to fix their remuneration		
7.	To authorise the Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
8.	To approve the Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
9.	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 _____ 2023



Signature of Shareholder _____

NOTES:

1) The 9th Annual General Meeting ("9th 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 9th 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 9th AGM to be at the main venue of the 9th AGM. **NO SHAREHOLDERS / PROXIES / CORPORATE REPRESENTATIVES / ATTORNEYS** from the public shall be physically present at the Broadcast Venue on the day of the 9th 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 9th AGM will have to register via the link at <https://vps.megacorp.com.my/YudAPV>. Please refer to the Administrative Notes for the 9th AGM for further information.

Only shareholders whose name appear on the Record of Depositors of the Company as at 12 June 2023 shall be entitled to participate the 9th 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 9th 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 9th AGM to the Board of Directors of the Company prior to the 9th AGM via email to isuncongroup@sunway.com.my no later than 3.00 p.m. on 18 June 2023 or via email to AGM-support.SunCon@megacorp.com.my no later than 2.30 p.m. on 19 June 2023.

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 9th AGM shall have the same rights as the shareholder to participate at the 9th AGM.

7) If a shareholder has appointed a proxy to participate at the 9th AGM and subsequently, he / she decides to participate at the 9th 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 9th 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 9th 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 9th 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 9th 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 9th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 9th AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and / or guidelines (collectively, the "Purposes");

(ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and / or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and / or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and / or representative(s) for the Purposes; and

(iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

For the purposes of this paragraph, "personal data" shall have the same meaning given in Section 4 of the Personal Data Protection Act 2010.

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SUNWAY CONSTRUCTION GROUP BERHAD

Registration No. 201401032422 (1108506-W)

www.sunwayconstruction.com.my

Tel : 603 5639 9696

Fax : 603 5639 9530

Email : enquirysuncon@sunway.com.my



Cover:

Printed on FSC® Certified Recycled Credit 300gsm Enviro Wove

Text:

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