

SUNWAY BERHAD ( Company No : 201001037627 (921551-D) )  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023  
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

	NOTE	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		CURRENT YEAR QUARTER 30/06/2023	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2022	INCREASE/ (DECREASE) %	CURRENT YEAR TO DATE 30/06/2023	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2022	INCREASE/ (DECREASE) %
		RM'000	RM'000 (RESTATED)	%	RM'000	RM'000 (RESTATED)	%
REVENUE		1,468,171	1,280,358	15	2,731,909	2,392,834	14
OPERATING EXPENSES <sup>(1)</sup>		(1,349,777)	(1,190,036)	13	(2,536,996)	(2,269,995)	12
OTHER OPERATING INCOME <sup>(1)</sup>		21,795	70,008	(69)	60,170	107,063	(44)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS & CONTRACT ASSETS		(158)	(3,784)	(96)	(1,698)	(5,961)	(72)
PROFIT FROM OPERATIONS		140,031	156,546	(11)	253,385	223,941	13
FINANCE INCOME		63,809	32,798	95	122,166	78,254	56
FINANCE COSTS		(78,394)	(60,969)	29	(140,806)	(90,637)	55
SHARE OF PROFIT FROM ASSOCIATES		29,637	32,822	(10)	71,304	78,736	(9)
SHARE OF PROFIT FROM JOINT VENTURES		47,935	44,112	9	88,999	97,365	(9)
PROFIT BEFORE TAX	<b>B6</b>	203,018	205,309	(1)	395,048	387,659	2
INCOME TAX EXPENSE <sup>(1)</sup>	<b>B5</b>	(30,796)	(21,458)	44	(64,061)	(48,215)	33
<b>PROFIT FOR THE PERIOD</b>		<u>172,222</u>	<u>183,851</u>	(6)	<u>330,987</u>	<u>339,444</u>	(2)
<b>ATTRIBUTABLE TO:</b>							
- OWNERS OF THE PARENT <sup>(1)</sup>		149,934	161,491	(7)	291,573	298,003	(2)
- NON-CONTROLLING INTERESTS		22,288	22,360	(0)	39,414	41,441	(5)
		<u>172,222</u>	<u>183,851</u>	(6)	<u>330,987</u>	<u>339,444</u>	(2)
<b>EARNINGS PER SHARE</b>							
- BASIC (sen) <sup>(1)(2)</sup>	<b>B13</b>	<u>2.54</u>	<u>2.75</u>	(8)	<u>4.52</u>	<u>4.64</u>	(3)
- DILUTED (sen) <sup>(1)(2)</sup>	<b>B13</b>	<u>2.51</u>	<u>2.70</u>	(7)	<u>4.46</u>	<u>4.56</u>	(2)

<sup>(1)</sup> Included the effects of transition to MFRS 17 *Insurance Contracts* as disclosed in Note A1.

<sup>(2)</sup> The calculation of earnings per share (basic and diluted) includes the ordinary shares that will be issued upon the mandatory conversion of Irredeemable Convertible Preference Shares ("ICPS").

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY BERHAD ( Company No : 201001037627 (921551-D) )  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023  
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2023

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2023	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2022	CURRENT YEAR TO DATE 30/06/2023	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2022
	RM'000	RM'000 (RESTATED)	RM'000	RM'000 (RESTATED)
<b>PROFIT FOR THE PERIOD <sup>(1)</sup></b>	172,222	183,851	330,987	339,444
<b>OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS</b>				
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATIONS	73,429	12,172	97,665	19,456
CASH FLOW HEDGE RESERVE - FAIR VALUE GAIN/(LOSS)				
- NET FAIR VALUE GAIN OF DERIVATIVES	76,966	13,260	61,114	31,986
- AMOUNTS RECYCLED TO PROFIT OR LOSS	(77,961)	(10,045)	(65,209)	(28,822)
<b>OTHER COMPREHENSIVE (LOSS)/INCOME NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS</b>				
FAIR VALUE (LOSS)/GAIN ON OTHER INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	(19,977)	10,777	(20,090)	37,815
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>52,457</u>	<u>26,164</u>	<u>73,480</u>	<u>60,435</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD <sup>(1)</sup></b>	<u>224,679</u>	<u>210,015</u>	<u>404,467</u>	<u>399,879</u>
<b>ATTRIBUTABLE TO:</b>				
- OWNERS OF THE PARENT <sup>(1)</sup>	194,268	187,434	356,422	359,121
- NON-CONTROLLING INTERESTS	30,411	22,581	48,045	40,758
	<u>224,679</u>	<u>210,015</u>	<u>404,467</u>	<u>399,879</u>

<sup>(1)</sup> Included the effects of transition to MFRS 17 *Insurance Contracts* as disclosed in Note A1.

(The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.)

**SUNWAY BERHAD ( Company No : 201001037627 (921551-D) )**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**  
**THE FIGURES HAVE NOT BEEN AUDITED**

**FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER**

	<b>CURRENT QUARTER 30/06/2023</b>	<b>IMMEDIATE PRECEDING QUARTER 31/03/2023</b>	<b>INCREASE/ (DECREASE)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
REVENUE	1,468,171	1,263,738	16
OPERATING EXPENSES <sup>(1)</sup>	(1,349,777)	(1,187,219)	14
OTHER OPERATING INCOME <sup>(1)</sup>	21,795	38,375	(43)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS & CONTRACT ASSETS	(158)	(1,540)	(90)
PROFIT FROM OPERATIONS	<u>140,031</u>	<u>113,354</u>	24
FINANCE INCOME	63,809	58,357	9
FINANCE COSTS	(78,394)	(62,412)	26
SHARE OF PROFIT FROM ASSOCIATES	29,637	41,667	(29)
SHARE OF PROFIT FROM JOINT VENTURES	47,935	41,064	17
PROFIT BEFORE TAX	<u>203,018</u>	<u>192,030</u>	6
INCOME TAX EXPENSE <sup>(1)</sup>	(30,796)	(33,265)	(7)
<b>PROFIT FOR THE PERIOD</b>	<u><u>172,222</u></u>	<u><u>158,765</u></u>	8
<b>ATTRIBUTABLE TO:</b>			
- OWNERS OF THE PARENT <sup>(1)</sup>	149,934	141,639	6
- NON-CONTROLLING INTERESTS	<u>22,288</u>	<u>17,126</u>	30
	<u><u>172,222</u></u>	<u><u>158,765</u></u>	8
<b>EARNINGS PER SHARE</b>			
- BASIC (sen) <sup>(1)(2)</sup>	<u>2.54</u>	<u>1.98</u>	28
- DILUTED (sen) <sup>(1)(2)</sup>	<u>2.51</u>	<u>1.95</u>	29

<sup>(1)</sup> Included the effects of transition to MFRS 17 *Insurance Contracts* as disclosed in Note A1.

<sup>(2)</sup> The calculation of earnings per share (basic and diluted) includes the ordinary shares that will be issued upon the mandatory conversion of Irredeemable Convertible Preference Shares ("ICPS").

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY BERHAD ( Company No : 201001037627 (921551-D) )  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023  
 THE FIGURES HAVE NOT BEEN AUDITED

FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER (CONTD.)

	CURRENT QUARTER 30/06/2023	IMMEDIATE PRECEDING QUARTER 31/03/2023
	RM'000	RM'000
<b>PROFIT FOR THE PERIOD <sup>(1)</sup></b>	172,222	158,765
<b>OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS</b>		
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATIONS	73,429	24,236
CASH FLOW HEDGE RESERVE - FAIR VALUE GAIN/(LOSS)		
- NET FAIR VALUE GAIN/(LOSS) OF DERIVATIVES	76,966	(15,852)
- AMOUNTS RECYCLED TO PROFIT OR LOSS	(77,961)	12,752
<b>OTHER COMPREHENSIVE LOSS NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS</b>		
FAIR VALUE LOSS ON OTHER INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	(19,977)	(113)
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>52,457</u>	<u>21,023</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD <sup>(1)</sup></b>	<u>224,679</u>	<u>179,788</u>
<b>ATTRIBUTABLE TO:</b>		
- OWNERS OF THE PARENT <sup>(1)</sup>	194,268	162,154
- NON-CONTROLLING INTERESTS	<u>30,411</u>	<u>17,634</u>
	<u>224,679</u>	<u>179,788</u>

<sup>(1)</sup> Included the effects of transition to MFRS 17 *Insurance Contracts* as disclosed in Note A1.

(The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY BERHAD ( Company No : 201001037627 (921551-D) )  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023  
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

	AS AT END OF CURRENT QUARTER 30/06/2023	AS AT PRECEDING FINANCIAL PERIOD END 31/12/2022	AS AT PRECEDING FINANCIAL PERIOD END 01/01/2022
	RM'000	RM'000 (RESTATED)	RM'000 (RESTATED)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1,265,663	1,265,122	1,262,253
Intangible assets	65,737	63,217	56,985
Investment properties	2,512,815	2,443,181	2,186,313
Inventories	1,830,233	1,839,757	1,671,126
Investment in associates	2,688,049	2,690,651	2,709,684
Investment in joint ventures	6,844,728	6,651,437	6,191,983
Goodwill	378,134	378,134	376,225
Deferred tax assets <sup>(1)</sup>	69,462	58,642	49,282
Receivables	2,297,935	1,920,362	1,704,347
Derivative assets	21,267	2,086	7,540
Rock reserves	4,688	4,819	5,082
Other investments	757,913	402,392	866,581
Biological assets	293	322	48
	<u>18,736,917</u>	<u>17,720,122</u>	<u>17,087,449</u>
<b>Current assets</b>			
Inventories	3,330,867	3,279,520	2,422,351
Receivables, deposits & prepayments	2,240,485	1,969,285	2,484,785
Contract assets	515,251	532,172	112,076
Tax recoverable	60,398	65,257	68,008
Derivative assets	29,866	1,572	2,465
Other investments	153,451	535,540	98,778
Cash and bank balances	2,141,299	1,958,054	2,810,263
	<u>8,471,617</u>	<u>8,341,400</u>	<u>7,998,726</u>
<b>TOTAL ASSETS</b>	<u>27,208,534</u>	<u>26,061,522</u>	<u>25,086,175</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Payables, accruals & other short term liabilities <sup>(1)</sup>	2,575,536	2,510,317	2,477,089
Contract liabilities	35,686	19,907	12,583
Bank borrowings	4,818,822	5,360,995	4,093,585
Lease liabilities	29,473	32,627	31,354
Taxation	95,772	66,101	55,673
Derivative liabilities	2,326	35,238	43,727
	<u>7,557,615</u>	<u>8,025,185</u>	<u>6,714,011</u>
<b>Non-current liabilities</b>			
Long term bank borrowings	4,352,425	3,095,183	4,021,910
Perpetual Sukuk	600,000	600,000	600,000
Lease liabilities	85,355	90,972	90,244
Other long term liabilities	220,747	232,726	245,732
Derivative liabilities	282,115	274,598	188,957
Deferred tax liabilities	166,864	185,424	108,967
	<u>5,707,506</u>	<u>4,478,903</u>	<u>5,255,810</u>
<b>Total liabilities</b>	<u>13,265,121</u>	<u>12,504,088</u>	<u>11,969,821</u>
<b>Equity attributable to Owners of the Parent</b>			
Share capital	5,484,377	5,393,897	5,393,889
Irredeemable convertible preference shares ("ICPS")	977,779	977,779	977,779
Treasury shares	(74,335)	(74,335)	(74,335)
Reserves <sup>(1)</sup>	6,386,318	6,228,313	5,727,100
	<u>12,774,139</u>	<u>12,525,654</u>	<u>12,024,433</u>
<b>Non-controlling interests</b>	<u>1,169,274</u>	<u>1,031,780</u>	<u>1,091,921</u>
<b>Total equity</b>	<u>13,943,413</u>	<u>13,557,434</u>	<u>13,116,354</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>27,208,534</u>	<u>26,061,522</u>	<u>25,086,175</u>
<b>Number of ordinary shares ('000) <sup>(2)</sup></b>	<b>5,932,419</b>	<b>5,866,854</b>	<b>5,866,849</b>
<b>Net assets per share attributable to Owners of the Parent (RM) <sup>(1)</sup></b>	<b>2.15</b>	<b>2.13</b>	<b>2.05</b>

<sup>(1)</sup> Included the effects of transition to MFRS 17 *Insurance Contracts* as disclosed in Note A1.

<sup>(2)</sup> Included the ordinary shares that will be issued upon the mandatory conversion of ICPS.

(The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2023

	----- ATTRIBUTABLE TO OWNERS OF THE PARENT -----												
	----- NON-DISTRIBUTABLE -----						DISTRIBUTABLE				TOTAL EQUITY		
	SHARE CAPITAL	IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES	TREASURY SHARES	MERGER RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	CASH FLOW HEDGE RESERVE	RESERVES FURNITURE, FITTINGS & EQUIPMENT RESERVE	OTHER RESERVES	RETAINED PROFITS	TOTAL RESERVES	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL EQUITY
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>PERIOD ENDED 30 JUNE 2023</b>													
At 1 January 2023 (as previously reported)	5,393,897	977,779	(74,335)	(1,192,040)	234,670	(26,275)	23,089	505,452	6,498,518	6,243,414	12,540,755	1,031,780	13,572,535
Effects of prior year restatements (Note A1(iii))	-	-	-	-	-	-	-	-	(15,101)	(15,101)	(15,101)	-	(15,101)
At 1 January 2023 (restated)	5,393,897	977,779	(74,335)	(1,192,040)	234,670	(26,275)	23,089	505,452	6,483,417	6,228,313	12,525,654	1,031,780	13,557,434
Profit for the year	-	-	-	-	-	-	-	-	291,573	291,573	291,573	39,414	330,987
Other comprehensive income/(loss), net of tax	-	-	-	-	89,034	(4,095)	-	(20,090)	64,849	64,849	64,849	8,631	73,480
Total comprehensive income/(loss)	-	-	-	-	89,034	(4,095)	-	(20,090)	291,573	356,422	356,422	48,045	404,467
Transfer between reserves	-	-	-	-	-	-	2,606	(14)	(2,532)	60	60	(60)	-
<b>Transactions with owners</b>													
Issuance of ordinary shares pursuant to :													
- exercise of warrants	4 ^	-	-	-	-	-	-	-	-	-	4 ^	-	4 ^
- Dividend Reinvestment Scheme ("DRS")	90,476 #	-	-	-	-	-	-	-	-	-	90,476 #	-	90,476 #
Dividends paid by the Company	-	-	-	-	-	-	-	-	(196,784)	(196,784)	(196,784)	-	(196,784)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(16,910)	(16,910)
Shares acquired by non-controlling interests	-	-	-	-	-	-	-	-	77	77	77	653	730
Effects of subscriptions and redemptions of units in structured entities	-	-	-	-	-	-	-	-	-	-	-	106,039	106,039
Acquisition of equity interest from non-controlling interests	-	-	-	-	-	-	-	-	(1,761)	(1,761)	(1,761)	(236)	(1,997)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(9)	(9)	(9)	(37)	(46)
Total transactions with owners	90,480	-	-	-	-	-	-	-	(198,477)	(198,477)	(107,997)	89,509	(18,488)
At 30 June 2023	5,484,377	977,779	(74,335)	(1,192,040)	323,704	(30,370)	25,695	485,348	6,773,981	6,386,318	12,774,139	1,169,274	13,943,413
<b>PERIOD ENDED 30 JUNE 2022</b>													
At 1 January 2022 (as previously reported)	5,393,889	977,779	(74,335)	(1,192,040)	204,845	(17,376)	11,845	491,821	6,233,951	5,733,046	12,030,379	1,091,921	13,122,300
Effects of prior year restatements (Note A1(iii))	-	-	-	-	-	-	-	-	(5,946)	(5,946)	(5,946)	-	(5,946)
At 1 January 2022 (restated)	5,393,889	977,779	(74,335)	(1,192,040)	204,845	(17,376)	11,845	491,821	6,228,005	5,727,100	12,024,433	1,091,921	13,116,354
Profit for the year	-	-	-	-	-	-	-	-	298,003	298,003	298,003	41,441	339,444
Other comprehensive income/(loss), net of tax	-	-	-	-	20,139	3,164	-	37,815	-	61,118	61,118	(683)	60,435
Total comprehensive income	-	-	-	-	20,139	3,164	-	37,815	298,003	359,121	359,121	40,758	399,879
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	4,118	4,118
Effects of joint ventures becoming subsidiaries	-	-	-	-	-	-	-	-	-	-	-	144,405	144,405
Transfer between reserves	-	-	-	-	-	-	1,237	-	(1,200)	37	37	(37)	-
<b>Transactions with owners</b>													
Issuance of ordinary shares pursuant to :													
- exercise of warrants	8 ^	-	-	-	-	-	-	-	-	-	8 ^	-	8 ^
Dividends paid by the Company	-	-	-	-	-	-	-	-	(99,003)	(99,003)	(99,003)	-	(99,003)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(26,051)	(26,051)
Shares acquired by non-controlling interests	-	-	-	-	-	-	-	-	139	139	139	20,807	20,946
Effects of subscriptions and redemptions of units in structured entities	-	-	-	-	-	-	-	-	-	-	-	(92,073)	(92,073)
Acquisition of equity interest from non-controlling interests	-	-	-	-	-	-	-	-	3,451	3,451	3,451	(5,806)	(2,355)
Total transactions with owners	8	-	-	-	-	-	-	-	(95,413)	(95,413)	(95,405)	(103,123)	(198,528)
At 30 June 2022	5,393,897	977,779	(74,335)	(1,192,040)	224,984	(14,212)	13,082	529,636	6,429,395	5,990,845	12,288,186	1,178,042	13,466,228

^ Represents 3,125 warrants amounting to RM4,438 (2022: 5,292 warrants amounting to RM7,885).

# Represents 65,562,100 ordinary shares amounting to RM90,475,698.

(The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2023

	FOR THE 6 MONTHS PERIOD ENDED 30/06/2023 RM'000	FOR THE 6 MONTHS PERIOD ENDED 30/06/2022 RM'000 (RESTATED)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	395,048	387,659
Adjustments for:		
- non-cash items	(86,612)	(158,473)
- finance costs	140,806	90,637
- finance income	(122,166)	(78,254)
Operating cash flows before working capital changes	327,076	241,569
Changes in working capital	(223,026)	(224,018)
Cash generated from operations	104,050	17,551
Interest received	120,383	78,254
Dividends received from joint ventures, associates and other investments	80,154	60,532
Tax refunded	1,796	13,678
Tax paid	(60,301)	(63,170)
Net cash generated from operating activities	246,082	106,845
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment and investment properties	7,635	8,980
Proceeds from disposal of other investments	62,035	46,626
Proceeds from acquisition of equity interest by non-controlling interests	730	20,946
Acquisition of property, plant and equipment	(49,617)	(37,030)
Acquisition of biological assets	(50)	(9)
Acquisition of intangible assets	(6,148)	(3,908)
Acquisition and subsequent expenditure of investment properties	(16,640)	(6,786)
Acquisition and subsequent expenditure of land	-	(174,749)
Acquisition of other investments	(52,463)	(10,732)
Acquisition of equity interest from non-controlling interests	(1,997)	(2,355)
Acquisition of a subsidiary for cash, net of cash acquired	-	(7,966)
Investment in associates	(6,732)	(3,599)
Investment in joint ventures	(1,036)	-
Payment of balance consideration on acquisition of subsidiaries	(41,198)	(45,704)
Advances to associates and joint ventures	(203,504)	(39,427)
Quasi-equity loan advanced to joint ventures	(32,568)	(301,254)
Advances to a non-controlling interest	-	(31,622)
Net cash flows from deposits placed with maturity of over 3 months	(2,642)	-
Net subscriptions/(redemptions) of units in structured entities by non-controlling interests	106,039	(92,073)
Net cash outflow from disposal of a subsidiary	(35)	-
Net cash inflow from joint ventures becoming subsidiaries	-	20,215
Other investing activities	(39,851)	(78,456)
Net cash used in investing activities	(278,042)	(738,903)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net bank and other borrowings	555,168	352,824
Net lease liabilities	(14,785)	(13,891)
Interest paid	(192,381)	(123,116)
Dividends paid to shareholders	(106,308)	(99,003)
Dividends paid to non-controlling interests of subsidiaries	(16,910)	(26,051)
Proceeds from issuance of shares pursuant to exercise of warrants	4	8
Advances from non-controlling interests of a subsidiary	-	47,991
Net cash generated from financing activities	224,788	138,762
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	192,828	(493,296)
EFFECTS OF EXCHANGE RATE CHANGES	15,431	(2,385)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	1,895,421	2,732,242
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>2,103,680</b>	<b>2,236,561</b>
Cash & bank balances	573,848	538,996
Fixed deposits	1,567,451	1,760,393
<b>Total cash and bank balances</b>	<b>2,141,299</b>	<b>2,299,389</b>
Bank overdrafts	(33,935)	(62,293)
Less: Deposits with maturity of over 3 months	(3,684)	(535)
<b>Cash and cash equivalents</b>	<b>2,103,680</b>	<b>2,236,561</b>

(The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.)

## NOTES TO FINANCIAL STATEMENTS

### A1 Accounting Policies and Basis of Preparation

The Group has prepared its financial statements using the Malaysian Financial Reporting Standards ("MFRS") for the financial period ended 30 June 2023.

The interim financial report is unaudited and is prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2022. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2022.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 31 December 2022 except for the adoption of the following new MFRSs and Amendments to MFRSs that are effective for financial statements effective from 1 January 2023, as disclosed below:

<b>Title</b>	<b>Effective Date</b>
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to 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 112 <i>International Tax Reform - Pillar Two Model Rules</i>	1 January 2023 *

\* An entity is not required to disclose the information required by paragraphs 88B–88D for any interim period ending on or before 31 December 2023.

The adoption of the above pronouncements does not have any significant impact to the Group except for the following:

#### **MFRS 17 Insurance Contracts**

MFRS 17 which was issued by Malaysian Accounting Standards Board superseded MFRS 4 *Insurance Contracts* - an interim Standard on accounting for all insurance contracts (including financial guarantee contracts) for reporting periods beginning on or after 1 January 2021. Subsequently, the amendments to MFRS 17 was issued, to defer the effective date of MFRS 17 by two years, to annual reporting periods beginning on or after 1 January 2023.

The Group had previously designated and measured its financial guarantee contracts given to third parties and financial institutions in respect of trade contracts and credit facilities as insurance contracts in accordance with MFRS 4. At the transition date to MFRS 17, an entity which had previously applied MFRS 4 to its financial guarantee contracts are given the irrevocable choice to apply either MFRS 17 or MFRS 9 *Financial Instruments* to such insurance contracts on a contract-by-contract basis. After reassessment, the Group has elected to apply MFRS 9 on its financial guarantee contracts at the date of transition, which would represent a change in accounting policy.

In relation to this, the Group had retrospectively applied MFRS 9 on its financial guarantee contracts and the financial effects are presented in Notes A1(i), A1(ii) and A1(iii).

The financial effects of the change in accounting policy for the current quarter ended 30 June 2023 are as presented in Note B9(b).

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**A1 Accounting Policies and Basis of Preparation (contd.)**

## (i) Reconciliation of statements of profit of loss

	Quarter ended 30 June 2022			Cumulative quarter ended 30 June 2022		
	As previously reported	Effects of prior year restatements	Restated	As previously reported	Effects of prior year restatements	Restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,280,358	-	1,280,358	2,392,834	-	2,392,834
Operating expenses	(1,180,317)	(9,719)	(1,190,036)	(2,255,539)	(14,456)	(2,269,995)
Other operating income	70,008	-	70,008	107,063	-	107,063
Net impairment losses on financial assets & contract assets	(3,784)	-	(3,784)	(5,961)	-	(5,961)
Profit from operations	166,265	(9,719)	156,546	238,397	(14,456)	223,941
Finance income	32,798	-	32,798	78,254	-	78,254
Finance costs	(60,969)	-	(60,969)	(90,637)	-	(90,637)
Share of profit from associates	32,822	-	32,822	78,736	-	78,736
Share of profit from joint ventures	44,112	-	44,112	97,365	-	97,365
Profit before tax	215,028	(9,719)	205,309	402,115	(14,456)	387,659
Income tax expense	(23,791)	2,333	(21,458)	(51,685)	3,470	(48,215)
Profit for the period	191,237	(7,386)	183,851	350,430	(10,986)	339,444
Attributable to:						
- Owners of the parent	168,877	(7,386)	161,491	308,989	(10,986)	298,003
- Non-controlling interests	22,360	-	22,360	41,441	-	41,441
	191,237	(7,386)	183,851	350,430	(10,986)	339,444
Earnings per share:						
- Basic	2.88		2.75	4.83		4.64
- Diluted	2.82		2.70	4.74		4.56

**A1 Accounting Policies and Basis of Preparation (contd.)**

## (ii) Reconciliation of statements of comprehensive income

	Quarter ended 30 June 2022			Cumulative quarter ended 30 June 2022		
	As previously reported	Effects of prior year restatements	Restated	As previously reported	Effects of prior year restatements	Restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit for the period	191,237	(7,386)	183,851	350,430	(10,986)	339,444
<u>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods</u>						
Foreign currency translation differences for foreign operations	12,172	-	12,172	19,456	-	19,456
Cash flow hedge reserve - Fair value gain/(loss)						
- Net fair value gain of derivatives	13,260	-	13,260	31,986	-	31,986
- Amounts recycled to profit or loss	(10,045)	-	(10,045)	(28,822)	-	(28,822)
<u>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</u>						
Fair value gain on other investments at fair value through other comprehensive income	10,777	-	10,777	37,815	-	37,815
	26,164	-	26,164	60,435	-	60,435
Total comprehensive income for the period	217,401	(7,386)	210,015	410,865	(10,986)	399,879
Attributable to:						
- Owners of the parent	194,820	(7,386)	187,434	370,107	(10,986)	359,121
- Non-controlling interests	22,581	-	22,581	40,758	-	40,758
	217,401	(7,386)	210,015	410,865	(10,986)	399,879

**A1 Accounting Policies and Basis of Preparation (contd.)**

## (iii) Reconciliation of statements of financial position

	As at 1 January 2022			As at 31 December 2022		
	As previously reported	Effects of prior year restatements	Restated	As previously reported	Effects of prior year restatements	Restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	47,405	1,877	49,282	53,873	4,769	58,642
Other non-current assets	17,038,167	-	17,038,167	17,661,480	-	17,661,480
<b>Non-current assets</b>	<b>17,085,572</b>	<b>1,877</b>	<b>17,087,449</b>	<b>17,715,353</b>	<b>4,769</b>	<b>17,720,122</b>
<b>Current assets</b>	<b>7,998,726</b>	<b>-</b>	<b>7,998,726</b>	<b>8,341,400</b>	<b>-</b>	<b>8,341,400</b>
<b>TOTAL ASSETS</b>	<b>25,084,298</b>	<b>1,877</b>	<b>25,086,175</b>	<b>26,056,753</b>	<b>4,769</b>	<b>26,061,522</b>
Payables, accruals & other short term liabilities	2,469,266	7,823	2,477,089	2,490,447	19,870	2,510,317
Other current liabilities	4,236,922	-	4,236,922	5,514,868	-	5,514,868
<b>Current liabilities</b>	<b>6,706,188</b>	<b>7,823</b>	<b>6,714,011</b>	<b>8,005,315</b>	<b>19,870</b>	<b>8,025,185</b>
<b>Non-current liabilities</b>	<b>5,255,810</b>	<b>-</b>	<b>5,255,810</b>	<b>4,478,903</b>	<b>-</b>	<b>4,478,903</b>
<b>Total liabilities</b>	<b>11,961,998</b>	<b>7,823</b>	<b>11,969,821</b>	<b>12,484,218</b>	<b>19,870</b>	<b>12,504,088</b>
<b>Equity attributable to Owners of the Parent</b>						
Share capital	5,393,889	-	5,393,889	5,393,897	-	5,393,897
Irredeemable convertible preference shares	977,779	-	977,779	977,779	-	977,779
Treasury shares	(74,335)	-	(74,335)	(74,335)	-	(74,335)
Reserves	5,733,046	(5,946)	5,727,100	6,243,414	(15,101)	6,228,313
	12,030,379	(5,946)	12,024,433	12,540,755	(15,101)	12,525,654
Non-controlling interests	1,091,921	-	1,091,921	1,031,780	-	1,031,780
<b>Total equity</b>	<b>13,122,300</b>	<b>(5,946)</b>	<b>13,116,354</b>	<b>13,572,535</b>	<b>(15,101)</b>	<b>13,557,434</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>25,084,298</b>	<b>1,877</b>	<b>25,086,175</b>	<b>26,056,753</b>	<b>4,769</b>	<b>26,061,522</b>
<b>Net assets per share attributable to Owners of the Parent (RM)</b>	<b>2.05</b>		<b>2.05</b>	<b>2.14</b>		<b>2.13</b>

**A2 Report of the Auditors**

The report of the auditors of preceding annual financial statements was not subject to any qualification.

**A3 Seasonal or Cyclical Factors**

The results for the current quarter under review were not materially affected by seasonal or cyclical factors.

**A4 Unusual Items**

There were no material unusual items affecting the amounts reported for the current quarter ended 30 June 2023.

**A5 Changes in Estimates**

There were no changes in estimates that have a material effect on the amounts reported for the current quarter ended 30 June 2023.

**A6 Issuances, Cancellations, Repurchases, Resale and Repayments of Debts and Equity Securities**

During the financial period ended 30 June 2023, the Company increased its issued and paid up ordinary share capital by way of:

- (a) issuance of 3,125 ordinary shares pursuant to the exercise of warrant; and
- (b) issuance of 65,562,100 ordinary shares pursuant to the Dividend Reinvestment Scheme ("DRS").

Save for the above, there was no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the current period under review.

**A7 Dividends Paid**

Dividend payments made since the last financial year end were as follows:

- a) Single-tier second interim dividend of 3.50 sen per ordinary share for the financial year ended 31 December 2022, which consists of cash portion of 1.50 sen per ordinary share and an electable portion of 2.00 sen per share which can be elected to be reinvested into new ordinary shares in accordance with the Dividend Reinvestment Scheme ("DRS"). The reinvestment rate subsequent to the completion of the DRS was 93.59% with the allotment of 65,562,100 new ordinary shares at RM1.38 per share amounted to RM90,475,698 and the total cash dividend of RM80,641,964 was paid on 5 May 2023. The new ordinary shares issued pursuant to the DRS were listed on the Main Market of Bursa Securities on 8 May 2023; and
- b) RM25,666,695 was paid on 13 April 2023 as preferential dividend of 5.25% per annum, based on the issue price of RM1.00 per irredeemable convertible preference share ("ICPS"), for the period from 1 July 2022 to 31 December 2022.

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**A8 Segmental Reporting**

Segmental results for the financial period ended 30 June 2023 are as follows:

	Property Development RM'000	Property Investment RM'000	Construction RM'000	Healthcare RM'000	Trading and Manufacturing RM'000	Quarry RM'000	Investment Holdings RM'000	Others RM'000	Adjustments/ Eliminations RM'000	Total RM'000
<b>BY BUSINESS SEGMENTS</b>										
<b>REVENUE AND RESULTS</b>										
<b>Revenue</b>										
Sales to external customers	609,878	409,286	732,037	-	451,913	172,710	4,193	351,892	-	2,731,909
Inter-segment revenue	30,892	83,417	795,186	-	96,948	26,853	67,023	101,122	(1,201,441)	-
Total revenue	640,770	492,703	1,527,223	-	548,861	199,563	71,216	453,014	(1,201,441)	2,731,909
<b>Results</b>										
Operating segment results	58,896	73,890	92,583	-	23,319	9,595	(31,274)	26,376	-	253,385
Finance income	37,227	34,780	10,408	-	6,881	3,756	66,230	8,236	(45,352)	122,166
Finance costs	(45,371)	(80,541)	(19,607)	-	(10,495)	(4,867)	(18,830)	(6,447)	45,352	(140,806)
Share of results of:										
- associates	3	71,891	87	-	-	-	(857)	180	-	71,304
- joint ventures	21,383	1,078	575	66,554	-	(591)	-	-	-	88,999
Profit before taxation	72,138	101,098	84,046	66,554	19,705	7,893	15,269	28,345	-	395,048
Taxation	(14,260)	(17,904)	(19,050)	-	(5,512)	(2,428)	231	(5,138)	-	(64,061)
Profit for the period	57,878	83,194	64,996	66,554	14,193	5,465	15,500	23,207	-	330,987
Non-controlling interests	(8,558)	(127)	(28,015)	-	324	(87)	(2,977)	26	-	(39,414)
Attributable to owners of the parent	49,320	83,067	36,981	66,554	14,517	5,378	12,523	23,233	-	291,573

	Revenue RM'000	Profit/(Loss) before tax RM'000	Profit/(Loss) after tax RM'000	Attributable to owners of the parent RM'000
<b>BY GEOGRAPHICAL SEGMENTS</b>				
Malaysia	2,261,809	365,010	307,456	269,472
Singapore	141,070	12,078	11,107	14,885
China	62,424	4,132	3,431	3,642
India	183,074	13,347	10,339	5,406
Australia	17,547	1,009	459	(247)
Indonesia	25,001	2,713	1,819	1,819
United Kingdom	19,773	(3,739)	(3,912)	(3,993)
Other countries	21,211	498	288	589
	2,731,909	395,048	330,987	291,573

**A8 Segmental Reporting (contd.)**

Segmental assets and liabilities for the financial period ended 30 June 2023 are as follows:

	Property Development RM'000	Property Investment RM'000	Construction RM'000	Healthcare RM'000	Trading and Manufacturing RM'000	Quarry RM'000	Investment Holdings RM'000	Others RM'000	Adjustments/ Eliminations RM'000	Total RM'000
<b>Assets</b>										
Segment assets	7,394,300	3,448,727	2,475,149	-	980,982	463,710	12,151,425	1,369,817	(10,738,213)	17,545,897
Investment in associates	-	2,617,501	-	-	-	-	15,826	54,722	-	2,688,049
Investment in joint ventures	2,317,104	140,039	262,661	4,111,291	51	13,496	86	-	-	6,844,728
Unallocated assets										129,860
Total assets										27,208,534
<b>Liabilities</b>										
Segment liabilities	5,384,121	4,011,010	1,896,082	-	652,623	363,932	10,602,396	770,479	(10,678,158)	13,002,485
Unallocated liabilities										262,636
Total liabilities										13,265,121

**A8 Segmental Reporting (contd.)**

Segmental results by foreign currency for the financial period ended 30 June 2023 are as follows:

**PROPERTY DEVELOPMENT SEGMENT:**

	Foreign currency				RM'000			
	Revenue	Profit/(Loss) before tax	Profit/(Loss) after tax	Attributable to owners of the parent	Revenue	Profit/(Loss) before tax	Profit/(Loss) after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	609,878	50,111	37,169	29,313	609,878	50,111	37,169	29,313
Australian Dollar (AUD'000)	-	609	427	192	-	1,834	1,284	578
Hong Kong Dollar (HKD'000)	-	5	3	3	-	3	2	2
India Rupee (INR'000)	-	92	92	92	-	5	5	5
Chinese Renminbi (RMB'000)	-	(947)	(947)	(947)	-	(610)	(610)	(610)
Singapore Dollar (SGD'000)	-	6,207	5,979	5,979	-	20,806	20,039	20,039
US Dollar (USD'000)	-	(2)	(2)	(2)	-	(11)	(11)	(7)
					609,878	72,138	57,878	49,320

**PROPERTY INVESTMENT SEGMENT:**

	Foreign currency				RM'000			
	Revenue	Profit/(Loss) before tax	Profit/(Loss) after tax	Attributable to owners of the parent	Revenue	Profit/(Loss) before tax	Profit/(Loss) after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	382,316	108,143	90,413	90,071	382,316	108,143	90,413	90,071
Pound Sterling (GBP'000)	3,556	(672)	(704)	(718)	19,773	(3,739)	(3,912)	(3,993)
Singapore Dollar (SGD'000)	-	(678)	(678)	(678)	-	(2,273)	(2,274)	(2,274)
US Dollar (USD'000)	1,018	(122)	(122)	(56)	4,563	(549)	(549)	(253)
Vietnam Dong (VND'000,000)	13,829	(2,541)	(2,541)	(2,541)	2,634	(484)	(484)	(484)
					409,286	101,098	83,194	83,067

**CONSTRUCTION SEGMENT:**

	Foreign currency				RM'000			
	Revenue	Profit/(Loss) before tax	Profit/(Loss) after tax	Attributable to owners of the parent	Revenue	Profit/(Loss) before tax	Profit/(Loss) after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	427,427	79,018	62,977	36,116	427,427	79,018	62,977	36,116
India Rupee (INR'000)	3,356,077	244,583	189,441	99,010	183,074	13,342	10,334	5,401
Singapore Dollar (SGD'000)	36,260	(2,480)	(2,480)	(1,353)	121,536	(8,312)	(8,313)	(4,535)
US Dollar (USD'000)	-	-	-	-	-	(2)	(2)	(1)
					732,037	84,046	64,996	36,981

**HEALTHCARE SEGMENT:**

	Foreign currency				RM'000			
	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	-	66,554	66,554	66,554	-	66,554	66,554	66,554
					-	66,554	66,554	66,554

**TRADING & MANUFACTURING SEGMENT:**

	Foreign currency				RM'000			
	Revenue	Profit/(Loss) before tax	Profit/(Loss) after tax	Attributable to owners of the parent	Revenue	Profit/(Loss) before tax	Profit/(Loss) after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	344,530	13,196	9,688	9,624	344,530	13,196	9,688	9,624
Australian Dollar (AUD'000)	5,829	(274)	(274)	(274)	17,547	(825)	(825)	(825)
Indonesia Rupiah (IDR'000,000)	83,709	9,084	6,090	6,090	25,001	2,713	1,819	1,819
Chinese Renminbi (RMB'000)	48,592	2,064	982	1,584	31,287	1,329	632	1,020
Singapore Dollar (SGD'000)	5,828	554	494	494	19,534	1,857	1,655	1,655
Thai Baht (THB'000)	93,072	10,346	8,728	8,728	12,135	1,349	1,138	1,138
Vietnam Dong (VND'000,000)	9,865	452	452	452	1,879	86	86	86
					451,913	19,705	14,193	14,517

**A8 Segmental Reporting (contd.)**

Segmental results by foreign currency for the financial period ended 30 June 2023 are as follows: (contd.)

**QUARRY SEGMENT:**

	Foreign currency				RM'000			
	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	172,710	7,784	5,355	5,268	172,710	7,784	5,355	5,268
Trinidad & Tobago Dollar (TTD'000)	-	164	166	166	-	109	110	110
					<b>172,710</b>	<b>7,893</b>	<b>5,465</b>	<b>5,378</b>

**INVESTMENT HOLDINGS SEGMENT:**

	Foreign currency				RM'000			
	Revenue	Profit/(Loss) before tax	Profit/(Loss) after tax	Attributable to owners of the parent	Revenue	Profit/(Loss) before tax	Profit/(Loss) after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	3,209	15,139	15,379	12,400	3,209	15,139	15,379	12,400
Hong Kong Dollar (HKD'000)	-	(82)	(96)	(93)	-	(47)	(55)	(53)
Chinese Renminbi (RMB'000)	1,528	275	273	273	984	177	176	176
					<b>4,193</b>	<b>15,269</b>	<b>15,500</b>	<b>12,523</b>

**OTHERS SEGMENT:**

	Foreign currency				RM'000			
	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	321,739	25,065	19,921	20,126	321,739	25,065	19,921	20,126
Chinese Renminbi (RMB'000)	46,831	5,094	5,104	4,826	30,153	3,280	3,286	3,107
					<b>351,892</b>	<b>28,345</b>	<b>23,207</b>	<b>23,233</b>



#### A9 Valuation of Property, Plant and Equipment and Investment Properties

The Group adopts the fair value model for its investment properties. There is no significant and indicative change in value of the said investment properties since the last balance sheet date.

#### A10 Material Events Subsequent to the end of the Reporting Period

There were no material events subsequent to the current quarter ended 30 June 2023.

#### A11 Changes in the Composition of the Group

There were no material changes in the composition of the Group for the current quarter ended 30 June 2023.

#### A12 Contingent Liabilities and Assets

Details of contingent liabilities of the Group as at the date of issue of the report are as follows:

(a) Guarantees

	30/06/2023	31/12/2022
	RM'000	RM'000
Guarantees given to third parties in respect of trade and contracts	1,002,831	807,254
Guarantees given to financial institutions for borrowings obtained by joint ventures	2,995,516	2,554,550
	<u>3,998,347</u>	<u>3,361,804</u>

(b) Claim

	30/06/2023	31/12/2022
	RM'000	RM'000
Claim by a third party	164,378	164,378

Claim by a third party represents proportionate share of contingent liability based on amount claimed in relation to a material litigation of Sunway REIT, a 40.89% owned associate of the Group, with Metroplex Holdings Sdn. Bhd. ("Metroplex").

On 31 March 2021, the Federal Court allowed Metroplex's appeal by setting aside the Court of Appeal's Decision in favour of Sunway REIT, restoring the High Court's Decision and ordered the assessment of damages against Sunway REIT to proceed before the High Court. In Metroplex's claim, Metroplex is claiming for the Chattels and Movable Items amounting to approximately RM402 million. However, Sunway REIT is vigorously objecting to the amount claimed as being overly excessive and has appointed subject matter experts to dispute the quantum of claim.

During the case management hearing on 24 June 2022, the original trial dates of 3 to 6 October 2022 for the assessment of damages have been vacated. The trial for the said assessment held on 4, 5, 6, 12 and 13 January 2023 has been concluded. Upon conclusion of the trial, the High Court judge directed Sunway REIT and Metroplex to appear before the High Court for oral submission on 9 and 15 May 2023. At this stage, the financial impact cannot be determined pending the decision of the High Court, which is scheduled to be delivered on 4 September 2023.

In accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, the Group discloses the share of associate's contingent liability relating to this legal case as there is a present obligation that arose from past event, although the amount of obligation could not be measured with sufficient reliability at this juncture.

There were no contingent assets since the last annual reporting date.

#### A13 Commitments

(a) Capital commitments not provided for in the financial year as at 30 June 2023 are as follows:

	30/06/2023	31/12/2022
	RM'000	RM'000
Approved and contracted for property, plant and equipment and investment properties	15,333	35,074
Approved but not contracted for property, plant and equipment and investment properties	48,634	57,228
	<u>63,967</u>	<u>92,302</u>

The Group's share of capital commitments in associates are as follows:

	30/06/2023	31/12/2022
	RM'000	RM'000
Approved and contracted for property, plant and equipment and investment properties	372,185	75,372
Approved but not contracted for property, plant and equipment and investment properties	118,421	136,338
	<u>490,606</u>	<u>211,710</u>

### A13 Commitments (contd.)

(a) Capital commitments not provided for in the financial year as at 30 June 2023 are as follows: (contd.)

The Group's share of capital commitments in joint ventures are as follows:

	30/06/2023 RM'000	31/12/2022 RM'000
Approved and contracted for property, plant and equipment and investment properties	414,264	553,325
Approved but not contracted for property, plant and equipment and investment properties	983,876	831,517
	<u>1,398,140</u>	<u>1,384,842</u>

(b) Operating lease commitment not provided for in the financial year as at 30 June 2023 is as follows:

	30/06/2023 RM'000	31/12/2022 RM'000
Future minimum lease receipts:		
- not later than 1 year	55,300	54,658
- later than 1 year and not later than 5 years	199,359	227,573
	<u>254,659</u>	<u>282,231</u>

### A14 Significant Related Party Transactions

(a) Sale/(Purchase) transactions with joint ventures and associates

	Current Quarter Ended		Cumulative Year To Date	
	30/06/2023 RM'000	30/06/2022 RM'000	30/06/2023 RM'000	30/06/2022 RM'000
<b>(i) <u>Sunway Real Estate Investment Trust</u></b> <b><u>("Sunway REIT") (RHB Trustees Bhd) ^</u></b>				
Lease of Sunway Resort Hotel & Spa	(2,068)	(2,068)	(4,137)	(4,136)
Lease of Sunway Putra Hotel	(1,847)	(1,541)	(4,622)	(2,514)
Lease of Sunway Hotel Georgetown	(822)	(822)	(1,645)	(1,645)
Lease of Sunway Pyramid's ice rink	(409)	(405)	(824)	(812)
Lease/Rental of properties in respect of :				
Menara Sunway and accommodation for security staff	(1,741)	(1,934)	(3,546)	(3,638)
Rental and management of car parks and related services	(10,111)	(8,700)	(20,030)	(15,210)
Provision of property management and related services	1,364	1,127	2,811	2,208
Provision of loyalty card points	301	61	601	324
Sales of financial, human resources and IT related services	569	565	1,106	880
Marketing, distribution and sale of construction related products and industrial products	170	32	199	590
Construction, marketing, mechanical engineering, engineering related design and build, civil engineering, building works and related services	20,699	35,088	30,158	98,432
Management services	4,386	2,973	8,112	5,693
Distribution income from perpetual note	2,204	2,392	4,770	4,628
<b>(ii) <u>Sunway Iskandar Sdn. Bhd. Group</u></b>				
Construction, marketing, mechanical engineering, engineering related design and build, civil engineering, building works and related services	98	15,098	99	25,008
Management services	1,341	6,704	3,102	8,356
Property management and related services	520	495	858	759
Lease of land for precast plant	(464)	(150)	(535)	(300)
<b>(iii) <u>Sunway Healthcare Holdings Sdn. Bhd. Group</u></b>				
Provision of medical services	(305)	(433)	(671)	(1,201)
Sponsorship of nurse program	(573)	(1,550)	(987)	(1,973)
Construction, marketing, mechanical engineering, engineering related design and build, civil engineering, building works and related services	74,814	98,146	125,466	215,268
Rental of office space premises and related services	746	1,417	1,361	2,706
Provision of property management and related services	625	2,136	1,743	3,160
Sales of financial, human resources and IT related services	1,839	1,192	2,398	2,228
Management services	696	648	1,388	1,296
Provision of ticketing and tour related services	414	168	789	168
Distribution paid/payable by wholesale funds	1,373	1,909	2,871	2,951

**A14 Significant Related Party Transactions (contd.)**
**(a) Sale/(Purchase) transactions with joint ventures and associates (contd.)**

	Current Quarter Ended		Cumulative Year To Date	
	30/06/2023 RM'000	30/06/2022 RM'000	30/06/2023 RM'000	30/06/2022 RM'000
(iv) <b>Sunway Velocity Hotel Sdn. Bhd.</b> Management services	264	252	508	334
(v) <b>Sunway Velocity Mall Sdn. Bhd.</b> Corporate guarantee commission fee	773	-	773	-
(vi) <b>GME - SE Joint Venture (SWT)</b> Construction, marketing, mechanical engineering, engineering related design and build, civil engineering, building works and related services	-	(3,084)	-	(10,131)
(vii) <b>Blacktop Lanchang Sdn. Bhd.</b> Distribution and sale of construction related products and industrial products	427	2,603	804	4,746

**(b) Sale/(Purchase) transactions with shareholders and their related companies**

	Current Quarter Ended		Cumulative Year To Date	
	30/06/2023 RM'000	30/06/2022 RM'000	30/06/2023 RM'000	30/06/2022 RM'000
(i) <b>Active Equity Sdn. Bhd. Group *</b> Information systems products and consultancy fees	(2,248)	(2,742)	(4,309)	(4,545)
(ii) <b>Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling</b> Distribution paid/payable in respect of Perpetual Sukuk	(7,554)	(7,679)	(15,317)	(15,274)

^ The wholly-owned subsidiary of the Group, Sunway REIT Holdings Sdn. Bhd., is a major unit holder of Sunway REIT. Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng, Sarena Cheah Yean Tih, Evan Cheah Yean Shin, Adrian Cheah Yean Sun, Sungei Way Corporation Sdn. Bhd. and Active Equity Sdn. Bhd., being major shareholders of the Group, also have deemed interests in Sunway REIT via Sunway REIT Holdings Sdn. Bhd..

Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng is the spouse while Sarena Cheah Yean Tih, Evan Cheah Yean Shin and Adrian Cheah Yean Sun are the children of Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling.

\* Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, Sarena Cheah Yean Tih and Evan Cheah Yean Shin are Directors and major shareholders of Active Equity Group Sdn. Bhd. as well as Directors in several subsidiaries of Active Equity Sdn. Bhd.. Adrian Cheah Yean Sun is a major shareholder of Active Equity Sdn. Bhd..

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling and Sarena Cheah Yean Tih are Directors and major shareholders of the Group as well as Directors in several subsidiaries of the Group. Evan Cheah Yean Shin and Adrian Cheah Yean Sun are Directors in several subsidiaries of the Group and major shareholders of the Group.

**B1 Review of Performance**

Analysis of performance of the respective operating business segments are as follows:

For the quarter

	Quarter ended		Increase/ (Decrease) %
	30/06/2023 RM'000	30/06/2022 RM'000 (Restated)	
<b>Revenue</b>			
Property Development	362,071	286,401	26.4
Property Investment	199,400	149,598	33.3
Construction	404,096	316,849	27.5
Trading and Manufacturing	227,833	264,799	(14.0)
Quarry	94,485	101,064	(6.5)
Others	180,286	161,647	11.5
	<u>1,468,171</u>	<u>1,280,358</u>	14.7

## B1 Review of Performance (contd.)

Analysis of performance of the respective operating business segments are as follows: (contd.)

### For the quarter (contd.)

	Quarter ended		Increase/ (Decrease) %
	30/06/2023 RM'000	30/06/2022 RM'000 (Restated)	
<b>Profit before tax</b>			
Property Development	49,066	25,700	90.9
Property Investment	33,854	53,426	(36.6)
Construction	44,536	44,395	0.3
Healthcare*	37,722	35,298	6.9
Trading and Manufacturing	10,106	9,689	4.3
Quarry	4,401	1,811	143.0
Others	23,333	34,990	(33.3)
	<u>203,018</u>	<u>205,309</u>	(1.1)

\* Please note that the healthcare's contribution is based on equity accounting which accounts for the Group's share of its net profit or loss.

The Group recorded revenue of RM1,468.2 million and profit before tax of RM203.0 million for the current quarter ended 30 June 2023 compared to revenue of RM1,280.4 million and profit before tax of RM205.3 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 14.7% and decrease in profit before tax of 1.1%. Revenue was higher in the current quarter mainly due to higher contribution from most business segments except from trading and manufacturing and quarry segments. However, profit before tax in the current quarter was marginally lower due to lower profit contribution from property investment and others segments.

It should also be noted that due to MFRS 15, the development profit from two of the Group's on-going Singapore property development projects will only be recognised upon completion and handover of the projects. As a result, the accumulated progressive profit related to these projects as at the end of the current quarter of RM131.1 million, of which RM9.5 million was recorded in the current quarter, was not recognised.

The property development segment reported revenue of RM362.1 million and profit before tax of RM49.1 million in the current quarter compared to revenue of RM286.4 million and profit before tax of RM25.7 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 26.4% and profit before tax of 90.9%. The better performance in the current quarter was mainly due to higher sales and progress billings from new and on-going local development projects and higher profit recognition from one of the Group's Singapore private condominium projects.

The property investment segment reported revenue of RM199.4 million and profit before tax of RM33.9 million in the current quarter compared to revenue of RM149.6 million and profit before tax of RM53.4 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 33.3% and decrease in profit before tax of 36.6%. The higher revenue in the current quarter was mainly due to the stronger performance from the leisure and hospitality businesses with increased visitorships to the theme parks and higher occupancy rates at the Group's hotels, coupled with higher revenue from operations of property investment assets. However, profit before tax was lower mainly due to higher operating costs from higher utility charges, higher manpower costs due to the implementation of minimum wage by the government and higher interest rates. It should also be noted that the profit before tax in the corresponding quarter of the previous financial year recorded a one-off gain from disposal of one of its property investment assets of RM6.3 million.

The construction segment recorded revenue of RM404.1 million and profit before tax of RM44.5 million in the current quarter compared to revenue of RM316.8 million and profit before tax of RM44.4 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 27.5% and profit before tax of 0.3%. The revenue in the current quarter was higher due to higher progress billings from local construction projects. However, the profit before tax was only slightly higher due to lower operating margins.

The healthcare segment reported a share of net profit of RM37.7 million in the current quarter compared to the share of net profit of RM35.3 million in the corresponding quarter of the previous financial year, representing an increase of 6.9%. The improved financial performance in the current quarter was underpinned by strong operational results from Sunway Medical Centre ("SMC") Sunway City and SMC Velocity, which mitigated the share of start-up operational losses from SMC Penang and Sunway Sanctuary of RM5.2 million, and higher utility costs. In addition, there was a higher share of additional tax payable of RM7.6 million following the normalisation of SMC Sunway City's tax paying status when its investment tax allowance ("ITA") was fully utilised in the previous financial year.

The trading and manufacturing segment recorded revenue of RM227.8 million and profit before tax of RM10.1 million in the current quarter compared to revenue of RM264.8 million and profit before tax of RM9.7 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 14.0% and increase in profit before tax of 4.3%. The lower revenue in the current quarter was mainly due to lower sales from the domestic market. Despite the lower revenue, profit before tax was higher due to higher operating margins.

The quarry segment reported revenue of RM94.5 million and profit before tax of RM4.4 million in the current quarter compared to revenue of RM101.1 million and profit before tax of RM1.8 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 6.5% and increase in profit before tax of 143.0%. Revenue was lower in the current quarter mainly due to lower sales volume and average selling price for premix. However, profit before tax was higher due to higher operating margins for both aggregates and premix.

The others segment recorded revenue of RM180.3 million and profit before tax of RM23.3 million in the current quarter compared to revenue of RM161.6 million and profit before tax of RM35.0 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 11.5% and decrease in profit before tax of 33.3%. The performance in the current quarter was mainly attributable to improved performance from the building materials segment and higher contribution from the Group's treasury functions. However, the profit before tax in the corresponding quarter of the previous financial year was higher as it was boosted by the RM26.6 million gain from the disposal of one of the Group's start-up investments.

**B1 Review of Performance (contd.)**

Analysis of performance of the respective operating business segments are as follows: (contd.)

For 6 months period

	For 6 months period ended		Increase/ (Decrease) %
	30/06/2023 RM'000	30/06/2022 RM'000 (Restated)	
<b>Revenue</b>			
Property Development	609,878	444,596	37.2
Property Investment	409,286	270,705	51.2
Construction	732,037	685,460	6.8
Trading and Manufacturing	451,913	469,838	(3.8)
Quarry	172,710	177,215	(2.5)
Others	356,085	345,020	3.2
	<u>2,731,909</u>	<u>2,392,834</u>	14.2
<b>Profit before tax</b>			
Property Development	72,138	49,115	46.9
Property Investment	101,098	98,448	2.7
Construction	84,046	92,228	(8.9)
Healthcare*	66,554	63,539	4.7
Trading and Manufacturing	19,705	19,985	(1.4)
Quarry	7,893	6,662	18.5
Others	43,614	57,682	(24.4)
	<u>395,048</u>	<u>387,659</u>	1.9

\* Please note that the healthcare's contribution is based on equity accounting which accounts for the Group's share of its net profit or loss.

The Group recorded revenue of RM2,731.9 million and profit before tax of RM395.0 million for the current 6 months period ended 30 June 2023 compared to revenue of RM2,392.8 million and profit before tax of RM387.7 million in the corresponding 6 months period ended 30 June 2022, representing an increase in revenue of 14.2% and profit before tax of 1.9%. Revenue was higher in the current period due to higher contributions from most business segments except for trading and manufacturing and quarry segments. Profit before tax in the current period was marginally higher on the back of higher profit contributions from most business segments except from construction, trading and manufacturing and others segments.

The property development segment reported revenue of RM609.9 million and profit before tax of RM72.1 million for the current 6 months period ended 30 June 2023 compared to revenue of RM444.6 million and profit before tax of RM49.1 million in the corresponding 6 months period ended 30 June 2022, representing an increase in revenue of 37.2% and profit before tax of 46.9%. Revenue in the current period was higher mainly due to higher sales and progress billings from new and on-going local development projects. As a result, profit before tax in the current period was also higher.

The property investment segment reported revenue of RM409.3 million and profit before tax of RM101.1 million for the current 6 months period ended 30 June 2023 compared to revenue of RM270.7 million and profit before tax of RM98.4 million in the corresponding 6 months period ended 30 June 2022, representing an increase in revenue of 51.2% and profit before tax of 2.7%. Revenue in the current period was higher mainly due to strong performance of the leisure and hospitality businesses with increased visitorships to the theme parks and higher occupancy rates at the Group's hotels and higher revenue from operations of property investment assets. However, profit before tax for the current period was dragged down by higher operating costs from higher utility charges and manpower costs, and impacted from higher interest rates in the current period. The profit in the previous corresponding 6 months period recorded a one-off net gain from disposal of one of its property investment assets of RM6.3 million.

The construction segment recorded revenue of RM732.0 million and profit before tax of RM84.0 million for the current 6 months period ended 30 June 2023 compared to revenue of RM685.5 million and profit before tax of RM92.2 million in the corresponding 6 months period ended 30 June 2022, representing an increase in revenue of 6.8% and decrease in profit before tax of 8.9%. The higher revenue in the current period was mainly due to higher progress billings from overseas construction projects. However, profit before tax was lower due to lower operating margins.

The healthcare segment reported a share of net profit of RM66.6 million in the current 6 months period ended 30 June 2023 compared to RM63.5 million in the corresponding 6 months period ended 30 June 2022, representing an increase of 4.7%. The improved financial performance in the current period was mainly due to strong operational results from SMC Sunway City and SMC Velocity, which mitigated the higher utility costs, the share of start-up operational losses from SMC Penang and Sunway Sanctuary of RM7.3 million, and higher share of additional tax payable of RM15.8 million following the normalisation of SMC Sunway City's tax paying status when its ITA was fully utilised in the previous financial year.

The trading and manufacturing segment recorded revenue of RM451.9 million and profit before tax of RM19.7 million for the current 6 months period ended 30 June 2023 compared to revenue of RM469.8 million and profit before tax of RM20.0 million in the corresponding 6 months period ended 30 June 2022, representing a decrease in revenue of 3.8% and profit before tax of 1.4%. The financial performance in the current period was lower mainly due to lower profit contribution from overseas markets.

The quarry segment reported revenue of RM172.7 million and profit before tax of RM7.9 million for the current 6 months period ended 30 June 2023 compared to revenue of RM177.2 million and profit before tax of RM6.7 million in the corresponding 6 months period ended 30 June 2022, representing a decrease in revenue of 2.5% and increase in profit before tax of 18.5%. Revenue in the current period was marginally lower mainly due to lower sales volume for premix. Despite the lower revenue, profit before tax in the current period was higher due to higher operating margins.

## B1 Review of Performance (contd.)

Analysis of performance of the respective operating business segments are as follows: (contd.)

### For 6 months period (contd.)

The others segment recorded revenue of RM356.1 million and profit before tax of RM43.6 million for the current 6 months period ended 30 June 2023 compared to revenue of RM345.0 million and profit before tax of RM57.7 million in the corresponding 6 months period ended 30 June 2022, representing an increase in revenue of 3.2% and decrease in profit before tax of 24.4%. The performance in the current period was mainly due to improved performance from the building materials segment and higher contribution from the Group's treasury functions, which more than offset the lower contribution from the community pharmacy business. However, the profit before tax in the previous corresponding 6 months period was higher as it was boosted by the RM26.6 million gain from the disposal of one of the Group's start-up investments.

## B2 Material Changes in the Quarterly Results

	Quarter ended		Increase/ (Decrease) %
	30/06/2023 RM'000	31/03/2023 RM'000	
<b>Revenue</b>			
Property Development	362,071	247,807	46.1
Property Investment	199,400	209,886	(5.0)
Construction	404,096	327,941	23.2
Trading and Manufacturing	227,833	224,080	1.7
Quarry	94,485	78,225	20.8
Others	180,286	175,799	2.6
	<u>1,468,171</u>	<u>1,263,738</u>	16.2
<b>Profit before tax</b>			
Property Development	49,066	23,072	112.7
Property Investment	33,854	67,244	(49.7)
Construction	44,536	39,510	12.7
Healthcare*	37,722	28,832	30.8
Trading and Manufacturing	10,106	9,599	5.3
Quarry	4,401	3,492	26.0
Others	23,333	20,281	15.0
	<u>203,018</u>	<u>192,030</u>	5.7

\* Please note that the healthcare's contribution is based on equity accounting which accounts for the Group's share of its net profit or loss.

The Group recorded revenue of RM1,468.2 million and profit before tax of RM203.0 million for the current quarter compared to revenue of RM1,263.7 million and profit before tax of RM192.0 million in the preceding quarter, representing an increase in revenue of 16.2% and profit before tax of 5.7%. Revenue and profit before tax were higher in the current quarter due to higher contributions from most business segments except for the property investment segment.

The property development segment reported revenue of RM362.1 million and profit before tax of RM49.1 million for the current quarter compared to revenue of RM247.8 million and profit before tax of RM23.1 million in the preceding quarter, representing an increase in revenue of 46.1% and profit before tax of 112.7%. The better financial performance in the current quarter was mainly due to higher sales and progress billings from new and on-going local development projects.

The property investment segment reported revenue of RM199.4 million and profit before tax of RM33.9 million for the current quarter compared to revenue of RM209.9 million and profit before tax of RM67.2 million in the preceding quarter, representing a decrease in revenue of 5.0% and profit before tax of 49.7%. The financial performance in the current quarter was lower mainly due to lower contribution from the leisure segment as a result of lower visitorship during the fasting month in April and fewer number of school and public holidays during the quarter. Further, the current quarter also recorded lower contribution from its associate company, Sunway REIT.

The construction segment recorded revenue of RM404.1 million and profit before tax of RM44.5 million for the current quarter compared to revenue of RM327.9 million and profit before tax of RM39.5 million in the preceding quarter, representing an increase in revenue of 23.2% and profit before tax of 12.7%. The better financial performance in the current quarter was mainly due to higher progress billings from local construction projects.

The healthcare segment reported a share of net profit of RM37.7 million in the current quarter compared to the share of net profit of RM28.8 million in the preceding quarter, representing an increase of 30.8%. The financial performance in the current quarter was higher mainly due to the strong operational results from SMC Sunway City and SMC Velocity which mitigated the share of start-up operational losses from SMC Penang and Sunway Sanctuary. It should be noted that the share of start-up losses of SMC Penang has reduced from RM2.2 million in the preceding quarter to RM1.3 million in the current quarter due to higher number of patients treated.

The trading and manufacturing segment recorded revenue of RM227.8 million and profit before tax of RM10.1 million for the current quarter compared to revenue of RM224.1 million and profit before tax of RM9.6 million in the preceding quarter, representing an increase in revenue of 1.7% and profit before tax of 5.3%. The financial performance in the current quarter remained stable due to improved domestic and overseas markets conditions.

The quarry segment reported revenue of RM94.5 million and profit before tax of RM4.4 million for the current quarter compared to revenue of RM78.2 million and profit before tax of RM3.5 million in the preceding quarter, representing an increase in revenue of 20.8% and profit before tax of 26.0%. The financial performance in the current quarter was better mainly due to higher sales volume of premix and aggregates.

**B2 Material Changes in the Quarterly Results (contd.)**

The others segment recorded revenue of RM180.3 million and profit before tax of RM23.3 million for the current quarter compared to revenue of RM175.8 million and profit before tax of RM20.3 million in the preceding quarter, representing an increase in revenue of 2.6% and profit before tax of 15.0%. The financial performance in the current quarter was better mainly due to higher contribution from the Group's treasury functions and others business segment which mitigated the lower contribution from the community pharmacy business.

**B3 Prospects**

Malaysia's gross domestic product (GDP) registered a lower growth of 2.9% in the second quarter of 2023 compared with 5.6% in the first quarter of this year. The moderating economic trend is not unexpected given the weakening global economic environment which is impacted by the series of rate hikes in developed economies to rein in the stubborn inflationary pressures. However, Bank Negara Malaysia ("BNM") is maintaining its growth forecast of between 4% to 5% due to the resilience of the domestic economy. BNM will adopt an accommodative monetary policy stance supportive of the economy.

While the economic outlook is moderating, the Group is confident that most of its business units will be able to manage the headwinds and continue to perform satisfactorily. The healthcare segment will continue to be one of the Group's main growth drivers as the 3 existing hospitals continue to register strong growth. Its pipeline of several new hospitals coming on stream in the next few years will provide future earnings growth. In addition, the Group expects its leisure, hospitality and healthcare segments to benefit from further improvement in in-bound leisure and medical-related tourism in the second half of this year from increased international arrivals.

For the longer term, the Group is looking forward to the completion of the Rapid Transit System ("RTS") rail link between Johor and Singapore in 2026, and the potential establishment of the Johor-Singapore Special Economic Zone ("JS-SEZ"), which will substantially improve the cross-border movement of people and goods. Such developments will augur well for Sunway City Iskandar Puteri, the Group's flagship township development which is strategically located between Puteri Harbour and the Second Link to Singapore.

Barring any unforeseen circumstances, the Board expects the Group's financial performance for the year to be satisfactory.

**B4 Variance of Actual Profit from Profit Forecast**

The Company did not issue any profit forecast or profit guarantee during the current year under review.

**B5 Taxation**

The current taxation does not include the tax payable for the share of profit from associates and share of profit from joint ventures as the share of profit is recognised on an after tax basis.

	Current Quarter Ended		Cumulative Year To Date	
	30/06/2023 RM'000	30/06/2022 RM'000	30/06/2023 RM'000	30/06/2022 RM'000
Current taxation	(47,503)	(34,537)	(90,589)	(64,907)
Over provision of tax in prior years	1,119	2,355	1,437	2,475
Deferred taxation	15,588	10,724	25,091	14,217
	(30,796)	(21,458)	(64,061)	(48,215)

**B6 Profit before Taxation**

The following amounts have been included in arriving at profit before taxation:

	Current Quarter Ended 30/06/2023 RM'000	Cumulative Year To Date 30/06/2023 RM'000
Depreciation and amortisation	(31,541)	(63,606)
Net (provision)/reversal of impairment for financial assets & contract assets:		
- Trade receivables	(237)	(1,880)
- Other receivables	164	171
- Advances to joint ventures	(23)	(104)
- Contract assets	(62)	115
Net provision of impairment for:		
- Investment in an associate	(3,137)	(3,137)
- Inventories	(631)	(1,304)
Write off:		
- Trade receivables	-	(20)
- Inventories	(317)	(602)
- Property, plant and equipment	(93)	(101)
Net gain on disposal of property, plant and equipment	1	1,973
Net foreign exchange loss:		
- Others	(1,598)	(1,244)
- Unrealised for hedged items	(77,961)	(65,209)
Cash flow hedge reserve recycled to profit or loss	77,961	65,209
Net loss on derivatives	(8,360)	(6,724)
Net gain on financial guarantee contracts	3,757	2,580
Distribution paid in respect of Perpetual Sukuk	(7,554)	(15,317)

## B7 Status of Corporate Proposal Announced

There were no new corporate proposal announced but not completed as at the date of this report, except for the following:

**(a) Investment by Greenwood Capital Pte. Ltd. ("Greenwood"), an indirect wholly-owned subsidiary of GIC (Ventures) Pte. Ltd., in Sunway Healthcare Holdings Sdn. Bhd. ("Sunway Healthcare"), a former wholly-owned subsidiary of Sunway City Sdn. Bhd. ("SunCity") which in turn was a wholly-owned subsidiary of the Group, for a total consideration of RM750 million in cash**

On 23 June 2021, Sunway Berhad, SunCity, Sunway Healthcare and Greenwood entered into a Share Subscription Agreement ("SSA") for the subscription of 100,000,000 ordinary shares in Sunway Healthcare, 10,000,000 irredeemable convertible preference shares in Sunway Healthcare ("ICPS") and 1 cumulative irredeemable dividend convertible preference share in Sunway Healthcare (collectively, "Subscription Shares") by Greenwood for a total subscription consideration of RM750 million in cash ("Subscription Amount").

The Subscription Amount will be paid over five (5) tranches subject to the satisfaction of the closing conditions of the respective tranches in accordance with the SSA as follows:

- (i) RM33.88 upon the Initial Closing;
- (ii) the 1st tranche of RM199,999,994.32 on the later of the date falling 6 months after the date of the SSA and the date of the Initial Closing ("1st Closing");
- (iii) the 2nd tranche of RM100,000,000.00 on the date falling 18 months after the date of the SSA ("2nd Closing");
- (iv) the 3rd tranche of RM168,000,000.00 on the date falling 18 months after the date of the 2nd Closing ("3rd Closing"); and
- (v) the 4th tranche of RM281,999,971.80 on the date falling 6 months after the date of the 3rd Closing ("4th Closing").

The Group had fulfilled the initial closing conditions on 23 December 2021 as stipulated in the SSA resulting in Greenwood becoming a shareholder of Sunway Healthcare.

Sunway Berhad, SunCity, Sunway Healthcare and Greenwood (collectively, "Parties") have on 23 December 2021 signed a supplemental letter to the SSA ("SSA Supplemental Letter") to vary, among others, the date of the 1st Closing. Pursuant to the SSA Supplemental Letter, the Parties agreed that the 1st Closing has been amended from the later of the date falling six (6) months after the date of the SSA or the Initial Closing Date to the date falling nine (9) months after the date of the SSA. Accordingly, 1st Closing conditions have been fulfilled and that 1st Closing had occurred on 23 March 2022 with Greenwood having paid the 1st tranche of the Subscription Amount of RM199,999,994.32 to Sunway Healthcare.

In addition, the Parties have also signed a Shareholders' Agreement to regulate their relationship as shareholders of Sunway Healthcare. The 2nd Closing in accordance with the SSA has taken place on 23 December 2022.

The 3rd and 4th Closing of the abovementioned Subscription Amount are expected to take place in June 2024 and December 2024 respectively.

**(b) Proposed acquisition of lands and buildings by Sunway Medical Centre Sdn. Bhd. from RHB Trustees Berhad (as trustee for Sunway Real Estate Investment Trust) ("Proposed Acquisition")**

On 29 December 2022, Sunway Medical Centre Sdn. Bhd. ("SMCSB"), a 99.99%-owned subsidiary of Sunway Healthcare Holdings Sdn. Bhd., which in turn a 84%-owned joint venture of the Group, had entered into a Conditional Sale and Purchase Agreement ("SPA") with RHB Trustees Berhad ("RHB Trustees") for the acquisition of lands and buildings known as "Tower A & B of Sunway Medical Centre", together with the plant and machinery and all fixtures and fittings affixed or located or used in the buildings ("Property") for a total purchase consideration of RM430 million. The Property was leased and used by SMCSB to operate a medical centre. Completion of the Proposed Acquisition is subject to the fulfillment of all conditions precedent of the SPA and authorities' approval.

SMCSB and RHB Trustees (collectively, "the Parties"), had on 31 March 2023, entered into a supplemental agreement to amend certain terms and conditions of the SPA. Pursuant to the supplemental agreement, the Parties have agreed to extend the cut-off date for fulfilling the conditions precedent of the SPA for another 2 months from 30 March 2023, or such other extended dates as the parties may mutually agree upon in writing.

The Parties at a later date entered into a second supplemental agreement on 30 May 2023 to extend the cut-off date to 30 June 2023 and subsequently entered into a third supplemental agreement on 30 June 2023 to further extend the cut-off date to 30 September 2023 for fulfilling the conditions precedent of the SPA, or such other extended dates as the Parties may mutually agree upon in writing.



**B7 Status of Corporate Proposal Announced (contd.)**

There were no new corporate proposal announced but not completed as at the date of this report, except for the following: (contd.)

**(c) Proposed acquisition of remaining stake and subscription of Non-Convertible Non-Cumulative Redeemable Preference Shares ("NCNCRPS") in Sunway Iskandar Development Sdn. Bhd.**

Sunway City Sdn. Bhd. ("SunCity"), a wholly-owned subsidiary of the Group, had on 14 August 2023, entered into a Share Transactions Agreement with Iskandar Assets Sdn. Bhd. ("IASB") and Sunway Iskandar Development Sdn. Bhd. ("SIDSB") for the following purposes:

- (i) SunCity agrees to acquire 770,450 ordinary shares held by IASB in SIDSB, representing 40% of the share capital of SIDSB, at a purchase consideration of RM770,450 ("Proposed Acquisition");
- (ii) SunCity will subscribe for 84,229,550 NCNCRPS in SIDSB for a total consideration of RM84,229,550 ("Proposed Subscription"); and
- (iii) SIDSB will redeem 76,274,552 NCNCRPS held by IASB in the share capital of SIDSB at a redemption price of RM84,229,550.

Consequent to the completion of the Proposed Acquisition and redemption of NCNCRPS, SIDSB, which is a joint venture, will become a wholly-owned subsidiary of SunCity. The financial effects on the changes in the composition of the Group arising from the remeasurements of the previously held equity interests in SIDSB will be accounted for in the interim financial statements of the Group for the financial period ending 30 September 2023.

**(d) Proposed acquisition of remaining stake in Sunway Subang Sdn. Bhd.**

Sunway City Sdn. Bhd. ("SunCity"), a wholly-owned subsidiary of the Group, had on 22 August 2023, entered into a Share Sale Agreement with View2pick Sdn. Bhd. ("V2P") for the purpose of acquiring 50,000 ordinary shares representing 20% of the issued and paid-up share capital of Sunway Subang Sdn. Bhd. ("SSSB") from V2P free from all encumbrances and with all rights attaching thereto for a total purchase consideration of RM49,970 ("Proposed Share Acquisition").

Consequent to the completion of the Proposed Share Acquisition, SSSB will become a wholly-owned subsidiary of SunCity.

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## B8 Group Borrowings and Debt Securities

The Group borrowings as at 30 June 2023 are as follows:

	Current RM'000	Non-current RM'000	Total RM'000
<b>Secured borrowings</b>			
<u>Islamic:</u>			
Term loans	37,648	189,540	227,188
Bankers' acceptance	3,700	-	3,700
Medium term notes	760,000	1,554,000	2,314,000
	<b>801,348</b>	<b>1,743,540</b>	<b>2,544,888</b>
<u>Conventional:</u>			
Bank overdrafts	33,935	-	33,935
Term loans	285,585	1,576,759	1,862,344
Revolving credits	1,276,983	4,220	1,281,203
Medium term notes	-	500,000	500,000
Receivable financing	20,000	-	20,000
Hire purchase	116	174	290
	<b>1,616,619</b>	<b>2,081,153</b>	<b>3,697,772</b>
<b>Total secured borrowings</b>	<b>2,417,967</b>	<b>3,824,693</b>	<b>6,242,660</b>
<b>Unsecured borrowings</b>			
<u>Islamic:</u>			
Revolving credits	15,000	-	15,000
Medium term notes	215,000	200,000	415,000
Commercial papers	620,000	-	620,000
	<b>850,000</b>	<b>200,000</b>	<b>1,050,000</b>
<u>Conventional:</u>			
Term loans	600,683	207,732	808,415
Revolving credits	688,464	-	688,464
Medium term notes	-	120,000	120,000
Bankers' acceptances	205,050	-	205,050
Bills discounting	56,658	-	56,658
	<b>1,550,855</b>	<b>327,732</b>	<b>1,878,587</b>
<b>Total unsecured borrowings</b>	<b>2,400,855</b>	<b>527,732</b>	<b>2,928,587</b>
<b>Total borrowings</b>	<b>4,818,822</b>	<b>4,352,425</b>	<b>9,171,247</b>
Islamic borrowings	1,651,348	1,943,540	3,594,888
Conventional borrowings	3,167,474	2,408,885	5,576,359
<b>Total borrowings</b>	<b>4,818,822</b>	<b>4,352,425</b>	<b>9,171,247</b>
Perpetual sukuk	-	600,000	600,000
<b>Total borrowings and perpetual sukuk</b>	<b>4,818,822</b>	<b>4,952,425</b>	<b>9,771,247</b>

Included in the Group borrowings as at 30 June 2023 are amounts denominated in foreign currency as follows:

	Foreign currency		RM'000		
	Current	Non-current	Current	Non-current	Total
<b>Secured</b>					
US Dollar (USD'000) #					
- Term loans	30,547	150,463	143,390	706,273	849,663
- Revolving credits	52,500	-	246,435	-	246,435
Singapore Dollar (SGD'000) **					
- Term loans	5,458	38,499	18,898	133,290	152,188
- Revolving credits	7,000	-	24,235	-	24,235
Australia Dollar (AUD'000) #					
- Revolving credits	83,996	-	261,010	-	261,010
- Term loans	-	6,700	-	20,820	20,820
- Receivable financing	6,436	-	20,000	-	20,000
Pound Sterling (GBP'000) **					
- Term loans	24,000	47,315	142,195	280,330	422,525
Indian Rupee (INR'000) **					
- Term loans	-	5,440,904	-	311,220	311,220

**B8 Group Borrowings and Debt Securities (contd.)**

Included in the Group borrowings as at 30 June 2023 are amounts denominated in foreign currency as follows: (contd.)

	Foreign currency		RM'000		
	Current	Non-current	Current	Non-current	Total
<b>Unsecured</b>					
US Dollar (USD'000) *					
- Revolving credits	25,000	-	117,350	-	117,350
Singapore Dollar (SGD'000) **					
- Term loans	25,000	60,000	86,555	207,732	294,287
- Revolving credits	113,000	-	391,229	-	391,229
Chinese Renminbi (RMB'000) *					
- Revolving credits	241,636	-	156,580	-	156,580
Australia Dollar (AUD'000) *					
- Revolving credits	7,500	-	23,306	-	23,306
			1,631,183	1,659,665	3,290,848

The Group borrowings as at 30 June 2022 are as follows:

	Current RM'000	Non-current RM'000	Total RM'000
<b>Secured borrowings</b>			
<u>Islamic:</u>			
Term loans	71	164,445	164,516
Medium term notes	705,000	1,525,000	2,230,000
Revolving credits	-	440,800	440,800
	705,071	2,130,245	2,835,316
<u>Conventional:</u>			
Bank overdrafts	62,293	-	62,293
Term loans	201,518	586,987	788,505
Revolving credits	820,326	254,010	1,074,336
Medium term notes	-	500,000	500,000
Bankers' acceptances	1,275	-	1,275
Hire purchase	165	181	346
	1,085,577	1,341,178	2,426,755
<b>Total secured borrowings</b>	<b>1,790,648</b>	<b>3,471,423</b>	<b>5,262,071</b>
<b>Unsecured borrowings</b>			
<u>Islamic:</u>			
Medium term notes	-	445,000	445,000
Revolving credits	25,000	-	25,000
Commercial papers	911,000	-	911,000
Bills discounting	3,960	-	3,960
	939,960	445,000	1,384,960
<u>Conventional:</u>			
Term loans	593,296	190,002	783,298
Revolving credits	777,393	-	777,393
Bankers' acceptances	167,542	-	167,542
Bills discounting	84,199	-	84,199
	1,622,430	190,002	1,812,432
<b>Total unsecured borrowings</b>	<b>2,562,390</b>	<b>635,002</b>	<b>3,197,392</b>
<b>Total borrowings</b>	<b>4,353,038</b>	<b>4,106,425</b>	<b>8,459,463</b>
Islamic borrowings	1,645,031	2,575,245	4,220,276
Conventional borrowings	2,708,007	1,531,180	4,239,187
<b>Total borrowings</b>	<b>4,353,038</b>	<b>4,106,425</b>	<b>8,459,463</b>
Perpetual sukuk	-	600,000	600,000
<b>Total borrowings and perpetual sukuk</b>	<b>4,353,038</b>	<b>4,706,425</b>	<b>9,059,463</b>

## B8 Group Borrowings and Debt Securities (contd.)

Included in the Group borrowings as at 30 June 2022 are amounts denominated in foreign currency as follows:

	Foreign currency		RM'000		
	Current	Non-current	Current	Non-current	Total
<b>Secured</b>					
US Dollar (USD'000) *					
- Term loans	-	48,000	-	211,584	211,584
- Revolving credits	-	100,000	-	440,800	440,800
Singapore Dollar (SGD'000) **					
- Term loans	-	28,246	-	89,445	89,445
- Revolving credits	9,050	-	28,659	-	28,659
Australia Dollar (AUD'000) #					
- Revolving credits	18,000	83,696	54,628	254,010	308,638
- Bankers' acceptance	420	-	1,275	-	1,275
Pound Sterling (GBP'000) **					
- Term loans	37,641	22,575	201,348	120,756	322,104
Indian Rupee (INR'000) **					
- Term loans	-	1,246,000	-	69,527	69,527
<b>Unsecured</b>					
US Dollar (USD'000) *					
- Revolving credits	50,000	-	220,400	-	220,400
Singapore Dollar (SGD'000) **					
- Term loans	25,000	60,000	79,168	190,002	269,170
- Revolving credits	77,000	-	243,836	-	243,836
Chinese Renminbi (RMB'000) *					
- Revolving credits	83,804	-	55,160	-	55,160
Australia Dollar (AUD'000) *					
- Revolving credits	29,200	-	88,619	-	88,619
			973,093	1,376,124	2,349,217

### Notes:

\* Borrowings obtained by local subsidiaries include those entered into cross currency swap contracts.

\*\* Borrowings obtained by overseas subsidiaries.

# Borrowings partially obtained by overseas subsidiaries. Those obtained by local subsidiaries include those entered into cross currency swap contracts.

Overall, the total borrowings of the Group has increased by RM0.71 billion, from RM8.46 billion as at 30 June 2022 to RM9.17 billion as at 30 June 2023.

The weighted average interest rate of borrowings (including perpetual sukuk) as at 30 June 2023 is 4.49%. 37% of the Group's borrowings (including perpetual sukuk) are fixed rate instruments, whereas 63% are floating rate instruments.

Out of the total borrowings of RM9.17 billion, RM3.29 billion (Current: RM1.63 billion; Non-current: RM1.66 billion) are denominated in foreign currencies. The group entered into cross currency swap contracts to manage its exposure in foreign currency risk arising from foreign currency borrowings. The average exchange rate entered for cross currency swap contracts for USD borrowings is 4.383, AUD borrowings is 3.033 and CNY borrowings is 0.639.

## B9 Financial Instruments - Derivatives and Financial Guarantee Contracts

(a) The Group derivatives as at 30 June 2023 are as follows:

Type of Derivatives	Contract/ Notional Value RM'000	Fair Value RM'000	Gain/(Loss) for the period RM'000	Cash Flow Hedge Reserve RM'000
<b>Interest rate swap contracts</b>				
- 1 year to 3 years	34,110	203	196	-
<b>Foreign currency forward contracts</b>				
- Less than 1 year	250,348	(760)	597	(7,084)
<b>Cross currency swap contracts #</b>				
- Less than 1 year	886,656	28,300	-	2,629
- 1 year to 5 years	617,889	21,064	-	8,550
<b>Derivative liabilities on exit clauses in relation to the partial divestment of Sunway Healthcare Group</b>	-	(221,217)	2,103	-
<b>Put option</b>	91,350	(60,898)	(9,620)	-
<b>Total derivatives</b>		(233,308)	(6,724)	4,095

# Include contracts which have not been drawn down during the period.

### Interest rate swap contracts

The Group entered into interest rate swap contracts to manage its exposure in interest rate risk arising from floating rate borrowings. Borrowings with floating interest rates expose the Group to fluctuation in market interest rate and the hedging contracts minimise the impact on the Group's cash flows. The interest rate swap contracts are executed with credit-worthy financial institutions which are governed by appropriate policies and procedures.

Interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. Any changes in fair value of derivatives during the year are recognised immediately to the profit or loss.

### Foreign currency forward contracts

The Group entered into foreign currency forward contracts to manage some of the transaction exposure. These contracts are entered into for periods consistent with currency transaction exposure and fair value changes exposure. The Group also uses foreign currency forward contracts as derivatives to hedge future changes in currency exposure of cash flows from foreign operations.

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.

### Cross currency swap contracts

The Group entered into cross currency swap contracts to manage its exposure in foreign currency risk arising from foreign currency borrowings, which was entered into to minimise the interest cost. The Group uses cash flow hedges to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuations over the hedging period on the foreign currency borrowings. Where a cash flow hedge qualifies for hedge accounting, the effective portion of gains or losses on remeasuring the fair value of the hedging instrument are recognised directly in other comprehensive income until such time as the hedged item affects profit or loss, then the gains or losses are transferred to the profit or loss. Gains or losses on any portion of the hedge determined to be ineffective are recognised immediately in the profit or loss.

Cross currency swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and interest rate curves.

### Derivative liabilities on exit clauses in relation to the partial divestment of Sunway Healthcare Group

Derivatives on exit clauses in relation to the partial divestment of Sunway Healthcare Group represent the derivatives attached to the Shareholders' Agreement ("SHA") entered between Sunway Berhad, SunCity, Sunway Healthcare and Greenwood following the partial divestment of 16% equity interest in Sunway Healthcare to Greenwood by SunCity. The derivatives comprise of the divestment considerations in relation to certain exit clauses of the SSA and SHA and liabilities arising from potential claims for breach of warranties.

### Put option

Put option represents the derivative attached to the Put Option Agreement ("POA") entered between Sunway City Sdn. Bhd. ("Put Grantor"), Low Peng Kiat and CRSC Property Sdn. Bhd. (collectively, "Put Grantees"), in respect of Sunway Velocity Two Sdn. Bhd. ("Velocity Two"). Under the POA, for a period of 5 years from year 2025, the Put Grantor granted to Put Grantees the irrevocable right to require Put Grantor to purchase all of the Put Option Shares, representing 10% of the entire enlarged share capital of Velocity Two.

**B9 Financial Instruments - Derivatives and Financial Guarantee Contracts (contd.)**

(b) The Group financial guarantee contracts as at 30 June 2023 are as follows:

Financial guarantee contracts	Contract/ Notional Value RM'000	Carrying Amount RM'000	Gain for the period RM'000
<b>Guarantees given to third parties in respect of trade and contracts obtained by joint ventures</b>	15,316	(123)	116
<b>Guarantees given to financial institutions in respect of credit facilities obtained by joint ventures</b>	2,995,516	(24,952)	2,464
<b>Total financial guarantee contracts</b>		(25,075)	2,580

The Group designates guarantees given to third parties and financial institutions in respect of trade contracts and credit facilities as financial liabilities as defined in MFRS 9 *Financial Instruments*. A financial guarantee contract is defined as a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

**B10 Aging Analysis of Trade Receivables**

The aging analysis of the Group's trade receivables are as follows:

	30/06/2023 RM'000	31/12/2022 RM'000
Current	1,609,051	1,145,253
1 to 30 days past due	131,473	185,615
31 to 60 days past due	142,067	114,535
61 to 90 days past due	72,126	80,318
91 to 120 days past due	81,389	67,797
More than 120 days past due	175,348	211,783
	602,403	660,048
Gross trade receivables	2,211,454	1,805,301
Impaired	(100,414)	(109,748)
Total trade receivables	2,111,040	1,695,553
Other receivables	570,101	557,508
Amounts due from associates	35,817	39,492
Amounts due from joint ventures	1,821,462	1,597,094
Total receivables	4,538,420	3,889,647
Non-current receivables	2,297,935	1,920,362
Current receivables	2,240,485	1,969,285
Total receivables	4,538,420	3,889,647

**B11 Changes in Material Litigation**

Except for the following claims, there was no pending material litigation.

- (a) 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. The Supreme Court had appointed the late Mr. H.L. Agarwal as the sole arbitrator.

The Statement of Claim was raised in respect of various claims and the total amount claimed is Rs.89,14,55,047.83 (approximately equivalent to RM51.0 million) in addition to interest and cost.

In the counterclaim, SunCon is seeking for Rs.78,13,94,628.61 (approximately equivalent to RM44.7 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.

## B11 Changes in Material Litigation (contd.)

Except for the following claims, there was no pending material litigation. (contd.)

(a) (contd.)

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 has 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 has been completed on 7 October 2017.

The Arbitrator published his award on 9 April 2019 and awarded the Claimant Rs.12,84,41,929.37 (approximately equivalent to RM7.3 million).

SunCon has filed an appeal with the High Court of New Delhi in early July 2019 to set aside the arbitral award. The Claimant has also filed an execution application against SunCon for enforcement of the arbitral award.

On 10 February 2020, the Honorable Court has directed SunCon to deposit, on a without prejudice basis, the decretal amount with interest with the Registrar General of the High Court of Delhi. SunCon has deposited Rs.13,56,77,784.64 (approximately equivalent to RM7.8 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.6,72,89,597 (approximately equivalent to RM3.8 million) from the deposited Award Amount.

On 27 August 2020, the Court directed the release of Rs.6,71,95,972 (approximately equivalent to RM3.8 million) on the basis of a corporate guarantee to be furnished by Srei Infrastructure Finance Ltd. 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, the Claimant withdrew their application for withdrawal without a bank guarantee and it has been dismissed accordingly.

On 20 July 2023, Srei Infrastructure Finance Ltd filed an application for release of corporate guarantee and discharge itself from all obligations under the corporate guarantee. Application was heard on 31 July 2023 and is re-notified for arguments on 29 August 2023.

(b) PNSB Acmar Sdn. Bhd. ("Plaintiff") has 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:-

- (i) Special damages of RM711,367,434.46;
- (ii) The costs between the solicitor and client amounts to RM400,000.00;
- (iii) Interest rate of 5% per year from the date of trespass i.e. 30 April 2018 until the full settlement; and
- (iv) 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 with cost of RM2,000.00 to be paid to 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. On 16 May 2023, the Court directed the Plaintiff to schedule an appointment with the Klang District and Land Office, in the presence of SunCon's solicitors, to address the issue of the documents provided by the Plaintiff not meeting the requested specifications. The purpose of the appointment is to clarify and confirm the availability and existence of the requested documents. The Plaintiff's solicitors have sent a letter to the Klang Land Office to arrange the meeting with the relevant officer, but the date for the meeting has not been determined yet.

The next case management has been scheduled on 5 September 2023.

**B12 Dividend**

Other than the dividend as disclosed in note A7, the Board of Directors has declared the following dividends in respect of financial year ending 31 December 2023:

- a) A single-tier first interim cash dividend of 2.00 sen per ordinary share; and
- b) A preferential dividend of 5.25% per annum (based on the issue price of RM1.00) per irredeemable convertible preference share ("ICPS") in respect of the financial period from 1 January 2023 to 30 June 2023.

The entitlement and payment dates in respect of the aforesaid dividends will be determined later.

**B13 Earnings per share**

The calculation of the earnings per share for the Group is based on profit after taxation and non-controlling interests, adjusted for the effects of Irredeemable Convertible Preference Shares ("ICPS") preferential dividends declared for the period, divided by the weighted average number of ordinary shares in issue during the period.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/06/2023 RM'000	Preceding Year Corresponding Quarter 30/06/2022 RM'000	Current Year To Date 30/06/2023 RM'000	Preceding Year Corresponding Period 30/06/2022 RM'000
<b><u>Basic earnings per share</u></b>		(Restated)		(Restated)
Profit attributable to owners of the Company	149,934	161,491	291,573	298,003
Less: Preferential dividends on ICPS	-	-	(25,667)	(25,667)
	149,934	161,491	265,906	272,336
Weighted average number of ordinary shares ('000)	5,905,762	5,866,854	5,886,416	5,866,852
Earnings per share (Basic) (sen) <sup>(1)</sup>	2.54	2.75	4.52	4.64
<b><u>Diluted earnings per share</u></b>				
Profit attributable to owners of the Company	149,934	161,491	291,573	298,003
Less: Preferential dividends on ICPS	-	-	(25,667)	(25,667)
	149,934	161,491	265,906	272,336
Weighted average number of ordinary shares ('000)	5,971,836	5,971,143	5,955,669	5,970,848
Earnings per share (Diluted) (sen) <sup>(1)</sup>	2.51	2.70	4.46	4.56

<sup>(1)</sup> The calculation of earnings per share (basic and diluted) includes the ordinary shares that will be issued upon the mandatory conversion of ICPS.

**By Order of the Board**

**Tan Kim Aun  
Chin Lee Chin**

**Secretaries**