

Our Performance

Property Development & Investment



MRCB'S PROPERTY DEVELOPMENT & INVESTMENT DIVISION PLAYS A CENTRAL ROLE IN OUR PURSUIT OF URBAN TRANSFORMATION IN MALAYSIA. WE FOCUS ON THE PRAGMATIC IMPLEMENTATION OF TRANSIT-ORIENTED DEVELOPMENTS (TOD), AIMED AT OPTIMISING LAND USE AROUND TRANSPORTATION HUBS TO FOSTER SUSTAINABLE URBAN GROWTH.

Our significant achievement lies in our ongoing flagship project, the Kuala Lumpur Sentral Central Business District (CBD), which despite being over 20 years old, showcases our ability to create well-connected and premium-quality working and living environments. This development has gained international recognition for its exceptional integration with transportation links and its ability to attract renowned global corporations as tenants.

Beyond Kuala Lumpur Sentral CBD, we are strategically expanding our TOD concept to locations such as PJ Sentral Garden City, Penang Sentral, and Kwasa Sentral. These projects focus on enhancing connectivity and offering residents and businesses easy access to mass transportation infrastructure.

With sustainability as a central consideration in our approach, we prioritise eco-efficiency and adhere to international Green Building standards. We aim to create spaces that align with these standards, contributing positively to our stakeholders and the environment.



Q Sentral, KL Sentral CBD



ISO 14001 certification



Malaysia's Green Building Index (GBI)



US-based Leadership in Energy and Environmental Design (LEED)




Singapore-based Building Construction Authority (BCA) Green Mark



We are also actively engaged in international property developments in Australia and TOD projects in New Zealand. Our property investment activities are managed through a significant stake in Sentral REIT, which owns commercial properties valued at RM2.5 billion as of 31 December 2023.

As part of our diversification efforts, we have expanded into the industrial and logistics market through the 810.57-acre Ipoh Raya Integrated Park in Perak, and the development of an upcoming electronics production facility in Chuping Valley Industrial Area, Perlis.

Our commitment is to create value for our stakeholders, create economic growth, and provide sustainable, high-quality spaces tailored to the evolving needs of our communities. Ultimately, we aim to contribute to a more sustainable future through our property development and investment initiatives.

 To see how the Property Development & Investment Division creates value for our stakeholders, please refer to the Stakeholder Engagement & Value Creation section on pages 37 - 47 and the Strategic Roadmap on pages 78 - 85 of this Integrated Annual Report

Key highlights of the year

		Revenue RM737.8 MILLION
Operating Profit RM148.8 MILLION	Property Sales RM831.3 MILLION	Unbilled Property Sales RM234.9 MILLION
Sentral REIT & Sentral REIT Management Profit Contribution RM18.8 MILLION	Land Bank 1,148 ACRES	GDV of Land Bank RM31 BILLION
% of GDV from TODs 81%	Daily Average Pedestrian Traffic (KL Sentral) 220,000	Daily Average Pedestrian Traffic (Penang Sentral) 25,000

2023 FINANCIAL PERFORMANCE

In 2023, the completion of major development projects earlier in the year significantly impacted the Division's performance, leading to lower revenue and operating profit contributions.

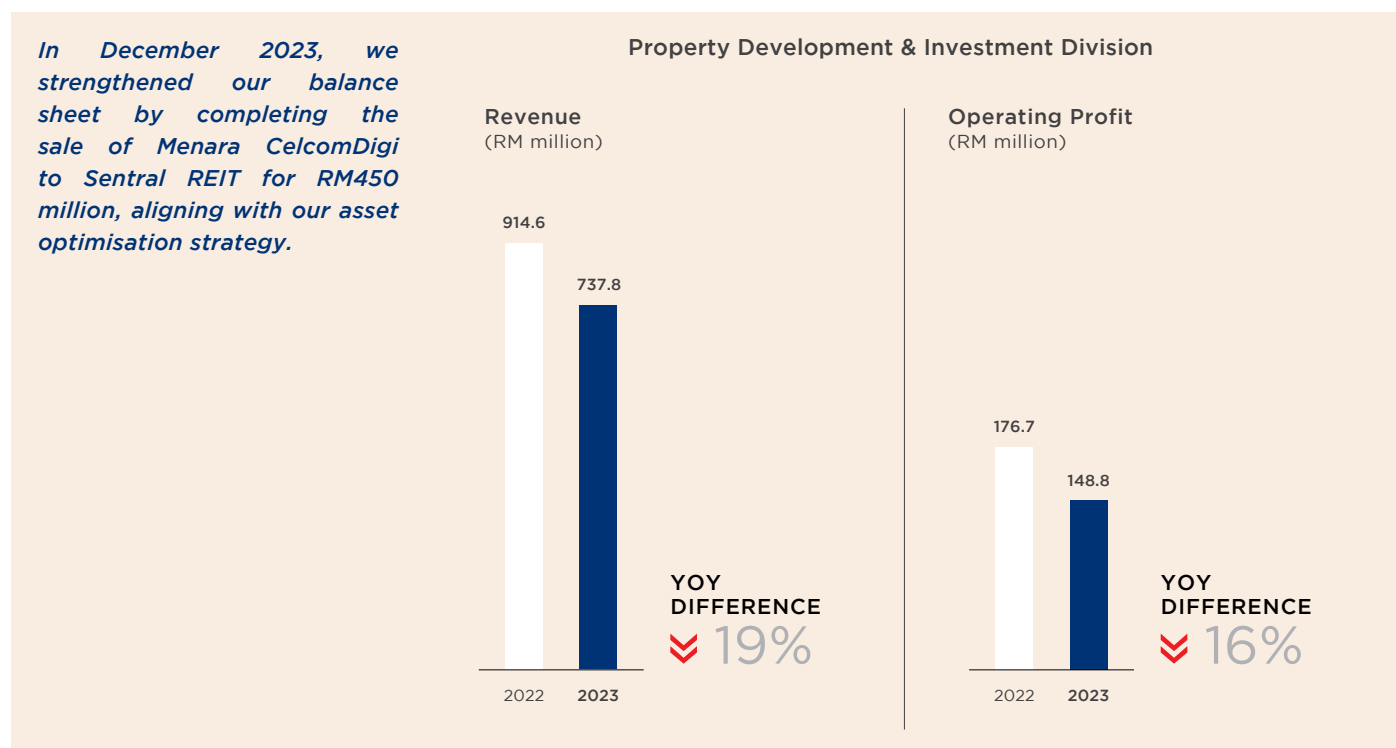
The Division recorded a 19% decline in revenue to RM737.8 million and a 16% decline in operating profit to RM148.8 million, compared to 2022. This was due to the construction completion of the Sentral Suites development project in KL Sentral in March 2023 and the TRIA 9 Seputeh mixed residential development project in Jalan Klang Lama in May 2023, two significant and timely milestones for the Division.

The main revenue contributors were the Sentral Suites and TRIA 9 Seputeh developments, and the Alstonia development, which had achieved 87% construction progress at 31 December 2023. Other revenue came from

rental income from the Group's investment properties, including Menara CelcomDigi in PJ Sentral Garden City, prior to its disposal in December 2023.

The Group's investment holding in Sentral REIT and associated company Sentral REIT Management Sdn Bhd contributed a combined profit after tax of RM18.8 million to the Group compared to RM14.9 million in the preceding year.

The division did, however, achieve strong residential property sales in 2023, which grew 74% to RM831.3 million over the sales achieved in 2022. The sales of residential property will continue to be recognised as revenue in line with construction progress for units sold in developments still under construction and completion of the Sales & Purchase process for sales of units sold in developments already completed, such as Sentral Suites and TRIA 9 Seputeh.



Completed Developments and Milestones Achieved in 2023

Development	Description	GDV (RM' Million)	Status as of 31 December 2023	Revenue Contribution
Sentral Suites, KL Sentral	Commercial high-rise development with amenities, built on 4.6 acres with 1,434 serviced apartment units and 41 retail units	1,637	100% Completed March 2023	RM227.3 million
TRIA 9 Seputeh, Jalan Klang Lama	Residential high-rise development with amenities, built on 4.57 acres with 734 apartment units	940	100% Completed May 2023	RM243.4 million
Alstonia Hilltop Homes, Bukit Rahman Putra	31 units of Superlink Villa and 214 condominium units, built on 4.11 acres	248	86.8% Construction Progress	RM53.1 million
Lilium, Bandar Seri Iskandar	90-units of double-storey landed terrace houses	32	85.2% Construction Progress	RM15.6 million
Amaryllis, Bandar Seri Iskandar	80-units of single-storey landed terrace houses	17	100% Completed June 2023	RM2.9 million



Artist's impression of Lilium, a serene residential development nestled in the heart of Bandar Seri Iskandar, Perak

NEW LAUNCHES

Following the pandemic, our strategic decision to pause major new launches and concentrate on our ongoing projects mitigated the risk of very elevated building materials and labour costs. This strategic move was also designed to ensure that we did not accumulate high numbers of completed and unsold unit inventories. However, in 2023 the stronger sales performance during the year gave us the confidence to kick-start our pipeline of new launches to align with the market's recovery, and we launched approximately RM1.9 billion worth of new residential property developments, marking the beginning of a new project cycle:

- **Residensi Tujuh, Kwasa Sentral**



Residensi Tujuh is a residential development within the 94-acre mixed-development Kwasa Sentral. Launched in September 2023 with a projected GDV of RM385 million, this 29-storey serviced apartment complex with 573 residential units will offer a range of one to three-bedroom and dual-key units.

Residensi Tujuh stands to gain in value as the Kwasa Sentral development progresses, based on the experience of the Kuala Lumpur Sentral development and data from similar developments, indicating the importance of commercial activities in driving a CBD's success. Kwasa Sentral is poised to become the new CBD for the expansive 2,257-acre Kwasa Sentral township. The emphasis on commercial development, which constitutes 56% of the development plan, provides a robust growth environment for Residensi Tujuh, especially as only 13% of the city centre is allocated for residential space.

Name of Project	Description (acreage/units)	GDV (RM' Million)	Launch Date
Plot F Residensi Tujuh, Kwasa Sentral	29-Storey Serviced Apartments with 573 units	385	September 2023

• **VISTA, Gold Coast, Australia**



As part of our geographic diversification efforts, we launched VISTA in April 2023. This residential high-rise development has 280 apartment units in Gold Coast, Queensland, a region that benefits from net migration and targets a niche in Australia’s residential market. The development is situated in Surfers Paradise and leverages the area’s limited land availability, dated secondary market stock, and its attraction as a very popular lifestyle destination.

The design of VISTA intentionally maximises environmental efficiencies by orientating towards the east to take advantage of sunlight and ocean breezes, while cross-ventilation pathways have been introduced to allow for greater airflow. This feature reduces reliance on air conditioning and speaks to MRCB’s design purpose to be eco-conscious, resonating with the market’s increasing preference for sustainable living.

Given that its location is not directly on the beachfront, VISTA provides a relatively cost-effective alternative to premium beachfront properties while still capitalising on the Gold Coast lifestyle and vast uninterrupted sea views. At the end of December 2023, 23% of the units in the VISTA development had been sold.

The economic backdrop in Australia, characterised by rising interest rates, has not dampened the Gold Coast’s property market, which remains buoyant due to ongoing interstate migration and a boost in the tourism sector. These factors, along with the anticipated infrastructure developments for the upcoming Brisbane Olympics, should sustain apartment demand, indicating a favourable market for VISTA’s offerings.

Name of Project	Description (acreage/units)	GDV	Launch Date
VISTA, Gold Coast, Australia	Residential high-rise with amenities on a 3100m ² site with 280 apartment units on 51 storeys	RM1.5 billion* AUD504 million (≈ RM1,511 million)	April 2023

* Based on the exchange rate as at 31 December 2023

NEW MARKET SEGMENT

As part of our diversification strategy, we also ventured into the industrial and logistics sector to capitalise on growth opportunities and reduce our dependence on our traditional focus areas of green high-rise commercial and residential developments within the Klang Valley.

● Chuping Valley Industrial Area (CVIA), Perlis



In line with Malaysia's new strategic industrial master plan to chart the country's industrial transformation, the industrial property segment has a lot of potential. Our initial venture into the industrial sector began with the Ipoh Raya Integrated Park, a sustainable, integrated logistics and industrial park in Perak. Building on this, 2023 marked our partnership with a prominent Fortune 500 company to develop an advanced electronics manufacturing facility in Chuping Valley Industrial Area (CVIA), Perlis.

Following a build-and-lease framework, this ambitious RM121.5 million project is set for completion in November 2024. MRCB's initiative in establishing an electronics production facility is expected to act as a springboard for further investments in CVIA, contributing to improving living standards and boosting economic prosperity in Perlis.

Name of Project	Description (acreage/units)	GDV (RM' Million)	Launch Date
Production facilities @CVIA, Chuping Perlis	One-storey production facility including warehouse and operations office across 100,874sf	121.5	July 2023

SALES PERFORMANCE

While market sentiment was more favourable in 2023, buyers still faced the hurdles of higher borrowing interest rates and stringent bank credit approvals. In the face of these challenges, MRCB continued to adopt an agile and customer-centric sales approach. We adjusted our sales promotions to create more competitive offerings to stimulate buyer interest.

Following its completion, TRIA 9 Seputeh witnessed a surge in sales, driven by purchasers who were impressed by the project's design concept and high quality, which surpassed their expectations. Our commitment to value and excellence was also demonstrated by offering more comprehensive facilities. Showcasing the high standards of design and quality in the show gallery and the final product, coupled with conducting surveys to understand consumer desires, enables us to deliver products that resonate with our customers.

We also leveraged social media marketing initiatives, offering an innovative and convenient way for potential buyers to explore projects remotely. This digital approach has proven effective, with a surge in virtual viewings, reflecting the market's growing inclination towards online platforms viewing.

Property sales, both from our inventory of completed stock and from projects still under construction, reached RM831.3 million in 2023, up 74% compared to 2022. This upward sales momentum signifies strong consumer confidence in the quality and the value proposition of our properties.

Project	Total Project GDV (RM' Million)	% Sales Achieved* as at 31 December 2023	Sales** Breakdown (RM' Million)
Completed Project			
Sentral Suites - Residential	1,535		94% 161.2
Sentral Suites - Commercial	102		76% 19.8
VIVO 9 Seputeh - Residential	982		90% 60.8
VIVO 9 Seputeh - Commercial (incl. retail car park)	266		87% 0.0
Kalista, Bukit Rahman Putra	102		94% 3.0
1060 Carnegie - Residential	295		100% 0.0
1060 Carnegie - Commercial	29		56% 0.0
St. Regis	165		71% 64.5
TRIA 9 Seputeh	940		83% 260.7
Ongoing Project			
Alstonia, Bukit Rahman Putra	248		65% 36.1
Amaryllis, SIDEC	17		100% 0.6
Lilium, SIDEC	32		69% 11.0
26 VISTA, Gold Coast, Australia	1,511		14% 213.6
TOTAL	6,224		831.3

Note:

* % Sales Achieved refers to the total value of SPAs signed and stamped from the projects' launch up until the reporting period as a percentage of the project's total gross GDV and is adjusted for SPAs that have been terminated by purchasers

** Sales refers to the total value of SPAs signed and stamped

Unbilled Sales

The Group had RM234.9 million of unbilled sales at the end of 2023, representing signed and stamped purchase agreements that are pending revenue recognition, which will be recognised progressively in tandem with construction progress.

Project	Construction Progress (%)	Revenue Recognised* in 2023 (RM' Million)	Unbilled Sales** (RM' Million)
Residential			
Alstonia, Bukit Rahman Putra		86.8% 107.7	15.4
Lilium, SIDEC		85.2% 16.0	5.9
VISTA, Gold Coast	0%	0	213.6
TOTAL		123.7	234.9

Note:

* Revenue Recognised refers to the value of properties that have been sold to buyers, which has already been recognised as revenue as the properties have been constructed

** Unbilled Sales refers to sales that are yet to be recognised progressively as revenue

LAND BANK

MRCB had interests in 1,148 acres of land with an estimated GDV of RM31.1 billion at the end of 2023. Our land bank portfolio is set to continue driving revenue for the Division for at least the next decade.

	Land Size (Acres)	GDV (RM' Million)	% Stake	Start Date	Completion Date
Transit Oriented Developments					
KL Sentral	5.71	3,949	100%	2022	2027
PJ Sentral Garden City	11.91	2,700	100%	2013	2026
Penang Sentral	21.88	2,698	100%	2015	2027
Cyberjaya City Centre	41.45	5,350	70%	2017	2024
Kwasa Sentral	64.30	10,851	70%	2018	2030
Total	145.25	25,548			
Commercial Developments					
Pulai Land, Johor	67.52	770	100%	TBD	TBD
Total	67.52	770			
Residential Developments					
9 Seputeh	17.63	2,158	100%	2014	2026
Bukit Rahman Putra	14.18	642	100%	2016	2024
Bandar Sri Iskandar (Phase 2C, 2D & 3)	57.40	849	100%	2020	2035
VISTA Street Project, Gold Coast	0.77	1,511	100%	2023	2025
Total	89.98	5,160			
Industrial Developments					
SIDEC (Ipoh Raya Integrated Park)	810.57	TBD	100%	TBD	TBD
Total	810.57	TBD			
Others					
Selbourne 2, Shah Alam	2.37	TBD	100%	TBD	TBD
Metro Spectacular Land, Jalan Putra	10.06	TBD	100%	TBD	TBD
Muara Tuang Land, Samarahan	22.07	TBD	100%	TBD	TBD
Total	34.50	TBD			
Grand Total	1,147.82	31,478			

2023 Performance Driven by MRCB Key Strategies and Initiatives

 **Strengthen Core For Sustainable Returns**

• **Key Action Plan: Ensure Steady Pipeline of Projects**

Key Initiatives	Outcomes
Launched new developments	<ul style="list-style-type: none"> Launched RM1.9 billion of properties in 2023: <ul style="list-style-type: none"> Residensi Tujuh, Kwasa Damansara, with a GDV of RM385 million VISTA, Gold Coast, Australia with a GDV of AUD504 million (≈ RM1,511 million) Achieved total property sales of RM831.3 million
Land bank expansion	<ul style="list-style-type: none"> Acquired the development rights for an office tower in the PJ Sentral development valued at RM270 million

 **Diversification & Operational Expansion**

• **Key Action Plan: Diversification & Operational Expansion and Enter into New Markets**

Key Initiatives	Outcomes
Increase presence in Australia and New Zealand	<ul style="list-style-type: none"> Launched residential high-rise VISTA in Gold Coast, Australia Planned the marketing and launch of The Symphony Centre in Auckland, New Zealand, a NZD452 million (≈ RM1,314 million) GDV mixed-development
Continue diversification into the industrial segment	<ul style="list-style-type: none"> Launched Chuping Valley Industrial Area (CVIA), Perlis, an electronic production facility with a GDV of RM121.5 million with a US Fortune 500 company Continued to market Ipoh Raya Integrated Park to foreign direct investors and other multi-national corporations looking to diversify their manufacturing bases

 **Technology Adoption & Innovation**

• **Key Action Plan: Achieve Lean & Efficient Operation and Leverage MRCB Building Systems (MBS)**

Key Initiatives	Outcomes
Digital marketing strategies	<ul style="list-style-type: none"> Rolled out new digital marketing campaigns on social media
Drive automation across operational processes	<ul style="list-style-type: none"> Rolled out Enterprise Resource Planning (ERP) system to streamline workflows and enhance productivity and efficiency

• **Key Action Plan: Achieve Lean & Efficient Operation and Leverage MRCB Building Systems (MBS)**

Expand use of MBS, MRCB's proprietary modular construction technology



- Launched Residensi Tujuh in Kwasa Sentral, a RM385 million GDV, 29-storey residential development, MRCB's first high-rise development to be constructed using modular construction technology



Quality Products & People

• **Key Action Plan: Uphold Good Governance and Develop a Skilled Workforce**

Key Initiatives

Outcomes

<p>Safe and timely delivery of key projects</p>	<ul style="list-style-type: none"> • Completed Sentral Suites and TRIA 9 Seputeh on time and abided by Health and Safety standards • Achieved an overall customer service excellence score of 80% based on the customer experience survey conducted among 425 purchasers of the Sentral Suites, VIVO, TRIA, Kalista, and Alstonia projects
<p>Enhance quality standards</p>	<ul style="list-style-type: none"> • Achieved a Quality Assessment System in Construction (QLASSIC) Score of 81% and 71% for TRIA and Sentral Suites
<p>Development approvals for VISTA</p>	<ul style="list-style-type: none"> • Formed a skilled team for project planning and design, and engaged in thorough consultations with authorities and council planners to secure development approvals for VISTA

• **Challenges and Risks**

Risks	Mitigation Strategies	Results
<p>Higher construction and materials costs and weak sub-contractors</p>	<ul style="list-style-type: none"> • Closely monitored material prices and supplies • Conducted rigorous due diligence with sub-contractors in Australia before setting selling prices for VISTA 	<ul style="list-style-type: none"> • Launched VISTA at selling prices that adequately absorbed higher building material prices in Australia and remained competitive for buyers • Secured project financing for VISTA and appointed a project contractor
<p>Obtain relevant approvals for developments in Australia and New Zealand</p>	<ul style="list-style-type: none"> • Assembled a competent team of professionals for the planning and design of the project, to ensure development approvals could be obtained • Closely consulted with relevant authorities and Council planners and all other stakeholders, including, indigenous peoples' representatives, and institutions for The Symphony Centre in Auckland 	<ul style="list-style-type: none"> • Obtained development approval and the Foreign Investment Review Board (FIRB) approval for the VISTA, Gold Coast, Australia project • Obtained Overseas Investment Office (OIO) approval for The Symphony Centre, New Zealand project

OUTLOOK AND PROSPECTS

1. Pipeline of Projects and Sustainable Returns

Key Initiatives



UN SDGs



Revenue Recognition from Existing Projects

We will maintain our marketing momentum for our key residential developments. These include the Alstonia project in Bukit Rahman Putra, the newly launched VISTA in Gold Coast, Australia, Residensi Tujuh in Kwasa Sentral, and the remaining inventory of unsold stock within the recently completed TRIA 9 Seputeh, Sentral Suites, VIVO Residences in 9 Seputeh, and Kalista Park Homes in Bukit Rahman Putra.

We anticipate a progressive recognition of revenue and operating profit in alignment with the construction progress of our newly launched and ongoing Malaysian projects, and the sales of completed units. Revenue and profit recognition from VISTA, however, will only commence once construction has been completed and financial settlement has been achieved with purchasers.

Our immediate priority is to enhance cash flow by monetising the inventory of unsold completed stock valued at RM384.8 million as of 31 December 2023. We anticipate improved sales to international buyers, particularly for our residual stock of St Regis residential units in KL Sentral. With a substantial land bank of 1,148 acres valued at a GDV of RM31 billion, the Group is well-positioned for a steady flow of future projects. As of 31 December 2023, the Division had RM234.9 million in cumulative unbilled sales.

The Division will also continue to earn a relatively stable income stream from its remaining investment properties, as well as its 27.94% equity interest in Sentral REIT.

New Developments in 2024 and 2025

We are targeting RM3.6 billion GDV worth of new property launches in 2024, with RM2.3 billion within Malaysia and RM1.3 billion for a property launch in Auckland, New Zealand, all subject to receiving the necessary development approvals.

2024 Launches	GDV (RM' million)	Units
Parcel A, 9 Seputeh	400	490
Serviced Apartment, Bukit Jalil Sentral	900	1,200
Office Tower at Lot F, KL Sentral	1,000	TBD
The Symphony Centre, Auckland, New Zealand (NZD452 mil)	1,314	78*
Total 2024	3,614	

* Residential units only

2025 Launches	GDV (RM' million)	Units
Lifestyle Suites at Lot R, KL Sentral	174	440
Bledisloe House, Auckland, New Zealand (NZD137 mil)	398	Lease
Tower 1, PJ Sentral	626	900
Tower 5, PJ Sentral	486	En bloc
Total 2025	1,684	

The Group is keenly aware of external factors that may impact sales performance. We are committed to vigilantly observing the broader macroeconomic and property market trends and will adjust our marketing approaches and sales projections as necessary. This includes the potential reassessment of upcoming launches should market conditions warrant it.

2. Competitive Advantage and Innovative Solutions

Key Initiatives



UN SDGs



Building on MRCB's track record in TOD, we are poised to advance our specialised expertise with the Kwasa Sentral project. This is an integrated TOD designed to create a dynamic and interconnected community. Our success in TOD, accounting for 81% of the GDV from our land bank, underpins our confidence in the Kwasa Sentral project. We aim to deliver a project that exemplifies accessibility and efficiency, driving sustained revenue growth and establishing Kwasa Sentral as a model of modern, integrated urban living.

The Residensi Tujuh in Kwasa Sentral will also mark a significant milestone as the first residential development to fully implement our innovative, proprietary modular construction technology, the MRCB Building System (MBS). This advanced construction method exemplifies MRCB's commitment to quality, sustainability, and efficiency, and ensures faster construction timelines while maintaining superior quality standards. Key advantages of MBS are its lower carbon emissions and lower waste generation. We aim to extensively promote the use of MBS across various types of applications, including serviced apartments, hotels, schools, and other facilities, not just in our developments, but also to industry peers in Malaysia and overseas.

We understand that the current strict borrowing policies are making it harder for people to buy property, especially for young professionals who often find it difficult to afford homes. As part of our TOD approach, we are addressing this by creating smaller, more affordable units that are well connected to public transport. These units range from 170 sq. ft. to 500 sq. ft. and come with shared amenities, focusing on what young buyers need and can afford.

Our customers also want homes that are more environmentally friendly. Leveraging our expertise in incorporating green features, we integrate sustainability aspects from start to finish by applying our experience as one of the pioneers in Green Building in Malaysia. This includes incorporating energy and water efficiency, smart technologies, and green innovations into the buildings and infrastructure.

3. Diversifying Into New Markets and Products

Key Initiatives



UN SDGs



MRCB's Strategy

Mitigate against concentration risk to ensure more consistent/sustainable returns

DIVERSIFICATION

NEW PROPERTY SEGMENTS

- Industrial/logistics segment
- Land outside of Klang Valley and Selangor

GEOGRAPHICAL EXPANSION

- Strengthen presence in Australia
- Establish a new presence in New Zealand

NEW MARKETS

- Leverage on new trends and demand i.e. growing ageing population, millennial living/working preferences
- Waste-to-energy/renewable energy
- Modular construction

MRCB's strategy moving into 2024 builds upon the momentum of our diversification strategy which we prioritised in 2023. This includes entry into new property segments, broadening our geographic footprint, and tapping into emerging markets.

New Property Segments

We aim to continuously explore new opportunities to expand our portfolios in the Industrial and Logistics Development segment. We will commence the development of the Ipoh Raya Integrated Park in Perak and the electronics production facility in Chuping Valley Industrial Area, Perlis in 2024. We anticipate revenue recognition as early as 2025 and recurring income for at least 15 years.

Geographical Expansion

Recognising the concentration of our land bank in Klang Valley and Selangor, our strategic plan includes reducing reliance on this central region by expanding into other promising areas within Malaysia. In Malaysia, the entry into the Industrial and Logistics sectors of Perak and Perlis exemplifies this effort, as well as the residential development of Lilium in Bandar Seri Iskandar, Perak which is progressing well in construction.

We are making efforts to strengthen our international presence in Australia and New Zealand. The goal is to enhance the MRCB brand as a symbol of quality, while adapting to the expectations of local consumers. In Gold Coast, Australia, the newly launched residential high-rise development VISTA has found appeal with buyers. Our activities in New Zealand will heighten in 2024 as we launch The Symphony Centre and commence the re-development and refurbishment of Bledisloe House, both located in central Auckland.

3. Diversifying Into New Markets and Products (con't)

Key Initiatives



UN SDGs



With a solid history of success in Australia, we see substantial growth potential in this market, bolstered by our extensive experience and proven operational success. Our subsidiary MRCB Australia Holding Company Pty Ltd (MAH), has demonstrated its expertise by successfully completing medium-sized property projects, such as the 1060 Carnegie development near Melbourne's CBD. Looking ahead, within the next three to four years, MAH plans to scale up its operations by embarking on larger or more concurrent development projects in Australia.

MRCB is actively pursuing expansion opportunities in New Zealand. The development of The Symphony Centre, which will be an iconic structure in the heart of Auckland's CBD, is expected to raise MRCB's profile and reputation in the country, opening more opportunities for us.

To support these endeavours, MRCB is embarking on a strategic fundraising initiative. This entails setting up a dedicated property credit fund specifically aimed at financing property developments in Australia and New Zealand. This fund will provide us with the flexibility and resources needed to capitalise on market opportunities and ensure that our international growth is sustainable and well-capitalised.

New Markets

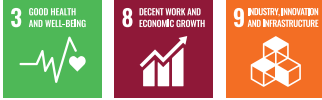
With a keen understanding of evolving market trends, we strive to shape the future of urban living proactively. Leaning into our purpose of Building Meaningful Places for a Better Tomorrow, we look at strategically adapting to market trends and serving the younger demographic by developing compact and cost-effective housing units in prime urban locations, especially near transportation hubs in our TOD.

In response to the 'Work From Home' revolution, we are integrating dedicated workspaces within our residential designs to facilitate professional activities from the comfort of one's home. We are also exploring co-living spaces that provide millennials with affordable, well-connected, and community, community-centric urban living, addressing their preference for convenience and sociability.

Recognising that home ownership can be challenging with rising interest rates and the inability to secure preferred financing, we are looking at innovative sales strategies, including deferred billing models. The 'Build to Rent' model is another area where we see potential, offering long-term rental housing that promises residents continuity and investors a consistent revenue stream.

Our Performance

Engineering, Construction & Environment

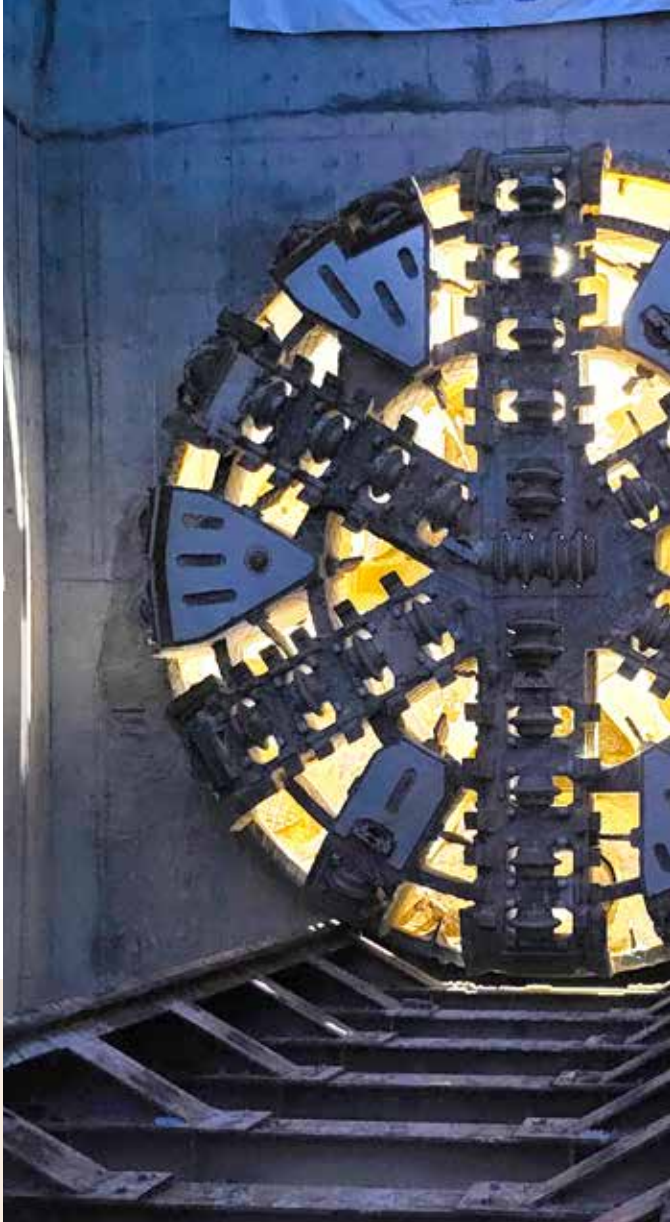


AS MALAYSIA'S LARGEST BUMIPUTERA CONSTRUCTION COMPANY, MRCB, THROUGH ITS ENGINEERING, CONSTRUCTION & ENVIRONMENT DIVISION, HAS BEEN INSTRUMENTAL IN CONSTRUCTING ESSENTIAL NATIONAL INFRASTRUCTURE SUCH AS RAIL AND ROAD NETWORKS, AND COMPLEX PROJECTS SUCH AS STADIUMS, ARENAS, AND HIGH VOLTAGE POWER TRANSMISSION PROJECTS. WE ALSO SPECIALISE IN ENVIRONMENTAL PROJECTS SUCH AS THE REHABILITATION OF RIVERS AND COASTAL EROSION AND FLOOD MITIGATION PROJECTS.

MRCB has played a significant role in Malaysia's economic growth, continuously delivering world-class infrastructure for the nation's growing population. The company has worked on numerous national projects, which range from the construction of the Light Rail Transit (LRT) and Mass Rapid Transit (MRT) rail lines to major highways such as the Sungai Besi-Ulu Kelang Elevated Expressway (SUKE) and the Damansara-Shah Alam Elevated Expressway (DASH). MRCB gained international awards and recognition for its innovative efforts in refurbishing the iconic Kuala Lumpur Sports City, the National Stadium in Bukit Jalil.


MRCB is dedicated to maintaining a safe work environment, as demonstrated by these certifications.

		
<p>Quality Management Systems ISO 9001:2015</p>	<p>Environmental Management Systems ISO 14001:2015</p>	<p>Occupational Health & Safety ISO 45001:2018</p>



The intricate cutterhead of a tunnel boring machine in the LRT3 project

Beyond serving external clients, the Division constructs innovative and sustainable commercial and residential buildings for MRCB's Property Development & Investment Division. We prioritise close client collaboration with the aim of delivering value-added sustainable solutions that foster economic and social advancement.

 To see how the Engineering, Construction and Environment Division creates value for our stakeholders, please refer to the Stakeholder Engagement & Value Creation section on pages 37 - 47 and the Strategic Roadmap on pages 78 - 85 of this Integrated Annual Report



Key highlights of the year

Revenue
RM1,734.0 MILLION

% Of
Infrastructure Projects In
External Client Order Book
45%

Open Tenders
RM30 BILLION

Value Of Completed Projects
In 2023
RM317 MILLION

External Client
Order Book
RM15,717 MILLION

2023 FINANCIAL PERFORMANCE

The Engineering, Construction & Environment Division saw a notable shift in performance in 2023. While revenue declined due to the completion of major infrastructure projects in 2022, profits grew, driven mainly by the LRT 3 rail construction project. The Division maintained a strong position with a robust client order book, reflecting its leading position in the industry.

The Division recorded a revenue of RM1,734.0 million in 2023, a 22% decline compared to the preceding year. The lower revenue recorded was due to the completion of the Damansara-Shah Alam Elevated Highway Package CB2, Kwasa Utama C8, and Mass Rapid Transit 2 Package V210 infrastructure construction projects in 2022.

The operating profit of the Division rose 25% to RM87.3 million in 2023 compared to 2022, largely contributed by the LRT3 project which achieved physical construction progress of 92% and financial progress of 88% as of 31 December 2023.

REVENUE (RM MILLION)

22%



OPERATING PROFIT (RM MILLION)

25%



CONSTRUCTION ORDER BOOK

At the end of 2023, the Division's external client order book stood at RM26.1 billion, with RM15.7 billion yet to be billed. We undertook significant national infrastructure projects, completing the Sungai Besi-Ulu Kelang Elevated Expressway (SUKE) CA2 Package and 92% of the Light Rail Transit 3 (LRT3) project.

We are also engaged in climate change adaptation infrastructure projects, drawing on our specialised expertise in water-related projects such as flood mitigation. Our Sungai Pahang River Estuary Conservation project (Project Pemuliharaan Muara Sungai Pahang) is in the latest phase

of a long-term flood mitigation project which aims to enhance the river's natural flow, reducing sediment build-up and improving water quality, contributing positively to the natural ecosystem and the safety of local communities.

The comprehensive scope of work includes the construction of two breakwaters and four dykes which are essential for controlling water flow and mitigating flood risks during high tides. A significant aspect of the project involves underwater excavation to maintain river flow and prevent sediment build-up. We are also supporting the project by implementing an Environmental Management Plan.

Name of Project and Description	Contract Value (RM' Million)	Financial Progress End 2023
Buildings		
FINAS Construction of the Malaysian National Film Development Board's (FINAS) headquarters	220	19%
Infrastructure		
SUKE - CA2 Package 24.4 km, three-lane, dual-carriageway expressway that will commence at Sri Petaling and pass through Sungai Besi	317	90%
LRT3 The 37 km LRT line from Bandar Utama to Klang has 20 stations and 2 integrated stations. The project will serve 2 million users and has achieved 92% physical construction progress as of 31 December 2023	11,427	88%
Transit Oriented Development (TOD) projects		
Bukit Jalil Sentral (provisional contract costs) The residential and commercial development comprises 3 development plots, which consist of office towers, hotels, retail shops and a mall, small offices/virtual offices, small offices/home offices, serviced apartments, and residential towers	10,116	0%
Kwasa Utama C8 (provisional TCC) The 29.82 acre Kwasa Corporate Park mixed development project	2,435	0%*
Environment		
Muara Sg Pahang Phase 3 Extension of the breakwater constructed under Phase 2 by 368 metres in length	380	24%
Fee-based orders		
Kwasa Utama, C8 - management contract	177	
Kwasa Land - PDP Infra	176	
Bukit Jalil Sentral - management contract	841	
Semarak City Phase 1 - management contract	27	
TOTAL	26,116	

Note:

* Refers only to the contract value that has not yet been awarded

AWARDED SHASSIC 5-STAR SAFETY RATING FOR PRIMA BRICKFIELDS PROJECT

In March 2023, the Construction Industry Development Board (CIDB) awarded MRCB with the Safety and Health Assessment System in Construction (SHASSIC) 5-star rating for our PRIMA Brickfields project. The SHASSIC 5-star rating is a recognised benchmark in construction safety and reflects our efforts to ensure rigorous safety and health management systems are implemented at our worksites.

QUALITY ASSESSMENT SYSTEM IN CONSTRUCTION (QLASSIC)

Quality is important to MRCB as it not only reflects our commitment to excellence but also ensures the longevity, safety, and customer satisfaction of all our construction and development projects. We adhere to CIDB’s construction industry standard Quality Assessment System in Construction (QLASSIC). The QLASSIC is a standardised system designed to measure and evaluate the workmanship quality of building construction projects. This system follows the Construction Industry Standard (CIS 7:2006), setting benchmarks for various construction elements. The evaluation process involves site inspections to ensure construction practices meet these established standards. QLASSIC’s approach encourages contractors to adopt a philosophy of ‘Do Things Right the First Time and Every Time’.

MRCB targets achieving a QLASSIC score between 70-75%, with a score of 70% being recognised as credible. This goal reflects MRCB’s commitment to maintaining high standards in construction quality, which aligns with the QLASSIC criteria to ensure that projects not only meet but exceed the minimum quality expectations.

Project Sites	2023
Residential - Sentral Suites	71%
Residential - TRIA Residences @ 9 Seputeh	81%

Apart from QLASSIC assessments, MRCB has implemented the Pre-Delivery Inspections (PDI) process, where our internal staff conduct thorough inspections of properties before they are handed over to purchasers, clients, and customers. This process mandates that our team ensures adherence to the best industry practices, including allocating at least two months to conduct any required rectification work prior to handover. We proactively learn from past project defects to ensure these errors are not repeated in future designs.

2023 PERFORMANCE DRIVEN BY MRCB KEY STRATEGIES AND INITIATIVES

 **Strengthen Core for Sustainable Returns**

- **Key Action Plan: Ensure Steady Pipeline of Projects**

Key Initiatives

Outcomes

<p>Complete key projects</p>	<ul style="list-style-type: none"> • Completed RM317 million of infrastructure and construction project • Reached 92% physical construction progress for the LRT3 project • Completed construction of two major property development projects, Sentral Suites and TRIA 9 Seputeh • Completed and handed over Sungai Besi-Ulu Kelang Elevated Expressway (SUKE) construction work-packages
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● **Key Action Plan: Ensure Steady Pipeline of Projects (cont'd)**

Key Initiatives	Outcomes
Tender for new infrastructure projects	<ul style="list-style-type: none"> • An open tender book worth RM30 billion as of 31 December 2023 • Tendered for these projects: <ul style="list-style-type: none"> ○ MRT3 ○ Iskandar Puteri Bus Rapid Transit (BRT) ○ Johor Singapore Rapid Transit System (RTS), Centralised Labour Quarters (CLQ)
Direct project proposals	<ul style="list-style-type: none"> • Secured agreement in principle from the Government to redevelop KL Sentral Station • Negotiating with key stakeholders for the redevelopment of Shah Alam Stadium

 **Diversification & Operational Expansion**

● **Key Action Plan: Geographical Expansion and Enter into New Markets**

Key Initiatives	Outcomes
Market and expand MBS modular construction technology internationally	<ul style="list-style-type: none"> • Successfully secured patents for MBS technology in 20 countries, with applications currently pending in another 11
Expand into climate change adaptation and energy transition infrastructure projects	<ul style="list-style-type: none"> • Submitted proposals for climate change adaptation projects, centred around flood mitigation infrastructure, to the Federal Government and State Governments • Submitted proposals for renewable energy projects and other projects aligned with Malaysia's New Energy Transition Roadmap

 **Technology Adoption & Innovation**

● **Key Action Plan: Achieve Lean & Efficient Operations and Leverage MRCB Building Systems (MBS)**

Key Initiatives	Outcomes
Drive automation across operations	<ul style="list-style-type: none"> • Rolled out Enterprise Resource Planning (ERP) system to streamline workflows and enhance productivity and efficiency
Adopt MBS in construction	<ul style="list-style-type: none"> • Launched Residensi Tujuh, to be constructed using modular technology

Quality Products & People

• Key Action Plan: Uphold Good Governance and Develop a Skilled Workforce

Key Initiatives	Outcomes
Implement global quality standards and safety benchmarks	<ul style="list-style-type: none"> Achieved Quality Management Systems ISO 9001:2015, Environmental Management Systems ISO 14001:2015, and Occupational Health & Safety ISO 45001:2018 certifications
Achieve high safety standards	<ul style="list-style-type: none"> Improved safety standards and reduced safety incidents <ul style="list-style-type: none"> Achieved > 1 million man-hours without a Loss Time Injury for our PRIMA Brickfields project Recorded an incident rate of zero (0), outperforming the Malaysia's Department of Occupational Safety and Health (DOSH)'s acceptable rate of 2.5 Scored 93% ESH Rating/SHASSIC CIDB Rating for PRIMA Brickfields project and received a SHASSIC 5-star rating for safety standards employed in construction
Conduct daily 'toolbox' safety briefings at construction sites	<ul style="list-style-type: none"> Continued to raise awareness of essential safety practices across different construction stages at our construction sites

• Challenges and Risks

Risks	Mitigation Strategies	Results
Depleting order book	<ul style="list-style-type: none"> Focus on tendering for high-value infrastructure projects with high barriers to entry for relatively lower tender competition Leverage on being the largest bumiputera construction company in Malaysia Propose climate change adaptation infrastructure solutions 	<p>Tenders submitted for:</p> <ul style="list-style-type: none"> MRT3 Iskandar Puteri BRT Johor Singapore RTS CLQ Total open tender book of RM30 billion at the end of 2023 Submitted proposals for climate change adaptation infrastructure projects, centred around flood mitigation
Maximise contract value	<ul style="list-style-type: none"> Transition completed projects, from Contract Administration teams to Post-Project Completion Administration teams Task Post-project completion administration teams to extract value from contracts and work done, while rigorously defending against ineligible claims from downstream subcontractors 	<ul style="list-style-type: none"> The following projects were transitioned to the post-project completion administration teams: <ul style="list-style-type: none"> TRIA 9 Seputeh, Parcel C Vivo DASH SUKE MRT2

Outlook and Prospects

1. Pipeline of Projects and Sustainable Returns

Key Initiatives



UN SDGs



High-value Infrastructure Projects

We will continue to enhance our order book by tendering for high-value infrastructure projects that have higher barriers to entry and require greater technical skill sets and project track records, as well as requiring a strong balance sheets in order to pre-qualify. These projects typically involve designing and constructing complex structures such as stadiums and transport hubs, major transportation infrastructure such as rail and highway projects, and climate change adaptation infrastructure such as flood mitigation and water-related projects. High-value infrastructure projects have longer construction durations where they require less frequent order book replenishment with higher margins.

Such projects can offer relatively higher margins compared to conventional commercial or residential building construction, which generally offers much lower margins due to lower barriers to entry and more intense tender competition. Our focus on winning large infrastructure projects also means we can add more value to our clients from the many years of expertise and experience that we have amassed in successfully delivering these types of projects.

Key Construction Projects Pipeline

Name of Project and Description	Contract Value (RM' Million)	Target Completion
Bukit Jalil Sentral	10,957	2038
Kwasa Utama C8	2,612	2027
Muara Sungai Pahang Phase 3	380	2027
Light Rail Transit 3 Line	11,427	2025

2. Competitive Advantage and Innovative Solutions

Key Initiatives



UN SDGs



Capitalising on our Expertise

We aim to establish ourselves as a preferred contractor in client tenders, capitalising on our decades of experience and expertise in complex infrastructure projects. Our track record in successfully managing these projects demonstrates our reliability and skills, positioning us as a top-tier contractor. With a focus on superior project management and quality delivery, we strive to distinguish ourselves in a competitive market, thereby enhancing our potential for selection in future tenders.

Leveraging Innovation in Construction

As we look to improve margins and market competitiveness, we are strategically enhancing our operational efficiency by adopting automation and integrating the MRCB Building System (MBS) in certain appropriate building projects. This innovative system has captured the interest of industry peers due to its effectiveness in addressing environmental concerns, particularly those related to carbon-heavy construction processes. The Division's technological innovation, MBS, has already seen international application, having been licensed to two companies abroad. These collaborations have led to the development of significant projects, including a 19-storey student accommodation project in Hong Kong, and a 12-storey nursing home and senior care centre in Singapore, completed in 2023.

Supporting MRCB's Property Development Projects

As MRCB's 'in-house' contractor, we ensure efficient project execution by aligning objectives, quality, materials, and timelines. Our position allows for the innovative application of construction methodologies and technologies, supporting MRCB's Property Development & Investment Division. We are set to fully implement the innovative MBS in Residensi Tujuh, Kwasa Damansara to realise MRCB's plan for sustainable construction and development, which will also enhance quality standards and efficiencies, and significantly reduce waste.

3. Diversifying Into New Markets and Products

Key Initiatives



UN SDGs



The Division is set to capitalise on its extensive core engineering expertise and apply this foundational knowledge to broader market segments, including projects that are sustainability and energy transition-centric. This includes projects that drive climate change adaptation and those that are aligned with Malaysia's aspiration of deriving 70% of its energy from renewable sources by 2050, through its National Energy Transition Roadmap (NETR). This roadmap sets out an implementation strategy driven by a combination of large-scale solar parks, hybrid hydro-floating solar, and co-firing hydrogen and ammonia projects, at an estimated cost of RM623 billion by 2050. This provides MRCB ample opportunities to apply the expertise it has gained developing power transmission infrastructure in the country through its subsidiary, Transmission Technology Sdn Bhd (TTSB), and its vast civil engineering track record, to tap into this large future growth market.

Similarly, we are advancing sustainability-focused climate mitigation ventures, notably in the waste-to-energy (WTE) sector. Our move towards WTE is driven by the critical demand for alternative methods of household waste disposal and treatment. We are engaged in discussions to secure a project within the WTE sector, where we plan to deliver innovative and sustainable waste management solutions.