

The logo for Setia, featuring the word "Setia" in a blue sans-serif font with a small red diamond above the letter 'i'.

Setia

# ADVANCING GROWTH

Delivering Sustainable  
Tomorrows



INTEGRATED REPORT 2023



## Advancing Growth, Creating Sustainable Tomorrows

"Advancing Growth, Creating Sustainable Tomorrows" encapsulates the essence of progress, innovation and long-term sustainability that our FY2023 Integrated Annual Report aims to communicate. It focuses on Setia's commitment to advancing growth and fostering sustainable practices for a better future.

In line with this commitment, we remain dedicated to providing sustainable environments where communities can **livelearnworkplay** harmoniously. Over the past year, we have delivered on that promise through exciting launches, strategic partnerships and new ventures, all designed to enrich the lives of our residents.

We are progressing on our diversification plans to complement our core operations beyond traditional property development, including forays into industrial parks, healthcare and hospitality. This expansion complements our core business and strengthens our commitment to long-term growth and value creation across all facets of our operations.

To unlock even greater value, we are exploring opportunities in diverse sectors, such as education, recreational facilities, senior living and purpose-built structures. Furthermore, by replicating healthcare models in new townships and collaborating with industry experts, we are committed to maximising our potential for positive impact.

Sustainability is not just a priority; it is woven into the very fabric of our value chain. From sourcing to construction and resident engagement, our holistic approach ensures that we deliver eco-friendly living that empowers our communities to thrive in a healthy and vibrant environment.

Our commitment to advancing growth, unlocking value through strategic initiatives and building a sustainable future for our stakeholders and communities embodies the essence of our report. It reflects our ongoing pursuit of excellence, value creation and responsible business practices – all cornerstones of our success.



Scan this QR code to find out more about our Integrated Annual Report from our website.



Setia Warisan Tropika, Sepang, Selangor



Setia KL Eco City, Kuala Lumpur



Setia Eco Park, Shah Alam, Selangor

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# ABOUT THIS REPORT



Setia Eco Templer, Rawang, Selangor

S P Setia Berhad ("S P Setia", "Setia", "the Company" or "the Group") is proud to present its Integrated Annual Report for the financial year ended 31 December 2023 ("FY2023"). In this report, we aim to present a holistic, transparent and fair evaluation of our business strategies and our financial and non-financial performance during the year in review – towards creating value over the short, medium and long-term and meeting our vision of creating sustainable communities and enriching lifestyles.

## SCOPE & BOUNDARY

This report covers the actions and initiatives undertaken by the Group, its subsidiaries and joint ventures during FY2023, which spans from 1 January 2023 to 31 December 2023.

In aiming to provide a balanced view of all issues that influence our ability to create value, disclosures in this report are guided by the concept of materiality. Material issues were determined by a stakeholder engagement process, which identified the key issues impacting the assessments of our stakeholders and our performance as a company.

## ASSURANCE

We ensure that both the content and development processes of this report adhere to relevant internal controls and governance practices. Assurance is provided by our management, internal auditors and the Board of Directors ("Board"), further supported by an external audit of our financial statements by Ernst & Young PLT Malaysia.

Disclosures in this report are guided by the requirements of the following frameworks:

## REPORTING FRAMEWORK

Reporting Frameworks	Integrated Reporting	Sustainability Reporting
International Integrated Reporting Council's ("IIRC") Integrated Reporting (<"IR">) Framework	✓	
Bursa Malaysia's Main Market Listing Requirements ("MMLR")	✓	✓
Bursa Malaysia's Corporate Governance Guide (4 <sup>th</sup> edition)	✓	
Malaysian Code on Corporate Governance 2021 ("MCCG")	✓	
Companies Act 2016 ("CA 2016")	✓	
Malaysian Financial Reporting Standards ("MFRS")	✓	
Bursa Malaysia's Sustainability Reporting Guide (3rd edition)		✓
Global Reporting Initiative ("GRI") Sustainability Reporting Standards		✓
United Nations' Sustainable Development Goals ("UNSDGs")		✓

## FORWARD-LOOKING STATEMENTS

This report may incorporate forward-looking statements with respect to future performance. These statements are constructed based on current assumptions and prevailing conditions, which are subject to change. As we navigate the evolving environment, actual results may vary significantly from the forecasts expressed or implied in these statements due to various factors, some of which may be beyond our control.

## MATERIALITY

Material issues represent significant concerns for both our stakeholders and S P Setia, outlining the factors poised to impact the long-term sustainability of the business. Our approach to reporting our material issues is systematic and thorough, considering stakeholder expectations and concerns and risks and opportunities, while aligning with our business strategies.

## BOARD RESPONSIBILITY STATEMENT

The Board recognises its responsibility for ensuring the integrity of this report. In its view, the report comprehensively covers all the issues that are material to the Group's capacity to generate value and accurately portrays the integrated performance of the Group. Further, the Board is confident that the Group has adhered to the Guiding Principles of the IIRC's <"IR"> Framework in preparing this report.

This report was approved by the Board on 1 March 2024.

## FEEDBACK & CONTACT POINT

We value your input and aim to address any concerns regarding our reporting. Kindly direct your feedback or queries regarding our report to:

Contact person : Investor Relations, S P Setia Berhad  
 Email : [ir@spsetia.com](mailto:ir@spsetia.com)  
 Tel No : +603 5021 2525

Our Integrated Annual Reports can also be accessed online at:

<https://spsetia.com/en-us/investor-relations>

## NAVIGATE THIS REPORT

### OUR KEY CAPITALS



#### Financial

Our robust and prudently managed fund pool – derived from property development, land monetisation and recurring income, and fortified by equity and debt investments – empowers us to capitalise on new value and growth opportunities.



#### Manufactured

Our physical assets, technological infrastructure, land banks, property products and investment portfolio play a vital role in delivering optimal value and ensuring sustained productivity and profitability across our core business segments.



#### Human

Our strategic focus on cultivating a culture that supports personal growth while prioritising professional development, well-being, diversity and inclusion elevates the collective competencies of our workforce and fosters innovation through diverse perspectives, empowering our people as integral drivers of our success.



#### Intellectual

Our ongoing investments in enhancing our knowledge and expertise, coupled with a long-term strategic approach to technologies, processes, systems and innovation, are integral components of our prudent and judicious business management, providing us with a competitive edge.



#### Social & Relationship

Our active engagement with a diverse network of stakeholders – including employees, customers, shareholders, investors, suppliers, contractors, business partners, governments, regulators, media and communities – is vital to understanding and addressing their interests, needs and expectations concerning S P Setia, which in turn shapes our strategies and decision-making processes.



#### Natural

Our initiatives to minimise environmental impact and enhance resource efficiency across our land bank – including pollution control, energy efficiency, water conservation, waste management and urban biodiversity preservation – align with our purpose of creating sustainable living environments for a healthier, more resilient future.

[Refer to pages 54 to 55 for more information](#)

### MATERIAL MATTERS

[Refer to pages 78 to 80 for more information](#)



Emissions



Environment



Occupational Health & Safety



Customer Satisfaction



Economic Performance



Innovation



Community & Social Impacts

### STAKEHOLDERS OF S P SETIA

[Refer to pages 58 to 63 for more information](#)



Shareholders, Analysts & Investment Community



Customers & Clients



Local Communities



Financiers



Suppliers & Contractors



Governments & Regulators



JV & Collaboration Partners



Media



Employees

### OUR KEY RISKS

[Refer to pages 81 to 85 for more information](#)



Market Risk



Competition Risk



Development & Product Mitigation Risk



Project Planning, Feasibility & Development Strategy Risk



Sustainability Risk



Funding & Liquidity Risk



Political & Regulatory Risk



Cyber Security Risk



Work Health & Safety Risk



Geopolitical Risk

### OUR CORE STRATEGIES

[Refer to pages 86 to 88 for more information](#)

S P Setia's goal is to be the leader in creating sustainable communities and innovative lifestyles. This is underpinned by the following strategic pillars: land bank management, regional growth, industrial expansion and potential REIT-able assets. These pillars are strategically focused on improving our capital allocation, enhancing our brand capital and fortifying our emphasis on sustainability. Moreover, there is an ongoing drive for digitalisation and innovation, which serve as our key enablers over the near-to-medium term.

This report is interactive. You'll find these tools throughout the report:



Go to the page within the document



Access additional information on the web

# Sustainability @ S P Setia



Since the publishing of our first sustainability statement in 2016, we have steadily strengthened our approach to Environmental, Social and Governance (“ESG”) matters across our business and supply chain. This includes the creation of specific policies and committees to govern our approach to sustainability issues, the launch of our Sustainability Framework and the introduction of various green products and solutions to our developments.

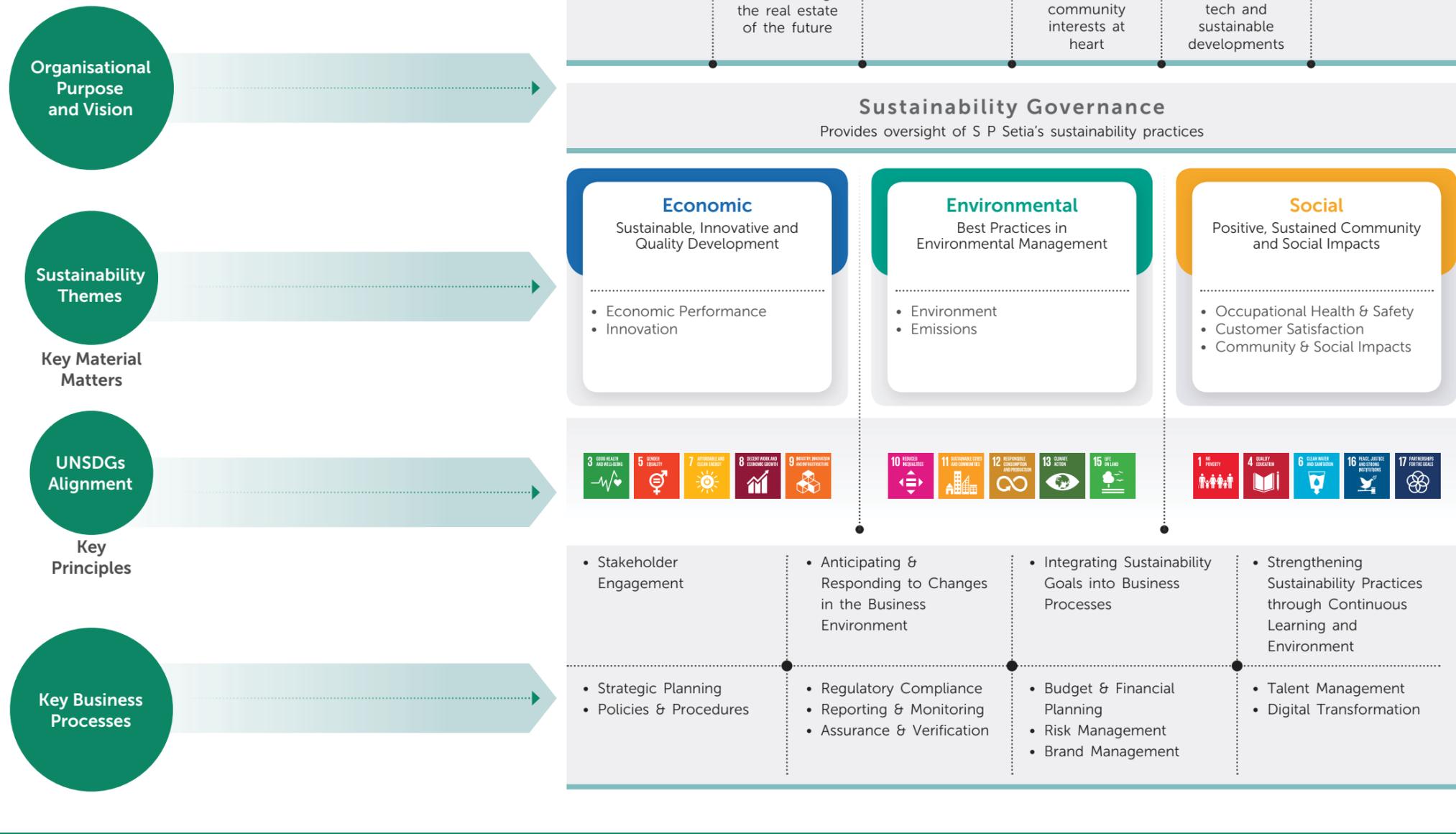
Charting a sustainable course forward, we are in the process of establishing our emissions baseline. **This will enable us to set clear, time-based targets for Scope 1 and Scope 2 emissions**, bringing us closer towards our goal of becoming a net-zero company by 2050.



## THE S P SETIA SUSTAINABILITY FRAMEWORK

Our Sustainability Framework was revised in 2022 to accurately reflect our holistic approach to ESG matters.

The updated framework enshrines the creation of sustainable communities as the ultimate goal of our efforts and aligns our three sustainability themes with specific UNSDGs that we strive to advance through our work. It empowers a collective, concerted approach to creating long-term value.



# Sustainability @ S P Setia

## OUR MATERIAL MATTERS

Further to the framework, our latest materiality assessment in 2022 identified 21 sustainability issues as being most material to our business and our stakeholders. These issues now form the focus of our sustainability efforts.

MATERIAL MATTERS	GRI INDICATORS	UNSDGs
<b>Economic</b> <b>SUSTAINABLE, INNOVATIVE AND QUALITY DEVELOPMENT</b>		
Economic Performance	GRI 201: Economic Performance 2016	
Innovation	Non-GRI Indicator	
Market Presence	GRI 202: Market Presence 2016	
Procurement Practices	GRI 204: Procurement Practices 2016	
Climate-Related Financial Risks & Opportunities	GRI 201: Economic Performance 2016	
Indirect Economic Impacts	GRI 203: Indirect Economic Impacts 2016	
Anti-Corruption	GRI 205: Anti-Corruption 2016	
Anti-Competitive Behaviour	GRI 206: Anti-Competitive Behaviour 2016	
<b>Environmental</b> <b>BEST PRACTICES IN ENVIRONMENTAL MANAGEMENT</b>		
Emissions	GRI 305: Emissions 2016	
Environment	GRI 2: General Disclosures 2021	
Waste	GRI 306: Waste 2020	
Materials	GRI 301: Materials 2016	
Energy	GRI 302: Energy 2016	
Biodiversity	GRI 304: Biodiversity 2016	
Water & Effluents	GRI 303: Water and Effluents 2018	
<b>Social</b> <b>POSITIVE, SUSTAINED COMMUNITY AND SOCIAL IMPACTS</b>		
Occupational Health & Safety	GRI 403: Occupational Health and Safety 2018	
Customer Satisfaction	Non-GRI Indicator	
Employee Management	GRI 401: Employment 2016 GRI 404: Training and Education 2016 GRI 405: Diversity and Equal Opportunity 2016	
Labour Management	GRI 402: Labour Management 2016	
Community & Social Impacts	GRI 413: Local Communities 2016	
Socioeconomic Compliance	GRI 2: General Disclosures 2021	

## OUR PERFORMANCE IN 2023

In 2023, we improved our performance against key sustainability metrics while forging new collaborations and innovations that will accelerate our adoption of renewable energy, energy-efficiency technology and other green initiatives in the future.

**Economic**

- Total Infrastructure Development **RM89.7 million**
- Total Housing Developments Completed **RM6.5 billion**
- Setia Home Buyer Recommendations **75.5%**

**Environmental**

- Total Trees Planted **101,822**
- Introduced **eGreenLiving**, a set of smart and sustainable home elements to be rolled out across all upcoming developments
- Working with Tenaga Nasional Berhad to drive the **adoption of green technology** across our developments
- D'Network solar system
- Setia Warisan Tropika & Setia Eco Templer **Low Carbon Cities** "4 Diamond" Recognition
- Total Assets with Solar Panels **16**

**PERFORMANCE IN 2023**

**Social**

- HSE Inspection Score of **84.52%**, exceeding our target of 75% for the fourth consecutive year
- 29.3** training hours per employee (16% increase compared to FY2022)
- Women make up **45.6%** of our workforce

- 54,314 hours** of training completed across our workforce
- RM520,000** invested in local communities, improving the lives of 5,044 beneficiaries
- 100%** of procurement for construction projects awarded to Malaysian suppliers

- 30%** female representation on our Board
- Total Employees **1,852**

# 01



# Delivering Excellence

South Creek, Setia Ecohill 2, Semenyih, Selangor



Setia EcoLakes, Vietnam



Ecohill Walk, Setia Ecohill, Semenyih, Selangor



Setia Marina, Setia Eco Glades, Cyberjaya, Selangor

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# We Are S P Setia

S P Setia is a pioneering force in property development, united by our purpose and vision of building sustainable environments and enriching lifestyles.

Our influence extends globally, spanning Malaysia, Australia, Vietnam, the United Kingdom ("UK"), Singapore, Japan and China, reflecting our dedication to creating diverse, impactful developments that meet the unique needs of communities worldwide.

Our extensive portfolio showcases our versatility in meeting the evolving demands of contemporary living, spanning townships, integrated developments, eco-sanctuaries, luxury enclaves and high-rise residences, as well as cutting-edge commercial, retail and industrial spaces.

Central to our identity is a comprehensive philosophy encapsulated by **livelearnworkplay**, emphasising our holistic approach to meeting the demands of modern lifestyles. Seamlessly blending sustainable practices, community engagement and visionary design, we contribute to a future where each development is uniquely S P Setia.

## Our Purpose

Creating sustainable communities

## Our Vision

To be the leader in creating sustainable communities and enriching lifestyles



Peranakan Straits, Setia Eco Templer, Rawang, Selangor

### Our Mission

<b>P</b>	<b>L</b>	<b>A</b>	<b>C</b>	<b>E</b>	<b>S</b>
<b>Product</b> Building homes and creating sustainable communities	<b>Leader in Transforming Real Estate</b> To be the leader in transforming the real estate of the future	<b>A+ People</b> Embedding a culture of excellence to nurture the best talent	<b>Communities at Heart</b> Delivering innovative products and solutions with community interests at heart	<b>E-nnovation &amp; Technology</b> Leading the market with innovative cutting-edge tech and sustainable developments	<b>Shareholders' Value</b> Maximising shareholders' value

### Core Values

We have embedded values that shape our decisions and behaviours

<b>S</b>	<b>C</b>	<b>R</b>	<b>I</b>	<b>P</b>	<b>T</b>
<b>Setia's Work Ethics</b> Respect, support one another	<b>Customers</b> Serve with passion, responsive to needs	<b>Responsibilities</b> Commitment to success, learn & grow	<b>Integrity</b> Honesty, reliability	<b>Professionalism</b> Work professionally, continuous improvement	<b>Team Setia</b> Teamwork, embrace diversity

# Our Investment Case

## 2023 Financial Highlights

▶ Total Revenue <b>RM4.37 billion</b>	▶ Profit After Tax <b>RM357 million</b>	▶ Profit Attributable to Owners of the Company <b>RM299 million</b>
▶ Total Assets <b>RM29.01 billion</b>	▶ Equity Attributable to Owners of the Company <b>RM14.45 billion</b>	▶ Total Sales Achieved <b>RM5.10 billion</b>
▶ Ongoing Projects <b>41</b>	▶ Remaining Land Bank <b>6,311 acres</b> (effective)	▶ Effective Remaining GDV <b>RM119.74 billion</b>
▶ Completed Units <b>5,601 units</b>	▶ Total Completed GDV <b>RM7.86 billion</b>	▶ Unbilled Sales <b>RM5.64 billion</b>

## 2023 Business Highlights

### ▶ Project Updates

During the year, we completed and delivered projects worth **RM7.86 billion** across various geographical regions, underscoring our commitment to delivering quality products amidst dynamic market conditions:

#### 1 Klang Valley (Central Region, Malaysia)

Setia Alam, Setia AlamImpian, Setia Bayuemas, Bandar Kinrara, Setia Ecohill, Setia Ecohill 2, Setia Mayuri, Setia Alamsari, Setia Eco Park, Precinct Arundina @ Setia Eco Park, Setia Safiro, Setia Warisan Tropika, KL Eco City, Setia TRIO and Setia Sky Seputeh



Melodia, Setia AlamImpian, Shah Alam, Selangor

#### 2 Johor (Southern Region, Malaysia)

Setia Eco Garden, Setia Tropika, Setia Indah, Taman Rinting, Bukit Indah and Taman Industri Jaya

#### 3 International

UNO Melbourne (Australia) and Battersea Power Station (London, UK)



Battersea Power Station, United Kingdom

▶ Most notably, we are proud to have successfully completed the following two high-rise residential international developments:

#### 1 UNO Melbourne

In September 2023, we achieved a milestone with the completion of UNO Melbourne (Stage 2), located at A'Beckett Street in Melbourne, Australia, entailing the delivery of 435 units out of the total 638 high-rise apartment units. Stage 1, comprising 203 apartment units, was fully completed in November 2022. UNO Melbourne offers convenient access to public transportation, being close to Melbourne Central Station and Elizabeth Street trams

#### 2 KOA at Electric Boulevard

In December 2023, we achieved the completion of KOA at Electric Boulevard (Phase 3B) at the Battersea Power Station. This development includes 204 high-rise apartment units, featuring a collection of studio, one-bedroom and two-bedroom apartments with a contemporary edge

### ▶ Non-Core Land Sales in FY2023

We have strategically monetised our non-core land bank to address our gearing levels, reduce holding costs and allocate resources to new projects. Specifically, in Setia Alam, Selangor, the sale of one commercial land parcel in 2023 will serve as a catalytic development in expediting the transformation of Setia City into a fully integrated commercial hub, thereby enhancing the value of our remaining undeveloped land bank in Setia Alam.

June 2023

Sold **500 acres** of freehold land in Glengowrie, Semenyih, Selangor, to Mah Sing Group Berhad for **RM392.04 million**



November 2023

Sold **18 acres** of freehold land in Setia City to KSL Bestari Sdn Berhad for **RM228.80 million**



### ▶ Joint Ventures & Land Acquisitions

In December 2023, S P Setia entered into a joint venture ("JV") agreement with Mitsui Fudosan (Asia) Malaysia Sdn Bhd ("Mitsui Fudosan") to develop two parcels of commercial land, spanning 2.67 acres in Setia Federal Hill, Bangsar, Kuala Lumpur. This development, valued at an estimated gross development value ("GDV") of RM1.4 billion, will consist of two residential towers. This move kickstarts Setia Federal Hill's journey towards becoming a self-sustaining mini metropolis, with an aspiration of elevating Kuala Lumpur into a world-class sustainable city of the future.

Expanding our global presence and existing footprint in Melbourne, S P Setia made its inaugural foray into Sydney, Australia, in 2023 with a RM220 million land acquisition at 20 Atchison Street in St. Leonards. Strategically positioned in North Shore, Sydney, the land is planned for residential development with an estimated GDV of AUD236 million (approximately RM708 million).

### ▶ Digitalisation Progress

Throughout 2023, Team Setia continued to strive for robust results, upholding our position as a leading property developer in Malaysia.

We upgraded and bolstered our digitalisation efforts with the establishment of six major objectives:

- Optimising online marketing;
- Spearheading data-driven marketing;
- Advancing operational excellence;
- Fortifying cybersecurity;
- Elevating homebuyer experiences; and
- Driving innovation via AI, green IT and strategic partnerships

Additionally, we are reinforcing our sustainability practices by focusing on progress within the Environment, Sustainability and Governance ("ESG") agenda. As part of our sustainability journey centred around economic, environmental and social pillars, we aim to foster a culture of innovation and digital transformation for the development of top-notch products and user experiences, ultimately positioning S P Setia as a market leader in ESG initiatives.

# Awards & Recognitions

## Awards List 2023

### Putra Brand Awards 2022\*

**Category:** Property Development  
**Award:** Bronze  
**S P Setia Berhad**

### MIP Planning Excellence Awards ("MIPPEA") 2022\*

**Category:** Design Excellence Awards (Large Scale Category)

**Award:** Silver  
**Project:** Setia AlamImpian

**Category:** Placemaking and Public Space Awards (Private Sector Category)

**Award:** Silver  
**Project:** Setia Bayuemas Lake Park

### FIABCI Malaysia Property Award 2022\*

**Category:** Master Plan Category  
**Project:** Setia Eco Templer

**Category:** Sustainable Development Category  
**Project:** D'Network @ Setia Eco Park

**Category:** Residential High Rise Category  
**Project:** Setia V Residences

### Malaysia Landscape Architecture Awards ("MLAA13")

**Category:** Landscape Development Award  
**Award:** Honour Award  
**Project:** Setia Bayuemas Lake Park

**Category:** Landscape Master Plan  
**Award:** Honour Award  
**Project:** Setia Alam

**Category:** Landscape Master Plan  
**Award:** Honour Award  
**Project:** Setia EcoHill Walk

**Category:** Landscape Development Award  
**Award:** Honour Award  
**Project:** Canal Park, Setia Alamsari

### FIABCI World Prix d'Excellence Awards 2023

**Category:** Landscape Master Plan  
**Award:** World Gold  
**Project:** Setia Eco Templer

**Category:** Residential High Rise Category  
**Award:** World Gold  
**Project:** Setia V Residences

### BCI Asia Awards 2023

**Category:** Top 10 Developers  
**S P Setia Berhad**

### The Edge Malaysia Best Managed & Sustainable Property Awards 2023

**Category:** The Edge Malaysia-ILAM Sustainable Landscape Awards – Landscape Planning  
**Award:** Gold  
**Project:** Setia Bayuemas Lake Park

### Sustainability & CSR Malaysia Awards

**Category:** GLC Of The Year (Property & Construction)  
**Award:** ESG Leadership Excellence Award  
**S P Setia Berhad**

### Malaysia Outstanding Sustainable Development Awards 2023 ("MOSDA 2023")

**Category:** Socially Inclusive Design Award  
**Project:** Setia City Park

### Malaysia Urban Planning Awards ("MUPA")

**Category:** Socially Inclusive Design Award  
**Project:** Setia City Park

### The Edge Malaysia Property Excellence Awards ("TEPEA") 2023

**Category:** Excellence in Township Community Hub  
**Project:** D'Network @ Setia Eco Park

**Category:** The Edge Top Property Excellence Award 2023  
**Award:** Top 3  
**S P Setia Berhad**

### Graduan Brand Awards 2023

**Category:** Malaysia's Most Preferred Employers (Construction and Property Sector)  
**Award:** First Runner-up  
**S P Setia Berhad**

### MIP MyPLACE Awards

**Category:** EMERALD WINNER under the Category 3: Community and Neighbourhood Park (Subcategory 2: Private sector)  
**Project:** Setia Bayuemas Lake Park

**Category:** DIAMOND WINNER under the Category 2: City and Town Park (Subcategory 1: Below 50 Hectares)  
**Project:** South Creek Park, Setia EcoHill 2, Semenyih

### Sukuk Wakalah of the Year Award

**Category:** Best Corporate Sukuk Wakalah of the Year Award  
**Award:** Alpha Southeast Asia's Alpha Southeast Asia 17<sup>th</sup> Annual Best Deal & Solution Awards 2023  
**S P Setia Berhad**



\* 2022 awards presented in 2023

# Our Presence

## MALAYSIA

### CENTRAL REGION

1. Setia Alam
2. Setia City
3. Setia EcoHill
4. Setia EcoHill 2
5. Setia Eco Park
6. Precinct Arundina @ Setia Eco Park
7. Setia Eco Templer
8. Setia Eco Glades
9. KL Eco City
10. Bandar Kinrara
11. Temasya Glenmarie
12. Setia AlamImpian
13. Setia Alamsari
14. Setia Bayuemas
15. Alam Damai
16. Setia Mayuri
17. Setia Safiro
18. Setia Warisan Tropika

### SOUTHERN REGION

1. Setia Eco Cascadia
2. Setia Tropika
3. Setia Indah
4. Setia Eco Gardens
5. Bukit Indah
6. Setia Business Park I
7. Setia Business Park II
8. Taman Perling
9. Taman Rinting
10. Taman Pelangi
11. Taman Pelangi Indah
12. Taman Industri Jaya

### NORTHERN REGION

1. Setia Fontaines
2. Setia Pearl Island
3. Setia Greens
4. Setia Sky Vista
5. Setia Sky Ville

### EASTERN REGION

1. Aeropod

## UNITED KINGDOM

1. Battersea Power Station

## CHINA

1. Qinzhou Industrial Park

## VIETNAM

1. EcoLakes
2. EcoXuan

## AUSTRALIA

1. Shangri-la Melbourne Hotel



Total Employees  
**1,852**  
(As at December 2023)

**41**  
ongoing projects  
(As at 31 December 2023)

Other countries in which S P Setia has presence:

- SINGAPORE
- JAPAN

# What We Do

We have garnered acclaim for our outstanding township developments, with Setia Alam standing as a prime example. Setting ourselves apart as pioneers, S P Setia has consistently been at the forefront of eco-themed developments, exemplified by the iconic Setia Eco Park. In addition to these achievements, our diverse portfolio includes integrated developments, showcasing our commitment to innovation, versatility and creating communities that transcend traditional living experiences.

- ◆ We are a leading Malaysian property developer dedicated to **creating sustainable living environments** within the homes and communities we build.
- ◆ Positioned as a prominent publicly listed property player in the country, we boast a robust portfolio encompassing well-planned **townships, eco-sanctuaries, premium and exclusive enclaves, residences, commercial and retail properties**, as well as integrated and transit-oriented developments strategically located in densely populated urban and rapidly growing areas.



Our primary focus lies in property development, emphasising the following product types:

- Township Developments
- Eco-themed Developments
- Industrial Parks
- Integrated Developments
- Niche Developments

## Our Core Business Segments

### Property Development

Our property development segment spans townships, integrated, industrial, eco-themed and niche projects in Malaysia, Singapore, Vietnam, Australia and the UK.

Our presence in Malaysia is underpinned by our success in the Central Region, specifically our flagship development Setia Alam – an award-winning, wholesome, integrated and self-contained township with nature-inspired sanctuaries in Shah Alam, Selangor. In addition, we have a property development footprint in the Northern (Penang), Southern (Johor) and Eastern (Sabah) regions of Malaysia.

Our latest project – a JV partnership with Mitsui Fudosan in FY2023 – will see us develop 2.67 acres of prime commercial land in Setia Federal Hill, Bangsar, Kuala Lumpur, infusing a fresh wave of vitality into the vicinity.

In addition, we are part of a consortium with Sime Darby Property Berhad and Malaysia's Employees Provident Fund ("EPF") for the redevelopment of the iconic Battersea Power Station in London, UK.

#### INTERNATIONAL PRESENCE



Australia | Vietnam | United Kingdom | Singapore | China | Japan

#### MALAYSIA



Klang Valley | Johor | Penang | Sabah

### 2023 Key Highlights



TOTAL REMAINING GDV

**RM 119.74 billion** (effective)\*



TOTAL COMPLETED GDV IN 2023

**RM 7.86 billion**



ONGOING PROJECTS

**41\***

\* As at 31 December 2023

TOTAL SALES IN 2023

**RM 5.10 billion**



COMPLETED UNITS IN 2023 **5,601**



### Investment Properties

Our property-related businesses include a diversified portfolio of investment properties encompassing retail, education, hotels, convention centres and offices.

- Offices
- Retail
- Hotel
- Education
- Convention centre



Identified **more than 900 acres** of land bank for industrial parks



Approval for **rezoning** from residential to industrial was obtained for **Tanjung Kupang Industrial Park, Johor**, from the state government in September 2023

### Industrial Expansion

In alignment with Malaysia's New Industrial Master Plan 2030 ("NIMP 2030"), S P Setia is also strategically utilising its land bank in Setia Alaman, Setia Fontaines and Tanjung Kupang to develop industrial-based business parks. We aspire for these upcoming business parks to set a new benchmark as "High-Value Green Industrial Parks", featuring world-class infrastructure and complementary services.

# Distinctive Developments

## Our Property Development Portfolio Highlights

### TOWNSHIP DEVELOPMENTS

#### CENTRAL

- Setia Alam
- Setia City
- Setia EcoHill
- Setia EcoHill 2
- Setia Mayuri
- Setia Alamsari
- Bandar Kinrara
- Setia Bayuemas
- Alam Damai
- Setia AlamImpian
- Temasya Glenmarie

#### NORTHERN

- Setia Fontaines
- Setia Pearl Island
- Setia Greens

#### SOUTHERN

- Setia Indah
- Setia Tropika
- Setia Eco Cascadia
- Bukit Indah
- Setia Eco Gardens
- Taman Perling
- Taman Pelangi
- Taman Rinting
- Taman Industri Jaya
- Taman Pelangi Indah



### ECO-THEMED DEVELOPMENTS

#### CENTRAL

- Setia Eco Park
- Precinct Arundina @ Setia Eco Park
- Setia Eco Templer
- Setia Eco Glades
- Setia Safiro
- Setia Warisan Tropika



### INTEGRATED DEVELOPMENTS

#### CENTRAL

- KL Eco City
- Setia Federal Hill

#### EASTERN

- Aeropod



### NICHE DEVELOPMENTS

#### CENTRAL

- Setia Putrajaya
- Setia Trio
- Setia Sky Seputeh
- Setia Seraya Residences



### INDUSTRIAL DEVELOPMENTS

#### CENTRAL

- Setia Alaman, Selangor

#### NORTHERN

- Setia Fontaines, Penang

#### SOUTHERN

- Setia Business Park I
- Setia Business Park II
- Taman Industri Jaya
- Tanjung Kupang, Johor

### INTERNATIONAL DEVELOPMENTS

#### VIETNAM

- EcoLakes, My Phuoc
- EcoXuan, Lai Thieu

#### AUSTRALIA

- UNO, Melbourne
- Sapphire by the Gardens

#### UK

- Battersea Power Station

### Highlights



Our Central Region developments, spanning across Kuala Lumpur and Selangor, constitute the largest contributor to the Group, accounting for **65% or RM3.3 billion** of our total Group sales in 2023



In the UK, the Battersea Power Station was named the overall winner of the **New London Awards 2023**. This prestigious award, organised by New London Architecture and supported by the Mayor of London, celebrates projects of all scales that contribute to the creation of a more sustainable, civilised and egalitarian London

# Distinctive Developments

## Our Investment Properties Highlights

### OFFICES

- Corporate Headquarters, Setia Alam, Selangor
- Mercu 2 in KL Eco City, Kuala Lumpur



Setia SPICE Convention Centre, Penang

### RETAIL

Key retail developments include

- Setia City Mall, Shah Alam, Selangor (in partnership with Lendlease)
- SetiaWalk Mall, Puchong, Selangor
- Setia EcoHill Mall, Semenyih, Selangor
- INC KL Eco City, Bangsar, Kuala Lumpur

### EDUCATION

International Schools Partnerships ("ISP") in

- Tenby Setia Eco Park Shah Alam, Selangor
- Tenby Setia EcoHill Semenyih, Selangor
- Tenby Setia Eco Gardens, Gelang Patah, Johor

### CONVENTION CENTRES

- Setia City Convention Centre I and II, Setia Alam, Selangor
- Setia SPICE Convention Centre, Penang



Setia City Mall, Setia Alam, Shah Alam, Selangor

### HOTELS

- Amari Kuala Lumpur, Bangsar, Kuala Lumpur
- Amari SPICE Penang, Bayan Lepas, Penang
- Shangri-la Hotel, Melbourne, Australia



Mercu 2  
INC KL Eco City  
Amari Kuala Lumpur



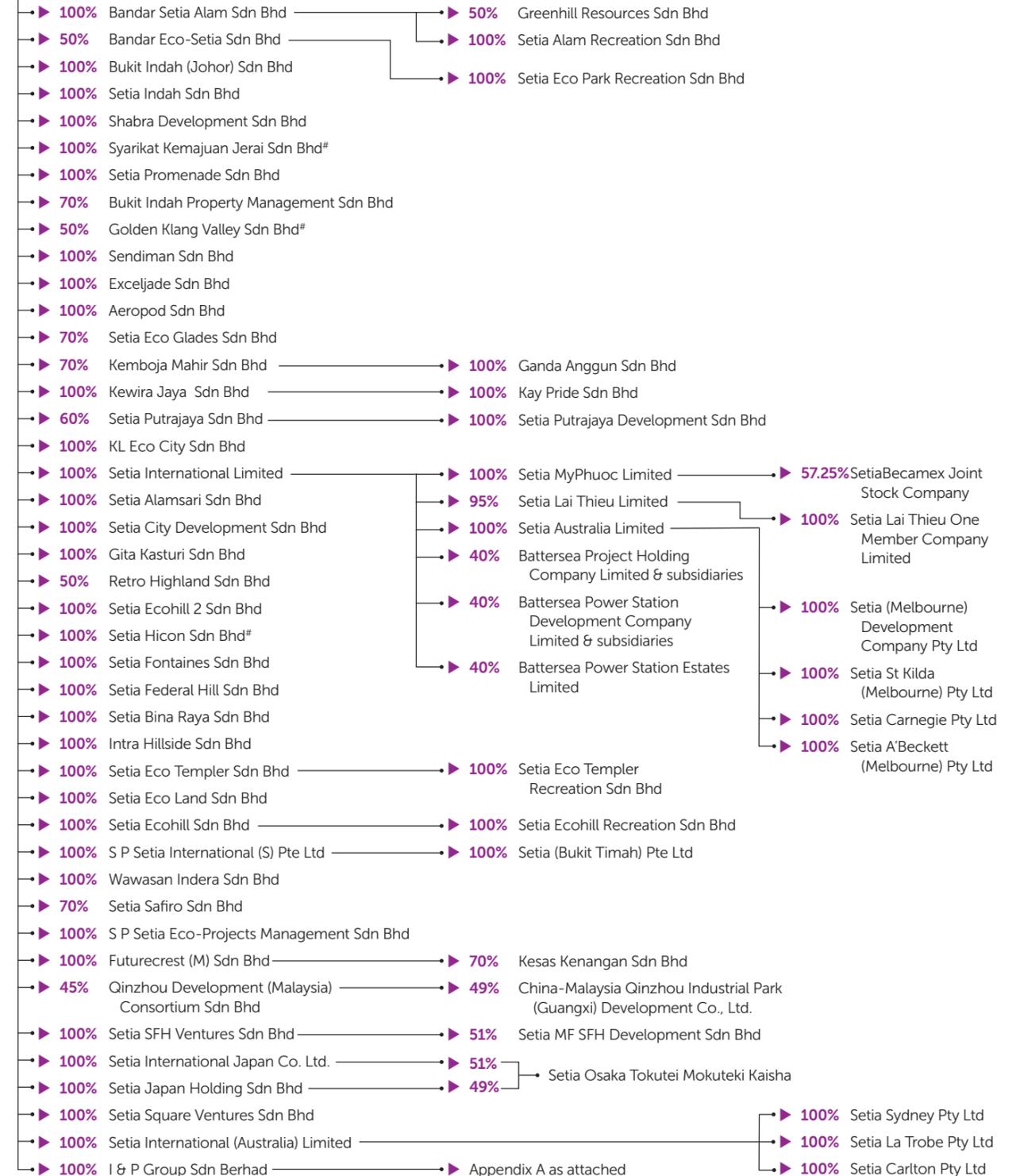
Amari SPICE, Penang

# Corporate Structure

As at 7 March 2024



## PROPERTY DEVELOPMENT

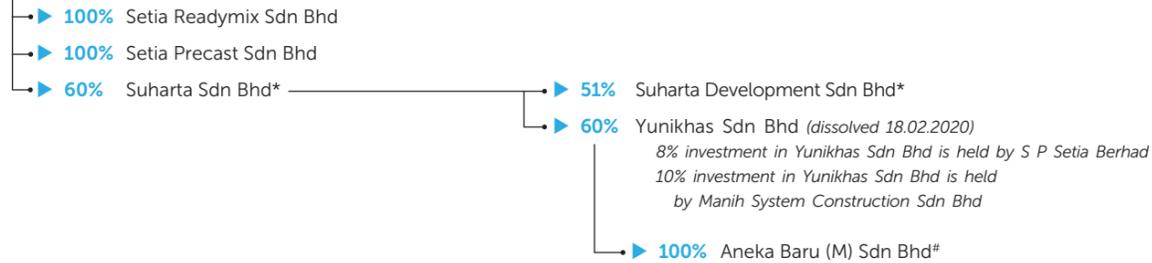


# Corporate Structure

As at 7 March 2024



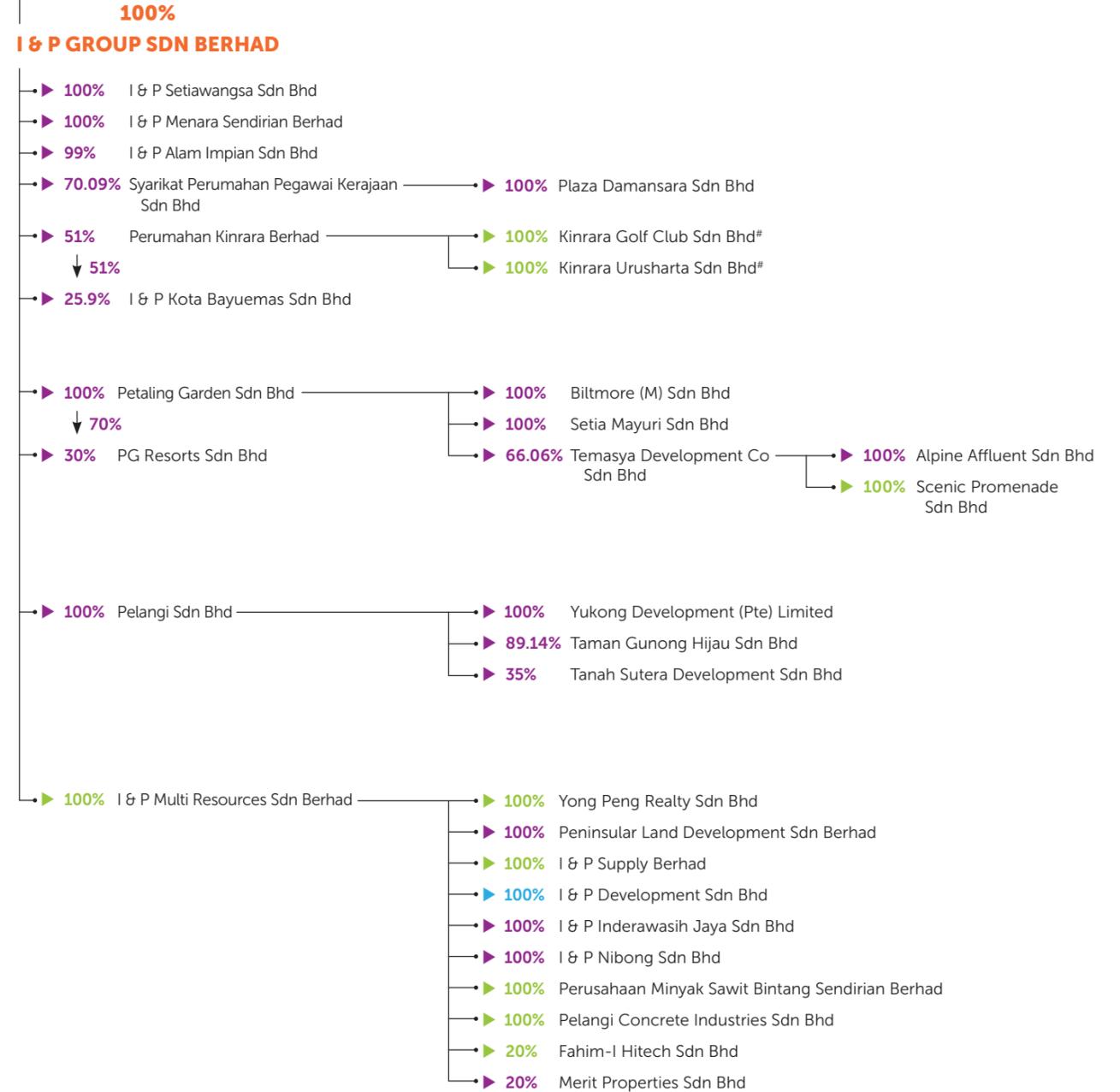
## CONSTRUCTION



## MANUFACTURING/INVESTMENT & PROPERTY HOLDING/PROPERTY MANAGEMENT/OTHERS



## APPENDIX A (from page 23)



\* In Creditors' Voluntary Liquidation  
# In Members' Voluntary Liquidation

# Our Competitive Advantage

### Award-Winning

Developer in Malaysia and the region

### Presence in 7 Countries

### \*Unbilled Sales of RM5.64 billion

Malaysia's **pioneering developer** in creating a thriving and successful **eco-themed concept** with sustainable living environments to enrich the lives of many

Dynamic range of property portfolio catering for diverse market demand and economic cycles:

- Township
- Industrial parks
- Offices
- Convention centres
- Hotels
- Malls
- Schools
- High-rise residential developments

### Industrial parks

planned in strategic locations:

- Setia Fontaines, Penang
- Setia Alaman, Klang
- Tanjung Kupang, Johor

Internationally-trusted partner for **world-class development projects**

\*6,311 Acres of Remaining Land Bank  
**RM119.74 billion in GDV**

\* As at 31 December 2023

## Joint Ventures & Partnerships\*

## Indices Representation & Credit Ratings

\* Key selected partners

# 2023 Key Significant Events

14 April



S P Setia Foundation ("SPSF") and Lembaga Zakat Selangor ("LZS"), together with Amanah Saham Nasional Berhad ("ASNB") and Agensi Kaunseling dan Pengurusan Kredit ("AKPK"), collaborated to organise a financial literacy workshop on fundamental financial management for 80 asnaf individuals at Baitussalam Pusat Perlindungan Asnaf Lembaga Zakat Selangor on 14 April 2023. The event was officiated by Y.A.M. Tan Sri Syed Anwar Jamalullail, Chairman of LZS and S P Setia Berhad.

## S P Setia Foundation

Under the "Sincerely, Setia" initiative, SPSF organised 27 healthcare, education, unity and community-themed programmes in 2023, benefitting more than 5,044 beneficiaries with contributions worth RM520,000.

31 May



S P Setia launched its ESG Roadmap during its first Sustainability Day at Setia City Convention Centre on 31 May 2023.

## Setia Sustainability Day @ Setia City Convention Centre

S P Setia launched its ESG Roadmap during its first Setia Sustainability Day, which encompasses the Group's new purpose and vision.

22 June



In an effort to promote artistic expression and creative lifestyles among its community, S P Setia's subsidiary I & P Alam Impian Sdn Bhd entered into a partnership with UiTM Shah Alam following the signing of a letter of intent on 22 June 2023.

## Collaboration with UiTM Shah Alam

In collaboration with UiTM Shah Alam, I & P Alam Impian Sdn Bhd will be establishing an Arts Residency Programme at Setia AlamImpian, providing budding artists with opportunities to showcase their talents.

5 July



S P Setia Bhd launched Setia i-Home (eGreenLiving), its new initiative to implement sustainable features in future landed residential developments on 5 July 2023. Setia eGreenLiving is part of the Group's commitment to accelerating its ESG efforts and achieving net zero emissions by 2050.

## Launch of Setia iHome (eGreenLiving) @ Setia Alamsari Welcome Centre

From smart lock to rainwater harvesting system, each sustainable and innovative Setia eGreenLiving feature is designed to assist S P Setia's vision to become the pioneer in creating sustainable communities that enhance lifestyles.

19 June

## Optimising Land Bank Towards Asset-Light Structure

S P Setia Bhd's indirect wholly-owned subsidiary, Petaling Garden Sdn Bhd, has disposed of 500 acres of land in Semenyih, Selangor, to Mah Sing Group Bhd for RM392.04 million.

The land sale is part of the Group's business strategy to improve efficiency by monetising some of its non-core land bank parcels.

20 August & 3 September

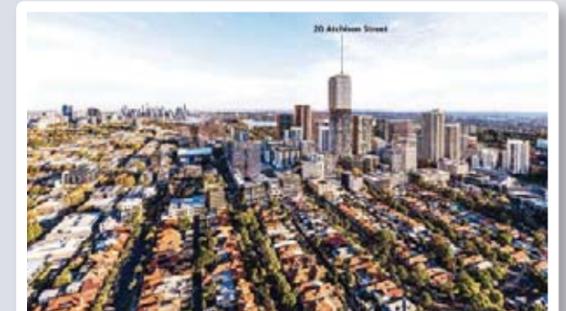


Apart from the fun run and half marathon, there were an array of exciting activities, such as musical performances, food trucks, workshops and a variety of carnival activities and games, at LakePoint Park@Setia AlamImpian.

## Setia4Malaysia Unity Run 2023: Celebrating Unity and Strength Through Every Stride

As part of S P Setia's ESG efforts, Setia hosted its annual unity run at two of its developments, Setia AlamImpian in Shah Alam, Selangor, and Aeropod in Kota Kinabalu, Sabah. The events saw more than 4,000 participants from all walks of life celebrating togetherness in the spirit of Merdeka.

3 September



Located at 20 Atchison Street in St. Leonards, the land is nestled in the dynamic landscape of Sydney's North Shore. The St. Leonard's neighbourhood expertly merges urban amenities within a leafy suburb.

## Land Acquisition in Sydney, Australia

With an optimal entry cost point of AUD73.3 million (RM220 million), S P Setia Bhd further expanded its business in Australia by acquiring a prime land site in Sydney, New South Wales.

13 December



Datuk Zaini Yusoff, Chief Operating Officer of S P Setia Berhad (1st from left); Datuk Choong Kai Wai, President and Chief Executive Officer of S P Setia Berhad (2nd from left); Mr Masayoshi Saito, Managing Director of Mitsui Fudosan (Asia) Malaysia Sdn Bhd (3rd from left); and Mr Aritaka Yamagata, Deputy General Manager of Mitsui Fudosan (4th from left) at the signing ceremony.

## Joint Venture with Mitsui Fudosan to Develop Commercial Land in Setia Federal Hill

S P Setia officially announced its collaboration with Mitsui Fudosan to embark on a JV for the development of two prime commercial land parcels, totalling 2.67 acres in Setia Federal Hill, Bangsar.

02



Sapphire By The Gardens, Australia



LakePoint Club, Setia AlamImpian, Shah Alam, Selangor Darul Ehsan



Setia Safiro, Cyberjaya, Selangor



Setia Alamsari, Bangi, Selangor

## KEY MESSAGES

- 32 Chairman's Message
- 42 President & Chief Executive Officer's Review

# CHAIRMAN'S MESSAGE

## Dear Shareholders,

2023 marked a significant turning point, especially in the latter half, as we observed a consistent improvement in the property market, signalling perseverance from the challenges posed by the rising interest rates, impact of foreign exchange and persistent inflation levels.

**Y. A. M. TAN SRI DATO' SERI SYED  
ANWAR JAMALULLAIL**  
Chairman

## Chairman's Message



Setia Alaman, Shah Alam, Selangor

We are pleased to report yet another year of solid achievement, as our **2023 sales hit the RM5 billion mark; a significant 24% improvement from 2022 levels**. It underscores the strength and resilience of the market fundamentals and reflects the value creation achieved through collaboration of various stakeholders across the industry, underpinned by the dedicated support from Team Setia. As a leading player in the property market, S P Setia is well positioned to capitalise on the improving market conditions. The resurgence in demand for residential, commercial and industrial properties presents exciting opportunities for us to expand our portfolio, unlock new revenue streams and deliver value to our shareholders. Meanwhile, our resilient balance sheet, diversified asset base and strategic partnerships position us favourably to capitalise on emerging trends and drive sustainable growth in the long term.

Despite the challenging economic condition in Malaysia and the global macroeconomic environment and market headwinds, the Group remains vigilant in balancing its capital structure and effectively managing its de-gearing programme in pursuit of a sustainable overall performance.



2023 Sales hit the **RM5 billion mark; 24% higher than 2022**

The Group remains vigilant in balancing its capital structure and effectively managing its de-gearing programme in pursuit of a sustainable overall performance

### UNLOCKING VALUE THROUGH SUSTAINABLE GROWTH

S P Setia adopts a forward-thinking approach in formulating strategies to seize opportunities for growth while navigating challenges in the business environment. **Monetising non-strategic land and divesting our non-core assets** provides us with the liquidity capacity to invest in more strategic areas using the proceeds, thereby streamlining our operations and freeing up resources for growth initiatives. A major land disposal undertaken during the year involving Mah Sing Group Berhad in Glengowrie, Semenyih, Selangor, is expected to bolster this growth aspiration.

Our **portfolio diversification** into **industrial parks** gained traction in 2023, with approximately 900 acres of our land bank dedicated to this new segment. Spread across Malaysia in three strategic locations – Setia Alaman (Klang), Tanjung Kupang (Johor) and Setia Fontaines (Bertam, Penang) – this move demonstrates our significant commitment to this sector. We recognise the high demand for industrial properties, signalling a lucrative opportunity in this market as we cater to businesses looking for manufacturing, warehousing or distribution facilities. Accordingly, we offer various amenities and infrastructure tailored to industrial needs, attracting companies seeking efficient and well-equipped spaces for their operations.

We are in the midst of negotiating **international JV partnerships** for our 399-acre Setia Alaman Industrial park development project, representing a significant step in expanding its reach and capabilities. Collaborating with international partners brings together diverse expertise, resources and new market access, enhancing the success and competitiveness of S P Setia as a rising player in industrial park development. By partnering with established companies or investors from different regions, Setia Alaman Industrial Park can leverage its networks, experience and insights to navigate local regulations, cultural nuances and market dynamics more effectively. Additionally, the launch of the New Industrial Master Plan 2030 ("NIMP 2030") in October 2023 by the Malaysian government could present new opportunities for collaboration, funding and cross-market access, while also ensuring alignment with national development priorities and regulatory frameworks.

Keeping true to our vision, S P Setia's development projects master plan aims for a holistic, green and sustainable urban development that prioritises environmental conservation, community well-being and long-term sustainability. We engage in **catalytic strategic partnerships** for our commercial land transactions to **unlock value and accelerate holistic development execution**, spurring long-term growth in key areas and benefitting the community at large. An example of this value-creation effort is the sale of our 18-acre freehold land in Setia City to KSL Bestari Sdn Bhd in November 2023. We believe that creating synergies with the right strategic partners with the right skills is the way forward in creating sustainable communities.

Another key milestone for S P Setia in 2023 was the signing of the **JV agreement with Mitsui Fudosan for the Setia Federal Hill development** in Jalan Bangsar, Kuala Lumpur. This development, valued at an estimated GDV of RM1.4 billion, kickstarts Setia Federal Hill's journey towards becoming a self-sustaining mini metropolis. The JV between S P Setia and Mitsui Fudosan represents a synergistic partnership that combines local expertise with international best practices to realise a transformative vision for Setia Federal Hill and **elevate Kuala Lumpur into a world-class sustainable city of the future**.

The project's strategic location in Jalan Bangsar, Kuala Lumpur, positions it as a key catalyst for economic growth, urban revitalisation and cultural enrichment in the heart of the city. By catalysing investment, job creation and tourism, Setia Federal Hill has the potential to contribute significantly to Kuala Lumpur's status as a global city and enhance its competitiveness on the world stage.

On the international frontier, our recent **RM220 million land acquisition in St. Leonards, Sydney, Australia**, during the year demonstrates the Company's commitment to furthering its global footprint, following its successful presence in Melbourne. This paves the way for **future revenue growth pipeline for the Group**. St. Leonards, located in the North Shore area of Sydney, is known for its strategic positioning and vibrant economic activity. Being a part of this dynamic region presents numerous opportunities for S P Setia to capitalise on the robust real estate market, add value to the local community, contribute to the city's urban landscape and meet the growing demand for quality developments in Sydney.

“Our recent RM220 million land acquisition in St. Leonards, Sydney, Australia, during the year demonstrates the Company's commitment to furthering its global footprint, following its successful presence in Melbourne.”



An artist's impression of Setia Federal Hill, Kuala Lumpur

### SUSTAINABILITY INTEGRATION IN SETIA

Since adopting sustainability reporting in 2016, our commitment and action on sustainability has grown more robust over the years, as shown by the important milestones we have achieved. Throughout FY2023, we focused on fully integrating sustainability goals into our business strategies and processes. This translates into enhancing how we implement, track and monitor sustainability projects, cultivating a culture that values and pursues sustainability excellence, as well as utilising innovation and digital advances to enhance our products and customer experiences. The Setia Green Roadmap sets out our climate action goals and climate-related risks mitigation metrics, where we commit to achieve net zero emissions by 2050, with mid-term targets of a 45% reduction by 2030 and a 70% reduction by 2040 for Scope 1 and 2 emissions. We are also finalising our baseline assessment and establishing interim targets for Scope 3 emissions.



Setia's targets for Scope 1 and 2 emissions  
**45% reduction by 2030**  
**70% reduction by 2040**

# Chairman's Message

## INNOVATION: THE DRIVING FORCE OF SUSTAINABILITY

The Board Sustainability Committee and the Management Sustainability Committee oversee our innovation strategy, setting focus areas and key performance indicator ("KPI") targets for innovation that are reviewed quarterly. We accomplished this goal by implementing nine innovative features launched through Setia eGreenLiving as part of our product offering. These features comprise a set of smart and sustainable home elements which will be rolled out across all of our upcoming developments. We also introduced the Customer Experience Center Plus ("CEC+") portal, which combines customer data from various systems into one platform, allowing our Setia Ambassadors to respond to customer inquiries more quickly. Additionally, in implementing renewable energy solutions, our collaboration with Tenaga Nasional Berhad, inked in 2022, has been pushed full steam ahead throughout 2023 to drive the adoption of green technology across our developments via solar water heating systems and solar panels installations for on-site renewable energy generation at our properties.

## DIGITAL SUSTAINABILITY & INNOVATION CULTURE

To stay ahead, we focus on fostering an innovation culture throughout the Group, from idea to execution. We have made big strides by digitalising our key processes, adopting cutting-edge digital marketing and improving the efficiency of our construction methods. Apart from the Innovation Team, we have a dedicated Digital Sustainability team focused on implementing digital solutions to drive digital sustainability, a crucial part of our sustainability efforts. In 2023, their accomplishments included finding a fitting ESG data platform called "eDew" and investigating the potential of Artificial Intelligence ("AI"), data analytics and Internet of Things ("IoT") for environmental monitoring and other sustainability tasks.



Setia Vision and Mission roadshows

“By linking emissions reduction with our business strategy through TCFD, we're striving for a more unified approach to climate action that aligns with our planet's protection. These identified risks and opportunities will heavily influence our Group-level strategies going forward, enabling better decision-making about our business future amid climate change.”

## ROADMAP TO TCFD ADOPTION

In 2023, we embraced the Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations. This encompassed identifying pivotal climate change risks and opportunities, instituting a governance framework to oversee them, crafting strategies for climate action and defining essential metrics and targets to steer our advancement. We looked at how climate change might impact our Group's risks and opportunities, leading to six focus areas where we have developed mitigation plans. By linking emissions reduction with our business strategy through TCFD, we are striving for a more unified approach to climate action that aligns with our planet's protection. These identified risks and opportunities will heavily influence our Group-level strategies going forward, enabling better decision-making about our business future amid climate change. As we continue our sustainability reporting journey, our goal is to attain complete adherence to the TCFD recommendations by 2025.

## EMPLOYEE ENGAGEMENT & DEVELOPMENT

The Annual People Pulse Survey was carried out to understand the sentiment of our people on the ground as a foundation of our people's strategy in shaping an employee-centric organisation. We also launched a refreshed vision and mission, integral to our business transformation, charting a new direction for the company. Vision-Mission roadshows were run across the Group to ensure seamless alignment among Team Setia in embracing this new direction. We are dedicated in strengthening our Team

Engagement and nurture agile mindset, preparing our people for the future of work and steering our business transformation. Through unconventional corporate experiential learning under the theme of "Thriving as One", we actively engage our people of all levels in this learning journey.

## ADVANCING DIVERSITY, EQUITY & INCLUSION

We value and honour gender equality and diversity. The Women of Inspiration ("WIN") initiative, founded in 2017, organises various programmes and events year-round to foster constructive discussions on the hurdles and prospects encountered by women in professional settings. In 2023, WIN curated a series of events commemorating International Women's Day, centred on the theme "Embracing Equity". The lineup included stories highlighting the contributions of female leaders, employees and emerging talent within our organisation. Additionally, there was a lively Purple & Pink Day encouraging all staff to demonstrate solidarity. Moreover, EmpowHER, a two-hour gathering accessible to employees and Business Associates, honoured women's accomplishments and underscored our dedication to fostering gender equity in the workplace. S P Setia also demonstrated its commitment to creating an inclusive and equitable workplace by granting a half day off for all women during the month of March. This was to acknowledge the dual roles women play in striving for workplace equality and fulfilling caregiving responsibilities.

## UPHOLDING LABOUR RIGHTS

Delivering our commitment to fair employment practices, our Labour Rights Policy was enacted on 1 July 2023 in accordance with the framework set forth by Permodalan Nasional Berhad ("PNB"). The policy encompasses six key material issues: Forced and Child Labour, Rights to Freedom of Association, Fair Wages and Benefits, Diversity and Inclusion, Safety and Health, and Upskilling and Education. For each of these areas, the policy establishes specific commitments and standards that we hold ourselves, our employees and our Business Associates accountable to. This empowers us to maintain consistency in employment practices across our business operations and to strictly comply with the existing laws and regulations in the countries where we operate.

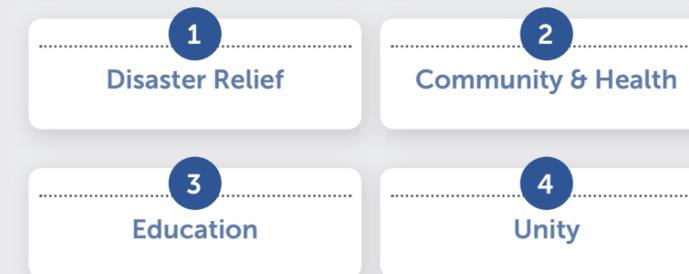


Sincerely, Setia Volunteer Weekends at Kampung Beringis, Papar, Sabah

## SINCERELY, SETIA

In 2023, we launched "Sincerely, Setia" as S P Setia Foundation's ("SPSF") flagship programme initiative, aimed at spreading kindness and supporting underserved Malaysians. This initiative embodies the spirit of generosity and selflessness, underscoring our commitment to making a difference. It focuses on four core areas: Disaster Relief, Community and Health, Education, and Unity. Additionally, we continued to expand the Setia Caring School Programme, which has been our primary initiative since 2015. This programme strives to narrow educational disparities among underserved populations, providing equitable opportunities to bottom 40 income ("B40") and disabled students through tailored educational assistance and collaborative community initiatives. In 2023, the programme made a difference for 1,270 students from 12 schools across Selangor, Penang and Johor.

### 4 core areas



## Chairman's Message

In 2023, we invested a total of RM520,000 in community-based initiatives, benefitting 5,044 people. Notable highlights of our community efforts in 2023 include:

### COMMUNITY & HEALTH

#### Sincerely, Setia Healthcare and Well-being Assistance Programme

- **Pusat Perubatan Universiti Malaya and Hospital Canselor Tuanku Muhriz:** Funds support for 559 needy patients and caregivers
- **Majlis Sukan Negara:** 20 wheelchairs donated for the use of paralympic athletes and people with disabilities from the local community
- **Hospital Shah Alam:** 21 wheelchairs donated for the use of its patients
- **Hospital Shah Alam and Hospital Serdang transit centres:** 750 basic personal hygiene kits and light food packs donation to the families of B40 patients
- **Minggu Saham Amanah Malaysia 2023 ("MSAM 2023"):** 30 wheelchairs donation to disabled individuals and the elderly in need through Hospital Bukit Mertajam and five selected non-governmental organisations ("NGOs") in Penang



Sincerely, Setia Healthcare and Well-being Assistance Programme

### UNITY

#### Sincerely, Setia Volunteer Weekend with Kaum Orang Asli

- In collaboration with Yayasan Sukarelawan Siswa and the Institution of Engineers, Malaysia, and supported by various sponsors including Kloth Cares Malaysia, Dutch Lady Milk Industries, Yeo Hiap Seng Ltd and Neutroviv Malaysia, SPSF organised a STEM fun learning session, cultural activities and inspirational talks at two of the oldest Orang Asli villages in Dengkil – Kampung Bukit Tampoi and Kampung Kolam Air Bangkong – reaching 70 community members.

### UNITY

#### Sincerely, Setia Volunteer Weekend in Papar, Sabah

- The second Sincerely, Setia Volunteer Weekend empowered B40 community members from Papar, Sabah, with nine engaging activities across the themes of education, healthcare and community over two days. The programme was delivered in collaboration with AsmahKadir Empire ("AKE"), Universiti Malaysia Sabah's Faculty of Medicine and Health Sciences as well as Faculty of Natural Resources, the Institution of Engineers, Malaysia (Sabah branch) and Institut Kemahiran Belia Negara ("IKBN") Kinarut, enabling the dissemination of key skills and knowledge to beneficiaries in each of these areas.
- 250 community members, 55 teachers and Persatuan Ibu Bapa dan Guru ("PIBG") members attended the two-day programme.

### EDUCATION

#### Sincerely, Setia Tuition Mission in Sabah: Pecutan Akhir SPM

Over the course of five days, SPSF empowered the educational journeys of 120 B40 students from Sabah in collaboration with Jabatan Pendidikan Negeri Sabah by providing:

- Targeted tuition across four core SPM subjects, totalling 26 hours of intensive learning per student
- Daily inspirational talks, which included practical learnings and career advice from our volunteers, and other motivational sessions
- Student aid kits, which included essential stationery supplies such as notebooks, pens and files

### EDUCATION

#### Promoting STEM in Collaboration with MSAM 2023

In conjunction with MSAM 2023, SPSF organised "GeoTalk", an exploration of science, technology, engineering and mathematics ("STEM") education delivered in collaboration with the Geological Society of Malaysia. A fun STEM learning session was also organised with the Institution of Engineers, Malaysia, which enabled students to enjoy this engaging learning approach outside traditional classroom settings. These two STEM education programmes collectively reached 51 B40 students and 10 orphans.



Setia Integrity Roadshows at Setia Ecohill, Semenyih

### COMMITMENT TO STRONG GOVERNANCE

We maintain our commitment in upholding the highest corporate governance standards and business ethics through a number of key initiatives and engagement programmes in 2023:

- **Setia Integrity Roadshows and signing of Setia Integrity Pledge** conducted across various Business Units throughout Malaysia, including staff of Amari Kuala Lumpur and Amari SPICE Penang, as well as two sessions in Vietnam
- **ISO 37001 certification training on Anti-Bribery Management System**, covering three modules (Awareness, Interpretation and Implementation, and Internal Auditor)
- **Nine Code of Conduct and Business Ethics training sessions** conducted for incoming staff, attended by 111 employees in total
- **Setia Roundtable Discussions ("RTD@2023")**, comprising 44 sessions attended by a total of 809 staff
- **PNB's solidarity event** (July 2023), PNB's GLIC Integrity Event ("GIE 2023") in November 2023, alongside other PNB investee companies
- **Corporate Integrity Investigation Technique** training (Penang – August 2023)

S P Setia Integrity & Governance Unit ("IGU") had also undertaken engagements with the following authorities in 2023:

- Unit Integriti, Jabatan Kerja Raya
- IGU of Pengurusan Air Selangor Berhad
- IGU of Indah Water Konsortium Sdn. Bhd.
- IGU of Ranhill SAJ Sdn. Bhd.
- Unit Integriti Setiausaha Kerajaan Negeri ("SUK") Sabah
- Biro Pengaduan Awam ("BPA") Selangor
- Majlis Perbandaran Sepang

### NEW LEADERSHIP

On behalf of the Board and Senior Management team, I would like to extend our warm welcome to four new Board members, who have taken on the following positions:

1. **Datuk Ir. Khairil Anwar bin Ahmad (Independent Non-Executive Director)**
  - Chairman of Tender and Projects Committee
  - Member of Nomination and Remuneration Committee
  - Member of Risk Management Committee
  - Member of Sustainability Committee
2. **Datin Wan Daneena Liza binti Wan Abdul Rahman (Independent Non-Executive Director)**
  - Member of Audit Committee
  - Member of Finance and Investment Committee
  - Member of Tender and Projects Committee
3. **Lim Fu Yen (Non-Independent Non-Executive Director)**
  - Member of Risk Management Committee
  - Member of Sustainability Committee
4. **Aida Hazrina binti Mohd Tazaai (Alternate Director to Lim Fu Yen)**

### AN ENDURING LEGACY

On behalf of the Board and Senior Management Team, I would like to express my heartfelt appreciation to the former Board members who have departed from the Board during the year:

**Dato' Ahmad Pardas bin Senin**  
**Dato' Seri Ir. Hj. Mohd Noor bin Yaacob**  
**Dato' Zuraidah binti Atan**  
**Dato' Halipah binti Esa**  
**Tengku Dato' Ab. Aziz bin Tengku Mahmud**

We extend our gratitude for their tireless efforts and invaluable guidance during their tenure, leaving an enduring legacy for S P Setia.

# Chairman's Message

## AWARDS & RECOGNITION

Building developments that resonate with the needs and demands of our customers, either locally or on the international front, is a testament to our understanding of diverse markets and our ability to adapt to evolving preferences. Internationally, we were honoured at the FIABCI World Prix d'Excellence Awards 2023 held in Miami, Florida, United States of America ("USA"), by winning two World Gold awards through the outstanding deliveries of our Setia Eco Templer, Rawang (Landscape Master Plan category) and Setia V Residences, Penang (Residential High Rise category) projects.

Winning prestigious awards on the international stage certainly speaks volumes about the quality and appeal of our products. It is not just about recognition; it is a validation of our commitment to excellence and our ability to resonate with the needs and desires of our customers and communities.

In Malaysia, S P Setia once again was honoured as one of the top three property developers at The Edge Malaysia Property Excellence Awards 2023. Achieving the top position in this award for 14 years has been a testament to our sustained excellence over nearly two decades. This milestone not only reflects our past successes but also inspires us to continue innovating and striving for excellence in the years to come.



Datuk Choong Kai Wai, President & CEO of S P Setia, receiving World Gold awards at the FIABCI World Prix d'Excellence Award 2023 ceremony at Miami, Florida, USA

2023 had also marked a significant milestone for S P Setia with its first-ever finance award. Our RM1 billion Sukuk Issuance completed in June 2023 was awarded the Best Corporate Sukuk Wakalah of the Year Award from Alpha Southeast Asia, the premier institutional investor media agency in Asia. Sharing the stage with reputable institutions and companies from across the region further solidifies S P Setia's position as a leader in the field of corporate finance. Winning this prestigious award is a testament to the excellence of our issuance strategy, outstanding execution of tight pricing, oversubscription rate and optimal spread of investors, despite prevailing market conditions. This reflects the high level of confidence and trust in S P Setia's financial instruments, underscoring its growing prominence in the financial sphere.



Team Setia at The Edge Malaysia Property Excellence Awards 2023



S P Setia Berhad received the Best Corporate Sukuk Wakalah of the Year Award

## MOVING FORWARD

Overall, S P Setia had a transformative and productive year in 2023. We strengthened ourselves through our structured strategic direction aimed at advancing our sustainable growth momentum for our future undertakings:

### Realignment of Key Priorities

We focused on reassessing and adjusting our key priorities to ensure alignment with our long-term goals and objectives. Optimisation of our land bank and value creation is at the core of our strategies.

### De-gearing & Capital Allocation

We adopted a prudent approach in managing our cash flow and reducing our borrowings to strengthen our financial position and reduce debt-related risks. Strategic rebalancing of our capital allocation was undertaken, aimed at optimising resources for maximum returns and efficiency.

### Invest for Value, Divest for Value

We adopt a value-driven approach to investment and divestment decisions, with emphasis on collaboration, diversification and securing future income streams. This targeted approach enhances shareholder value by allocating resources with optimum returns.

### Setia Green Roadmap commitment

The Setia Green Roadmap outlines our long-term sustainability goals and strategies, and carbon reduction targets, towards net zero emissions by 2050.

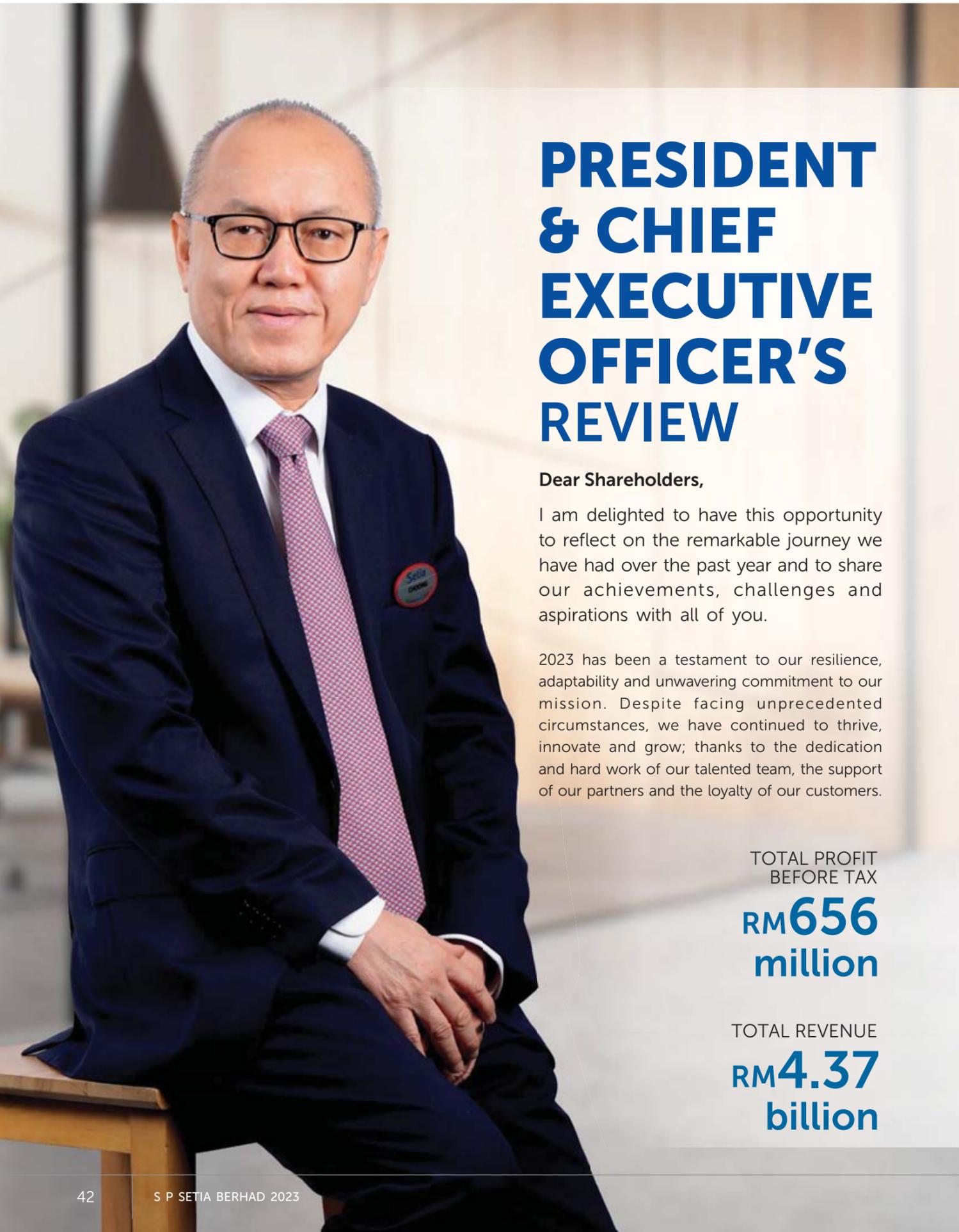
These initiatives reflect a comprehensive approach by S P Setia to enhance its operational efficiency, financial stability and sustainability practices, positioning the Group for long-term success and value creation throughout all its business operations.

## ACKNOWLEDGEMENT

On behalf of our Board and Management team, I extend our gratitude to our shareholders, financiers, business partners, suppliers, customers and employees. Your ongoing trust and support have played a vital role in enabling us to meet the objectives we set for 2023.

Thank you.

**Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail**



# PRESIDENT & CHIEF EXECUTIVE OFFICER'S REVIEW

Dear Shareholders,

I am delighted to have this opportunity to reflect on the remarkable journey we have had over the past year and to share our achievements, challenges and aspirations with all of you.

2023 has been a testament to our resilience, adaptability and unwavering commitment to our mission. Despite facing unprecedented circumstances, we have continued to thrive, innovate and grow; thanks to the dedication and hard work of our talented team, the support of our partners and the loyalty of our customers.

TOTAL PROFIT BEFORE TAX

**RM656 million**

TOTAL REVENUE

**RM4.37 billion**

As we delve into the details of our performance and strategic initiatives, I invite you to celebrate our successes, learn from our experiences and envision the exciting opportunities that lie ahead. Together, we are shaping the future of S P Setia and making a meaningful impact in becoming the leader in creating sustainable communities and enriching lifestyles.

S P Setia surpassed **RM5 billion** in sales in FY2023, demonstrating strong market presence and consumer demand fulfillment



Diversifying with world-class industrial parks in **Setia Alaman, Tanjung Kupang** and **Setia Fontaines**, we aim to expand markets, meet growing demand and boost long-term revenue



S P Setia thrives on collaborative innovation. **Our JV with Mitsui Fudosan** in December 2023 for Setia Federal Hill exemplifies our commitment to efficient, cross-industry growth



## 2023 IN A NUTSHELL



**Sales Achievement** S P Setia has reached a significant milestone by surpassing the RM5 billion mark in sales, a significant 24% improvement from 2022 levels. This accomplishment showcases S P Setia's strong market presence and ability to meet consumer demand.



**De-gearing Programme & Capital Allocation Discipline** We have implemented a strategic de-gearing programme and maintained strict discipline in optimising capital allocations. This ensures efficient use of resources and strengthens our financial position for future growth and stability. Our borrowings has reduced significantly over the past two years – by almost RM2.4 billion from land bank monetisation efforts.



**Land Bank Strategy** Our strategic land bank management focuses on unlocking value and monetising non-core land bank to generate cashflow, accelerate catalytic development opportunities and foster collaboration with strategic partners. This approach enables us to capture the strategic value of our land bank more effectively and efficiently.



**Township Development Excellence** We continue to excel in township development, which is our niche expertise. This sustained success highlights our commitment to creating vibrant and sustainable communities that meet the needs of modern living.



**Diversification into Industrial Parks** We have diversified our product line by expanding into world-class industrial parks development in Setia Alaman, Tanjung Kupang and Setia Fontaines. This expansion allows the Company to tap into new markets and cater to the growing demand for industrial real estate, further diversifying our revenue streams in the long run.



**Regional Growth** We acquired a new piece of prime land in Sydney, Australia, in 2023, marking our regional expansion in the Australian market. By capitalising on opportunities in this regions, Setia strengthens its future revenue pipeline and enhances its global presence.



**JV, Collaboration & Synergy** S P Setia emphasises collaboration and synergy across its operations, leveraging partnerships to drive innovation and efficiency. By integrating collaboration in our various business segments, we leverage on cross-industries skills and expertise and enhance our competitive advantage for sustainable growth. The JV signed with Mitsui Fudosan in December 2023 for the Setia Federal Hill, Jalan Bangsar, Kuala Lumpur development project is a strong testament to this.



**REIT-able Investment Properties** Our investment properties provide us with the platform to monetise our investment assets for future recurring income streams, providing stability and long-term value for investors in the long run.



**Setia Green Roadmap, Sustainability & Digitalisation** The Setia Green Roadmap outlines our objectives for climate action and metrics for mitigating climate-related risks. Our commitment is to reach net zero emissions by 2050, with interim goals of reducing Scope 1 and 2 emissions by 45% by 2030 and 70% by 2040. Additionally, we are in the process of completing our baseline assessment and setting interim targets for Scope 3 emissions. Setia is committed to sustainability and innovation in all aspects of its business. From green building practices to innovative design solutions, Setia strives to create developments that are environmentally responsible and future-proof.

These achievements contribute to S P Setia's overall success and reinforces its position as a leading player in the real estate industry.

# President & Chief Executive Officer's Review

## OPERATING ENVIRONMENT & MACRO TRENDS

The Malaysian residential property market has demonstrated resilience despite economic challenges, with notable increases in asking prices and the sale price index. Infrastructure developments, especially in Johor, have positively impacted the market, while government policy changes may further boost growth. The rental market saw a rebound in demand, possibly driven by rising costs pushing buyers towards renting. However, constraints on price increases persist due to weak demand and increased property listings. Malaysia experienced a 3.7% year-on-year economic growth in 2023, as housing demand remained stable, with an increasing shift towards the rental market.

Malaysia's gross domestic product ("GDP") grew by 3.7% year-on-year, as the continued recovery in economic activity and labour market conditions supported growth in 2023. In addition, the solid growth performance of the economy was reinforced by a resilient external position. However, growth moderated from the previous year amid a challenging external environment mainly due to slower global trade, the global tech downcycle, geopolitical tensions and tighter monetary policies. Bank Negara Malaysia anticipates a steady growth rate of 4% to 5% in 2024. In 2023, headline inflation decreased to 2.5%, down from 3.3% in 2022. Geopolitical tensions led to increased oil prices and subsequently higher inflation, whereas slowed growth helped stabilise commodity prices. Consequently, the Overnight Policy Rate ("OPR") was maintained at 3% in November 2023 for the third consecutive time.

Malaysia's Budget 2024 announcement is anticipated to bring positive outcomes to the property sector, driven by government initiatives to enhance homeownership and advancements in major infrastructure projects. Key highlights include the government's control of the Bandar Malaysia project, favourable developments in Iskandar Malaysia and planned relaxations in the Malaysia My Second Home ("MM2H") programme criteria. The designation of 2026 as "Visit Malaysia Year" and an allocation of RM350 million for tourism could also positively impact the property market. Additionally, a RM20 million fund has been allocated to Think City to revitalise downtown Kuala Lumpur into a dynamic creative hub.

Despite uncertain economic conditions and high interest rates, potential buyers are likely to proceed cautiously. However, this caution has not resulted in an economic downturn, leaving property owners reluctant to lower their asking prices. The market is expected to maintain stability, although there is a noticeable trend towards rental properties as property seekers seek alternatives in the current environment.



Malaysia's GDP grew by **3.7% year-on-year**, as the continued recovery in economic activity and labour market conditions supported growth in 2023

Bank Negara Malaysia anticipates a **steady growth rate of 4% to 5% in 2024**. In 2023, headline inflation **decreased to 2.5%**, down from 3.3% in 2022



Setia eGreeLiving features will be incorporated into Setia's latest and upcoming developments

## GOVERNMENT POLICIES SHAPING OUR STRATEGY

Government policies play a pivotal role in shaping our strategies and business decisions. We align our product development, marketing strategies and market positioning to leverage the opportunities created by these policies. This proactive approach enables us to capitalise on government initiatives, leading to increased demand for our properties and ultimately driving higher profits.

### Stamp duty exemption (first time home-buyers; ≤RM500k):

- Shifting our marketing and development focus towards properties that cater to first-time homebuyers, offering affordable prices that fall within the eligible price range for the stamp duty exemption.
- Positioning ourselves as supportive partners in customers' homebuying journey.



Emma Crest, Setia Eco Park, Shah Alam, Selangor



S P Setia announced its JV with Mitsui Fudosan to develop two parcels of prime commercial land measuring 2.67 acres in Setia Federal Hill, Bangsar

### MM2H relaxation

- Driving **foreign property investments** and alleviating the property overhang in key regions.
- Attracting more foreign investors and retirees to Malaysia as they may find the visa requirements more favourable. This influx of foreign buyers can stimulate demand for properties, particularly in popular expatriate or retirement destinations where S P Setia's properties are located (i.e Kuala Lumpur, Penang and Johor).
- Attracting affluent expatriates and retirees seeking high-quality properties and lifestyle amenities with luxury developments tailored to their preferences. These properties may offer premium features such as waterfront location and golf courses.
- Capitalising on MM2H participants' interest in long-term investment opportunities, whether for retirement or as a second home, by offering properties that are suitable for long-term investment, such as residential developments with the potential for capital appreciation or rental income.

## GOVERNMENT POLICIES



Stamp duty exemption



MM2H



Housing Credit Guarantee Scheme ("HCGS")

“Government policies shape our strategies, driving product development and marketing alignment. This proactive approach capitalises on initiatives, boosting property demand and increasing profits”

### HCGS

- Increased Access to Financing:** HCGS aims to enhance access to housing financing for eligible borrowers, particularly first-time homebuyers and those with limited financial resources. It reduces the risk for lenders, making it easier for individuals to qualify for housing loans. This increased access to financing can expand the pool of potential homebuyers, stimulating demand.
- Stimulated Demand:** The availability of housing loans under the HCGS can stimulate demand for properties across various market segments. Setia may benefit from increased sales and a broader customer base as more individuals are able to afford homes with the assistance of the scheme. This can lead to higher occupancy rates for residential developments and improved absorption rates for new housing projects.
- Reduced Default Risk:** The guarantee provided by the HCGS mitigates the risk of default for lenders, as a portion of the outstanding loan amount is secured by the scheme. This reduced default risk can encourage financial institutions to extend housing loans to a broader range of borrowers, including those with lower credit profiles or smaller down payments. S P Setia may benefit from a more stable and liquid housing market, with fewer disruptions due to loan defaults or foreclosures.

The launch of Malaysia's New Industrial Master Plan 2030 ("NIMP") and National Energy Transition Roadmap ("NETR") in 2023 presents a favourable environment for S P Setia and other industry players to thrive while contributing to the country's economic growth and environmental sustainability goals. Collaborating with the government and other stakeholders, securing funding and strategically aligning with national priorities will be key to leveraging these opportunities effectively.

## President & Chief Executive Officer's Review

### 2023 KEY PERFORMANCE HIGHLIGHTS

- **Financially:** We recorded a robust level of sales as we surpassed the RM5 billion mark, significantly reduced our borrowings and monetised our land bank
- **Operationally:** We completed and delivered projects worth RM7.86 billion, made industrial expansion progress in Setia Alaman Industrial Park, signed the Setia Federal Hill development project JV agreement with Mitsui Fudosan, completed a land acquisition in Sydney and continued our regional growth expansion in Australia and Vietnam
- **Sustainability, Digitalisation & Innovation:** We set our emissions targets through the Setia Green Roadmap, launched Setia eGreenLiving, embarked on digital transformation and incorporated solar solutions in our products

In the midst of this dynamic landscape, we remained steadfast in pursuing our strategic objectives to enhance our competitive edge. We efficiently expedited the development of both our townships and standalone projects to unleash the potential of our land bank, which currently spans 6,311 acres, with a remaining effective GDV of RM119.74 billion.

Our adept understanding of our customers' lifestyle preferences proved invaluable, particularly in a post-COVID-19-pandemic era where the demand for space was on the rise. S P Setia surpassed its FY2023 sales target of RM4.20 billion, achieving RM5.1 billion in sales, a notable 21% above target.

Meanwhile, our unbilled sales amounted to RM5.64 billion. We successfully introduced 2,677 new units for sale, totalling RM3.56 billion in GDV, with promising uptake rates.

Through diligent execution, the value of completed and delivered projects during the year amounted to RM7.86 billion worth of properties. Of this total, 71% originated from our local projects, while the remaining 29% stemmed from our international ventures.

### OUR REVENUE GROWTH DRIVERS

The strength of our revenue growth this year is attributable to a number of key drivers, including land bank monetisation transactions through catalytic development land sales, higher revenue contributions received from Australia as projects reached completion (UNO Melbourne and Sapphire by the Gardens Shangri-La hotel), 100% take-up rates for launches of residential landed properties in Central and Southern region mature townships, income from investment properties (hotels, retail malls and convention centres), as well as the clearance of completed inventories during the year.

In line with our business plan, we continue to gain headways in reducing our debt level and gearing. Although borrowings level have reduced, the normalisation of interest rates continues to keep interest costs high, which impacts our profit. Interest costs have been on an increasing trend due to interest rate normalisation post-pandemic. Income from land monetisation will help push our profitability stronger. Hence, it is imperative to accelerate our income base to generate sustainable levels of cash flow to pare down our borrowings and lower the impact of finance costs.



20 Atchison Street is strategically located in the thriving neighbourhood of St. Leonards, enhancing the S P Setia brand in Australia

### INVEST FOR VALUE, DIVEST FOR VALUE

In 2023, we embarked on a few significant investment and divestment initiatives with the objective of creating value for S P Setia.

#### Key Investments in 2023

- **Industrial Park Development:** We have a total of about 942 acres of land bank carved out for industrial development, with a total estimated GDV of over RM6 billion, spread across three strategic locations in the Central, Southern and Northern regions, that are progressing steadily. In the Central region, our 399-acre Setia Alaman Industrial Park in Klang is the most advanced so far, located in the mature township of Bukit Raja, Klang – Shah Alam area. It is equipped with world-class infrastructure and access roads, with strategic connectivity. With an estimated GDV of RM3 billion, we are now in active JV negotiations with a number of international partners serving the light to medium industries. In the Johor region, state approval was obtained in September 2023 for our Tanjung Kupang site, a 307-acre land near Tanjung Pelepas carrying an estimated GDV of RM1.4 billion. Whereas up north in Setia Fontaines, Penang, we are planning to rezone 323 acres out of the 1,691 acres for industrial use, with an estimated GDV of RM1.6 billion. These industrial parks are expected to bring in a consistent revenue for Setia for the next five to eight years.
- **Setia Federal Hill JV:** In December 2023, S P Setia entered into a JV agreement with Mitsui Fudosan to develop two parcels of commercial land, spanning 2.67 acres in Setia Federal Hill, Bangsar, Kuala Lumpur. This development, valued at an estimated GDV of RM1.4 billion, will consist of two residential towers. This move kickstarts Setia Federal Hill's journey towards becoming a self-sustaining mini metropolis, with an aspiration of elevating Kuala Lumpur into a world-class sustainable city of the future.
- **Sydney Land Acquisition/Australia Growth:** Expanding our global presence and existing footprint in Melbourne, S P Setia made its inaugural foray into Sydney, Australia, in 2023 with a RM220 million land acquisition at 20 Atchison Street in St. Leonards. Strategically positioned in North Shore, the land is planned for residential high-rise development with an estimated GDV of AUD236 million (approximately RM708 million).

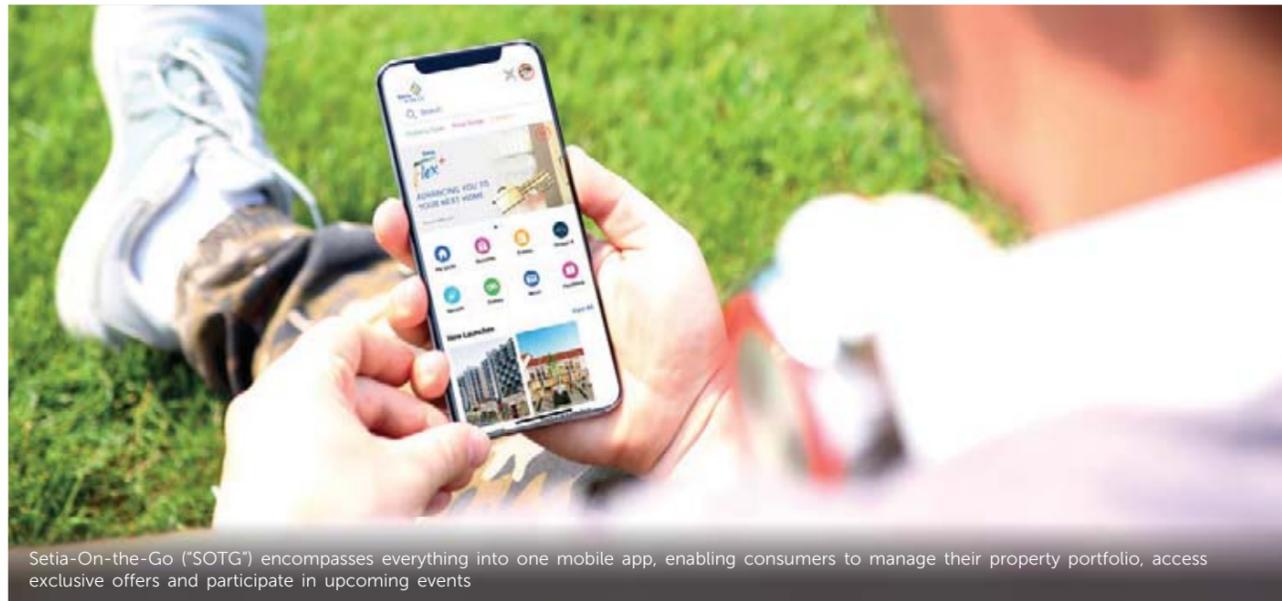
#### Key Divestments in 2023

- Sold 500 acres of non-core land in Glengowrie, Semenyih, Selangor, to Mah Sing Group Berhad for RM392.04 million.
- Sold 18 acres of freehold land in Setia Alam to KSL Bestari Sdn Bhd for RM228.80 million for catalytic development acceleration.

Our core strength in landed property development, particularly township development, is still the pulse of our business. Having excelled in this segment thus far, we are taking it up a notch by turning it "green", integrating it with Setia Green Roadmap strategy. We have big plans for sustainability, with ambitious carbon reduction targets between now and 2050. Our landed properties and townships provide us a wide range of avenues to implement our sustainability goals effectively, together with the community.

Our venture into the healthcare sector through a JV with Qualitas Medical Group has been progressing well, with the first ambulatory care centre in Setia City Residence, Setia Alam, scheduled to open in Q1 2024. Our new hotels, Amari Kuala Lumpur (252 rooms) located in the heart of our Setia KL Eco City integrated development, and Amari SPICE Penang (453 rooms) located in Bayan Lepas, Penang, are operating at full capacity with growing demand, particularly from the business travellers market since their official opening late last year. Amari Kuala Lumpur has been named the winner of the Luxury Lifestyle Award for Best Luxury City Hotel in Malaysia for 2023. Recognised as one of the most prestigious awards in the luxury hospitality industry, the hotel was praised for its luxurious facilities, excellent service and its commitment to providing guests with a memorable experience.

## President & Chief Executive Officer's Review



Setia-On-the-Go ("SOTG") encompasses everything into one mobile app, enabling consumers to manage their property portfolio, access exclusive offers and participate in upcoming events

### OUR DIGITAL TRANSFORMATION JOURNEY

Demonstrating our commitment to embracing digitalisation and innovation with sustainability integration, we expanded our Group Digital team in September 2023 to comprise four units: Digital Operations, Digital & Analytics, Digital Sustainability and Innovation.

A three-pronged approach is applied to implementing our Digital Optimisation Strategy:



#### Intensify Sales & Marketing:

Through marketing automation, we enhance lead tracking, set up a centralised database for all client interactions and boost traffic via digital channels (website and mobile app). We also leverage data analytics to track and analyse campaigns and gather homebuyers' insights, helping us in profiling buyers' persona and segmentation and making data-driven decisions.



#### Elevate Operation Excellence:

Our operational efficiency is enhanced through information technology ("IT") infrastructure and system optimisation and digital workspace adoption, including AI-assisted workspace.



#### Innovate The Future:

We unlock new digital opportunities through our SOTG mobile app for customer engagement and retention as well as potential data monetisation. We also engage in digital partnerships, such as the National Technology & Innovation Sandbox programme, to work with innovative startups, SOTG strategic partners and solar market players in developing electric vehicle ("EV") solar charging hubs at our Welcome Centres. Emerging technology such as MarTech enables us to elevate our marketing with marketing technologies such as CRM, CDP and CMS, while the AI-Chatbot technology provides us with the "always-on" virtual sales and customer service.

We take proactive measures to enhance cyber resilience in S P Setia, addressing risks of data loss and cyber threats through digital initiatives on cybersecurity training and user awareness, IT security governance and cybersecurity hardening. Mandatory cybersecurity training and user awareness initiatives are conducted on a regular basis for all of our employees at all levels to mitigate the risks of human error, a significant factor in cybersecurity breaches. Our robust IT security governance ensures that policies and procedures are in place to mitigate the risks effectively. We have also rolled out cybersecurity hardening by implementing measures to strengthen the security posture of our systems and infrastructure, thereby reducing vulnerabilities to cyber threats.

### OUR STRATEGIC PRIORITIES

Looking ahead, we must remain vigilant and adaptable as the business environment continues to evolve rapidly. While we celebrate our achievements, we must also recognise that there are still opportunities for improvement and innovation. By staying true to our core values and leveraging our strengths, we are confident that we will continue to thrive in the years to come.

#### Debt Reduction, Optimal Capital Structure

We aim to maintain an optimal balance between debt levels and capital allocation for growth. This includes divesting non-core assets, refinancing borrowings at lower interest rates and generating more cash flow to service our debt obligations. The goal is to improve financial stability and flexibility by reducing the burden of finance costs that erode our value creation.

#### Accelerate Development and Land Monetisation:

We strive to maximise the value of our land bank through efficient land bank management and development projects to organically grow our sales. Our Setia Alaman Industrial park development, strategic land bank monetisation efforts, regional expansion in Australia and Vietnam, Setia Federal Hill development project and ongoing residential and commercial development throughout our business presence globally are among the key avenues to unlock potential value for revenue growth.

Our key strategic priorities:

#### Strengthen Investment Properties for Recurring Income

Through our range of investment properties in the various sectors (hotels, malls, convention centres, office buildings and schools), we focus on optimising the value of these assets to generate stable, recurring income streams. Implementing effective asset management strategies such as leasing optimisation, property refurbishment or redevelopment, and portfolio diversification, we are strengthening the assets' long term value for real estate investment trust ("REIT") potential in order to provide our investors with access to income-generating properties while also potentially unlocking value for S P Setia Group.

#### Sustainability, Digitalisation and Innovation

By combining sustainability, digitalisation and innovation integration throughout our business, we are creating a compelling value proposition that resonates with our customers, drives growth and strengthens our competitive positioning in the market.

These strategic priorities play a crucial role in S P Setia's journey to the future. By executing on these priorities effectively, we will be a step forward in reaching our aspiration; **"Advancing Growth, Delivering Sustainable Tomorrows"**.

### ACKNOWLEDGEMENT

As we conclude our review of our financial performance for 2023, I would like to express my gratitude to each and every member of Team Setia for their unwavering dedication and passion. It is your hard work and commitment that have propelled us to where we are today, and I have no doubt that together, we will accomplish even greater things in the future.

Thank you for your continued excellence, and here is to another year of success and growth.

Best wishes.

**Datuk Choong Kai Wai**

# 03

## The Value We Create



Setia's Annual CEO Dialogue



Setia Harmony, an internal percussion group, performing at the Battersea Power Station Opening Ceremony



Volunteer Weekend Programme at Pusat Jagaan Warga Emas Nur Ehsan, Johor

# 03

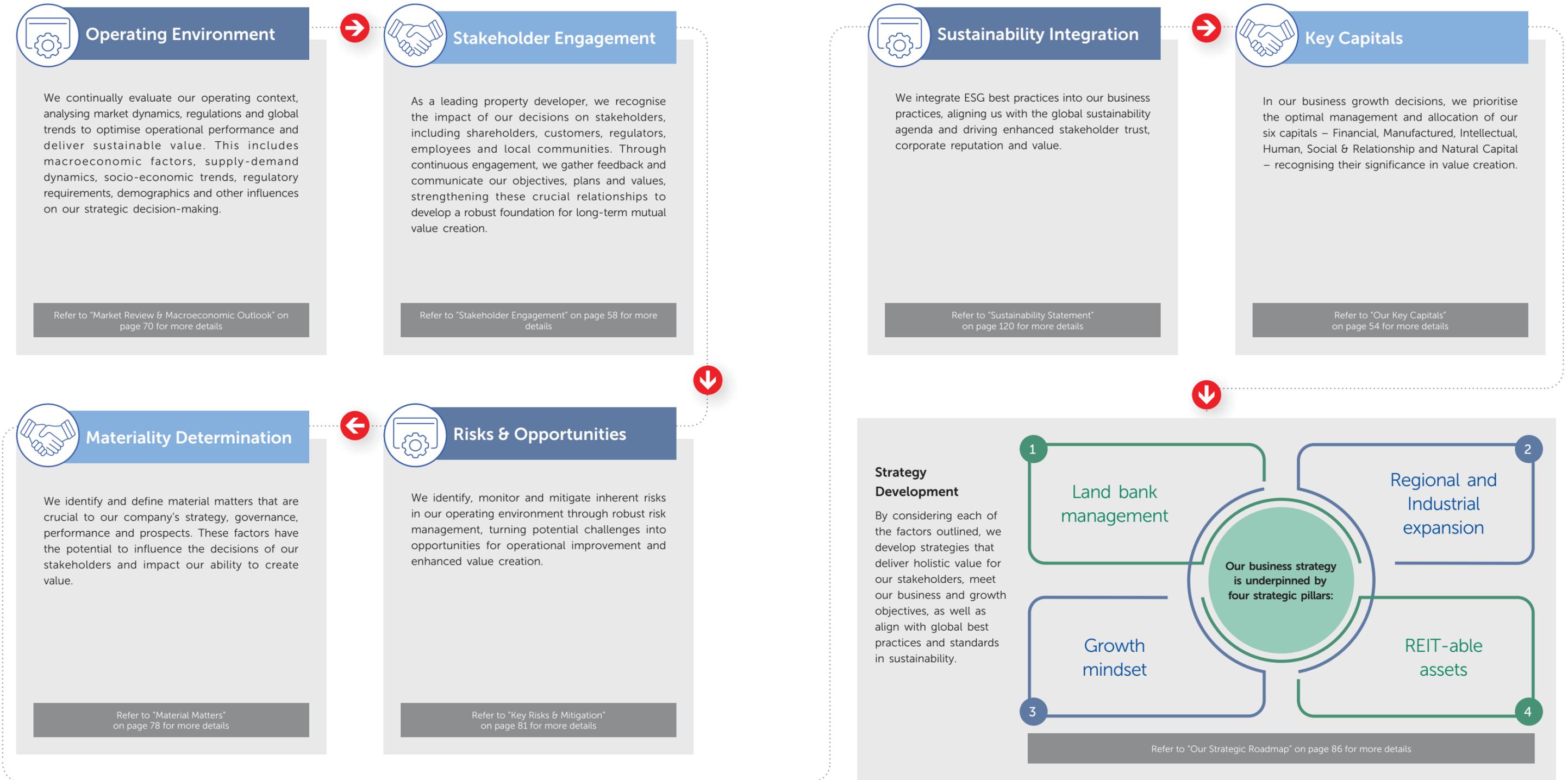
## VALUE CREATION AT S P SETIA

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- 64 Value We Create

# Our Approach to Value Creation

► Our holistic value creation approach entails pinpointing and meeting stakeholder needs through robust strategy formulation and business model creation.

Diligently identifying material concerns, risks and opportunities in the current market landscape and operating environment, we strive to forge long-term, sustainable value and maintain our competitive edge in the market.



# Our Key Capitals

## Financial Capital



Our robust and prudently managed fund pool – derived from property development, land monetisation and recurring income, and fortified by equity and debt investments – empowers the Group to capitalise on new value and growth opportunities.

Total assets  
**RM29.01 billion**

Total equity attributable to owners of the Company  
**RM14.45 billion**

Cash balance  
**RM2.50 billion**  
(including short-term deposits)

Net gearing ratio  
**0.49**

## Manufactured Capital



Our physical assets, technological infrastructure, land bank, property products and investment portfolio play a vital role in delivering optimal value and ensuring sustained productivity and profitability across our core business segments.

Effective remaining land bank (acres)  
**6,311**

Effective remaining GDV  
**RM119.7 billion**

Number of ongoing projects  
**41**

## Human Capital



Our strategic focus on cultivating a culture that supports personal growth while prioritising professional development, well-being, diversity and inclusion elevates the collective competencies of our workforce and fosters innovation through diverse perspectives, empowering our people as integral drivers of the Group's success.

Total number of employees  
**1,852**  
(Dec 2023)

Average training hours per employee  
**29.3**  
hours

## Intellectual Capital



Our ongoing investments in enhancing our knowledge and expertise, coupled with a long-term strategic approach to technologies, processes, systems and innovation, are integral components of our prudent and judicious business management, providing us with a competitive edge.

- **Optimising online marketing:** Amplifying lead generation and customer engagement through website revamps, web analytics and search engine optimisation
- **Spearheading data-driven marketing:** Harnessing customer insights for target marketing via data infrastructure, data literacy training and insights dashboards
- **Advancing operation excellence:** IT infrastructure modernisation, digital workspace and the implementation of Robotic Process Automation ("RPA")
- **Fortifying cybersecurity:** Security posture assessment, security infrastructure upgrades and employee security awareness programmes
- **Elevating homebuyer experiences:** Reimagining the Setia on the Go app
- **Driving innovation via AI, green IT and strategic partnerships:** Paperless e-printing and e-signs, integration of smart living technology and the introduction of green designs in our Setia eGreenLiving products

## Social & Relationship Capital



Our active engagement with a diverse network of stakeholders – including employees, customers, shareholders, investors, suppliers, contractors, business partners, governments, regulators, media and communities – is vital to understanding and addressing their interests, needs and expectations concerning S P Setia, which in turn shapes our strategies and decision-making processes.

Total investment for communities by S P Setia Foundation ("SPSF")  
**RM520,000**

Number of beneficiaries  
**5,044**

Corporate volunteers involved  
**391**

Total corporate volunteers hours logged  
**3,898**

## Natural Capital



Our initiatives to minimise environmental impact and enhance resource efficiency across our land bank – including pollution control, energy efficiency, water conservation, waste management and urban biodiversity preservation – align with our purpose of creating sustainable living environments for a healthier, more resilient future.

Total trees planted  
**101,822**

Total energy consumption (MJ)  
**96,174,521**

Total water consumption (ML)  
**501.56**

# Our Value Creating Business Model

**Our Purpose**  
Creating sustainable communities

**Our Vision**  
To be the leader in creating sustainable communities and enriching lifestyles

Our Mission

- P**  
Product
- L**  
Leader in Transforming Real Estate
- A**  
A+ People
- C**  
Communities at Heart
- E**  
E-nnovation & Technology
- S**  
Shareholders' Value

OUR CAPITALS...

... ENABLE VALUE-ADDING

ACTIVITIES THAT CREATE...

... VALUE FOR OUR STAKEHOLDERS

INPUTS

**FINANCIAL CAPITAL**

- Total assets: RM29.01 billion
- Total equity: RM14.45 billion
- Cash balance: RM2.50 billion
- Net gearing ratio: 0.49

**MANUFACTURED CAPITAL**

- Total effective remaining land bank: 6,311 acres
- Effective remaining GDV: RM119.7 billion
- Number of ongoing developments: 41

**HUMAN CAPITAL**

- A competent, diverse and agile workforce of 1,852 employees (as at Dec 2023)
- A robust framework of learning and development programmes to optimise human capital growth

**INTELLECTUAL CAPITAL**

- Expansive digital brand presence
- Large database of customer data
- Advanced processes and systems
- Cutting-edge innovation capabilities driven via AI, green IT and strategic partnerships
- Stringent cybersecurity
- Robust customer relationships
- An experienced and dedicated leadership team

**SOCIAL & RELATIONSHIP CAPITAL**

- Robust and trusting relationships with key stakeholders
- Community investment: RM520,000
- Hours spent on community impact programmes: 3,898

**NATURAL CAPITAL**

- Comprehensive environmental management systems that ensure strict compliance with regulations
- An ingrained culture of responsibility and sustainability across our operations

**Material Matters**

- Economic Performance
- Innovation
- Emissions
- Environment
- Occupational Health & Safety
- Customer Satisfaction
- Community & Social Impacts

- Market Presence
- Procurement Practices
- Climate-Related Financial Risks & Opportunities
- Indirect Economic Impacts
- Anti-Corruption
- Anti-Competition Behaviour
- Waste
- Materials
- Energy
- Biodiversity
- Water & Effluents
- Employee Management
- Labour Management
- Socioeconomic Compliance

**Key Risks**

- Market Risk
- Competition Risk
- Development & Product Innovation Risk
- Project Planning, Feasibility & Development Strategy Risk
- Sustainability Risk
- Funding & Liquidity Risk
- Political & Regulatory Risk
- Cybersecurity Risk
- Work Health & Safety Risk
- Geopolitical Risk

**Property Development**

- Township Developments
- Eco-Themed Lifestyle Developments
- Industrial Developments
- Integrated Developments
- Niche Developments



**Investment Property**

- Retail
- Education
- Hotels
- Convention Centres
- Offices

Setia City Convention Centre 2, Setia Alam, Shah Alam, Selangor

OUTCOMES

- Maximised profitability and sustained financial health
- Enhanced overall financial performance and competitiveness
- Consistent and sustainable dividend growth
- Strategic market expansion and diversification

- Higher operational efficiency and cost-effectiveness
- Enhanced manufacturing processes backed by innovative technologies
- Substantive progress in creating sustainable developments and communities
- Consistent delivery of high-quality projects

- A diverse and inclusive workplace
- Increased employee satisfaction and motivation
- Enhanced overall quality of employees' professional and personal lives
- Comprehensive succession plans to identify and nurture future leaders

- A cultivated culture of innovation and branding of the Group as an industry leader in intellectual property and innovative solutions
- Effective knowledge-sharing practices
- Enhanced product/service enhancements and market competitiveness
- Bolstered intellectual capabilities and operational efficiency

- High levels of customer satisfaction
- Positive contributions to local communities
- Strong and collaborative relationships with suppliers
- A heightened sense of community and philanthropy among our employees

- Reduced ecological and carbon footprint
- Significant contributions to climate change mitigation
- Environmentally responsible sourcing and production throughout our supply chain
- Alignment with sustainable and natural resource-conscious practices

OUTPUTS

**FINANCIAL CAPITAL**

- Revenue: RM4.37 billion
- Sales: RM5.1 billion
- Unbilled sales: RM5.6 billion
- Profit before tax: RM656 million
- Profit after tax and non-controlling interest: RM299 million

**MANUFACTURED CAPITAL**

- Total launches: RM3.56 billion
- Value of completed projects: RM7.86 billion
- Total number of units completed: 5,601

**HUMAN CAPITAL**

- Workforce demographics comprise:
  - Gender: Male: 54%, Female: 46%
  - Ethnicity: Bumiputera: 60%, Non-Bumiputera: 40%
  - Age Distribution: Below 30: 10.7%, 30-50: 74.4%, Above 50: 14.9%
- Average training hours per employee: 29.3
- Conducted 27 Vision-Mission roadshows, covering 1,650 employees
- Conducted 20 team-building sessions, covering 92% of employees
- Initiated seven workstreams to expedite our transformation plan
- Implemented a labour rights policy audit for all Business Units and associate companies
- Completed two Centralised Living Quarters ("CLQ") projects at Setia EcoHill and Setia Fontaines

**INTELLECTUAL CAPITAL**

- 17% year-on-year increase in traffic to the Setia website
- Reduction in printing costs and paper usage due to digital workplace initiatives, e.g. e-Printing and e-Sign
- 39% increase in Setia-On-the-Go ("SOTG") app downloads from homebuyers

**SOCIAL & RELATIONSHIP CAPITAL**

- Contribution under SPSE: RM520,000
- Number of beneficiaries: 5,044
- Corporate volunteers involved: 391
- Total corporate volunteers hours logged: 3,898

**NATURAL CAPITAL**

- Total energy consumption: 96,174,521.00 MJ
- Total water consumption: 501.56 ML
- Total trees planted: 101,822
- Recycled material used in ongoing developments: 31.98 tonnes

STAKEHOLDERS



UNSDGs



# Stakeholder Engagement

**Legend:** P Periodic D Daily W Weekly M Monthly Q Quarterly HY Half-yearly A Annually O Ongoing

		Engagement Platforms	Key Concerns		Our Responses	Material Matters	Our Capitals
Shareholders, Analysts & Investment Community	<p><b>Who They Are</b></p> <p>Our shareholders and investors hold equity stakes in S P Setia, anticipating financial returns, while analysts evaluate the Group's financial performance and investment potential</p>	<ul style="list-style-type: none"> <li>Emails, calls and meetings <span>O</span></li> <li>Investor briefings <span>Q</span></li> <li>Corporate and media announcements <span>P</span></li> <li>Site visits <span>P</span></li> <li>Investor conferences <span>P</span></li> <li>One-on-one engagement sessions <span>P</span></li> <li>Annual Reports <span>A</span></li> <li>Annual General Meetings <span>A</span></li> </ul>	<ul style="list-style-type: none"> <li>A. Sustainably strong economic and financial performance</li> <li>B. Growth prospects with long-term shareholder returns</li> <li>C. Clear and consistent responses to macroeconomic challenges</li> <li>D. Good governance and risk management framework</li> <li>E. Adoption of and approach to sustainability</li> <li>F. Contributions to local communities</li> </ul>		<ul style="list-style-type: none"> <li>A. We have maintained a robust financial position, recording consistent revenue growth and profitability</li> <li>B. We are committed to delivering value to shareholders through innovative business models and strategic expansion plans that are aligned with market trends and future demands</li> <li>C. We prioritise scenario planning and regularly review our strategies to navigate macroeconomic uncertainties</li> <li>D. We ensure our governance structure adheres to the highest standards, with a well-defined Board structure and transparent decision-making processes</li> <li>E. We actively pursue ESG goals and are committed to reducing our carbon footprint and promoting ethical business practices</li> <li>F. We engage in open dialogue with the investor community to understand their needs and tailor our contributions accordingly</li> </ul>		
	<p><b>Why We Engage</b></p> <p>Our shareholders and investors require a comprehensive understanding of the Group's financial performance, strategy and sustainability initiatives to facilitate informed investment decisions, while analysts play a crucial role in communicating this information to the broader investment community</p>						
	<p><b>Who They Are</b></p> <p>Fund providers support us through the provision of short and long-term capital, enabling us to manage our operations and achieve our business objectives</p>						
<p><b>Why We Engage</b></p> <p>By providing full and transparent information about our performance and growth prospects, our lenders will have a sense of trust in the direction of our business, allowing us to maintain our credit standing and accessibility to capital</p>							
<p><b>Who They Are</b></p> <p>This group of stakeholders primarily comprises JV and collaborative partners who work with us on the development and delivery of specific projects</p>	<ul style="list-style-type: none"> <li>Emails and calls <span>O</span></li> <li>Meetings and briefings <span>P</span></li> <li>Contract and legal discussions <span>P</span></li> <li>Project updates and meetings <span>W</span></li> <li>Site visits <span>P</span></li> </ul>	<ul style="list-style-type: none"> <li>A. Ability to execute and deliver projects effectively</li> <li>B. Establishment of trust and integrity</li> <li>C. JV partners' experience and track record in project delivery</li> </ul>		<ul style="list-style-type: none"> <li>A. We ensure effective project execution from inception to completion by integrating robust project management methodologies and maintaining a skilled team</li> <li>B. We demonstrate our commitment to building and maintaining trust through open dialogue, timely reporting and fair business dealings</li> <li>C. We collaborate with JV partners possessing extensive experience, bolstering our collective capabilities to overcome challenges and achieve significant project milestones</li> </ul>			
<p><b>Why We Engage</b></p> <p>To ensure alignment of business objectives, agreement on project details and smooth delivery of projects, as well as to leverage their expertise and experience in areas that complement our own</p>							

# Stakeholder Engagement

**Legend:** P Periodic D Daily W Weekly M Monthly Q Quarterly HY Half-yearly A Annually O Ongoing

		Engagement Platforms	Key Concerns		Our Responses	Material Matters	Our Capitals	
Customers & Clients	<b>Who They Are</b> At the heart of our business, our customers and clients are integral determinants of the success of our developments and reputation as a company	<ul style="list-style-type: none"> <li>Corporate and media announcements (P)</li> <li>Sales gallery and welcome centre visits (O)</li> <li>Company website (O)</li> <li>Project launches (P)</li> <li>Customer satisfaction surveys (P)</li> <li>Social media platforms (O)</li> <li>Customer events (P)</li> <li>Corporate and product brochures (O)</li> <li>SOTG app (O)</li> </ul>	<ul style="list-style-type: none"> <li>A. Developments that deliver improvements to quality of life</li> <li>B. Timely delivery of property developments</li> <li>C. Accessible pricing of property developments</li> <li>D. Incorporation of features and technologies that enhance safety and security</li> <li>E. Approach to environmental protection</li> </ul>		<ul style="list-style-type: none"> <li>A. We design our developments with thoughtful features and amenities that contribute to a holistic and enriching living experience</li> <li>B. We adhere to stringent project management timelines and maintain transparent communication channels to keep our customers and clients informed throughout the development process</li> <li>C. We employ sustainable cost models and actively explore innovative strategies to ensure our offerings are within reach for a diverse range of customers</li> <li>D. We design developments with security features that instil confidence and peace of mind for all our customers</li> <li>E. We integrate sustainable practices, such as energy-efficient designs and eco-friendly landscaping, into our projects to minimise our environmental impact</li> </ul>			
	<b>Why We Engage</b> By actively seeking feedback to enhance their experience with our products and services, we can stay in tune with their needs and forge strategies that safeguard our long-term prospects							
	<b>Suppliers &amp; Contractors</b>	<p><b>Who They Are</b> Our suppliers and contractors provide us with important inputs for our property development and production processes, in addition to key services that we deliver to our customers</p> <p><b>Why We Engage</b> Regular engagement is vital to ensure they understand our needs, standards and expectations in terms of price, quality and standards</p>	<ul style="list-style-type: none"> <li>Emails and calls (D)</li> <li>Meetings and briefings (P)</li> <li>Tender briefings (P)</li> <li>Contract and legal discussions (P)</li> <li>Project updates and meetings (O)</li> </ul>	<ul style="list-style-type: none"> <li>A. Fair payment and contractual terms</li> <li>B. Future growth prospects</li> <li>C. Responsible approach to community development and environmental protection</li> <li>D. Transparent, two-way communication and feedback</li> </ul>		<ul style="list-style-type: none"> <li>A. We prioritise equitable compensation and clear contract terms, fostering ethical partnerships with suppliers and contractors</li> <li>B. We actively seek collaborative opportunities and encourage innovation to support the sustained growth of our supplier and contractor network, making us resilient and future-ready</li> <li>C. We require our suppliers and contractors to uphold standards in integrity, labour, human rights, inclusivity, health, safety and the environment, prioritising community well-being and environmental stewardship</li> <li>D. We ensure transparent communication and a responsive feedback loop with our valued suppliers and contractors, cultivating an atmosphere of openness and trust</li> </ul>		
<b>Media</b>	<p><b>Who They Are</b> Media outlets – including commercial media titles, brand communities, user forums, activist websites and more – which publish accurate and timely information about the Group</p> <p><b>Why We Engage</b> By maintaining strong relationships with these outlets, which have a direct line to our shareholders, customers and other key stakeholders, we can bolster our reputation as a company and widen awareness of our strategies and activities</p>	<ul style="list-style-type: none"> <li>Corporate and media announcements (P)</li> <li>Press releases (P)</li> <li>Media briefings (P)</li> <li>Company website (O)</li> <li>Project launches and corporate events (P)</li> <li>Interviews (P)</li> <li>Annual Reports (A)</li> </ul>	<ul style="list-style-type: none"> <li>A. Regular and transparent updates on performance, strategies and outlook</li> <li>B. Maintenance of quality standards in property development</li> <li>C. Contribution to local communities</li> <li>D. Responsible stewardship of the environment</li> </ul>		<ul style="list-style-type: none"> <li>A. We consistently share clear insights into our progress, plans and future direction with the media, fostering open communication and transparency in our engagements</li> <li>B. We strive to uphold excellence in property development by ensuring that our projects meet rigorous standards, demonstrating our commitment to delivering high-quality outcomes</li> <li>C. We actively participate in community well-being, making meaningful impacts locally and reinforcing our dedication to social responsibility and community engagement</li> <li>D. We underscore our commitment to sustainable operations through mindful environmental practices, integrating eco-friendly approaches into our daily activities and business strategies</li> </ul>			

# Stakeholder Engagement

**Legend:** P Periodic D Daily W Weekly M Monthly Q Quarterly HY Half-yearly A Annually O Ongoing

		Engagement Platforms	Key Concerns		Our Responses	Material Matters	Our Capitals
Local Communities	<b>Who They Are</b>	<ul style="list-style-type: none"> <li>Social media platforms </li> <li>Company website </li> <li>Programmes and events </li> <li>Engagement sessions </li> <li>Corporate and media announcements </li> <li>Project launches </li> <li>Community activities </li> <li>Annual Reports </li> </ul>	<ul style="list-style-type: none"> <li>A. Creation of employment opportunities</li> <li>B. Positive impact of development on surrounding communities and natural environments</li> <li>C. Safety and health of workplaces and property developments</li> <li>D. Positive impact of community outreach activities</li> </ul>		<ul style="list-style-type: none"> <li>A. We actively foster local economic growth by creating job opportunities that align with the capacities and needs of our surrounding communities, contributing significantly to their overall prosperity</li> <li>B. We strategically develop our projects to have a positive impact on nearby communities and natural environments, adhering to sustainable practices that resonate with our commitment to responsible development</li> <li>C. We prioritise the safety and well-being of our workforce, as well as the security and maintenance of our properties, by implementing stringent safety and health measures to create secure and healthy workplaces</li> <li>D. We engage in impactful community outreach activities, aiming not only to leave positive and lasting impressions but also to strengthen our relationships with the communities in which we operate</li> </ul>		
	<p>The surrounding communities who are impacted by our business operations and to whom we deliver social and economic benefits in line with our purpose</p>						
	<p><b>Why We Engage</b></p> <p>Through a deeper understanding of their needs, we can create meaningful value for them through our programmes and solutions</p>						
Governments & Regulators	<b>Who They Are</b>	<ul style="list-style-type: none"> <li>Industry associations </li> <li>Regulatory requirement reporting </li> <li>Compliance reporting </li> <li>Site inspections and visits </li> <li>Government and regulatory events </li> <li>Roundtable discussions </li> </ul>	<ul style="list-style-type: none"> <li>A. Continued adherence to regulatory requirements and government policies</li> <li>B. Creation of social value</li> <li>C. Contribution to communities through corporate social responsibility ("CSR") initiatives</li> <li>D. Responsible stewardship of the environment</li> <li>E. Contribution to national agenda and goals</li> <li>F. Contribution to industry and private-public associations towards establishing best practices</li> </ul>		<ul style="list-style-type: none"> <li>A. We ensure our operations consistently align with legal standards and ethical business conduct</li> <li>B. We actively create employment opportunities, construct homes and deliver various social and economic benefits through our development projects, thereby positively impacting the communities where we operate</li> <li>C. We engage with communities through a range of CSR initiatives, focusing on enhancing the well-being and quality of life for residents and stakeholders</li> <li>D. We implement sustainable practices and resource management strategies, aiming to minimise our ecological footprint</li> <li>E. We align our efforts with national agendas and goals, actively participating in initiatives that contribute to the overall development and progress of the countries we operate in</li> <li>F. We play a significant role in industry and private-public associations, collaborating to establish and promote best practices within our sectors</li> </ul>		
	<p>The federal governments, state governments and local municipalities in the markets where we have a presence, as well as the agencies and bodies which regulate the industries in which we operate</p>						
	<p><b>Why We Engage</b></p> <p>By working closely with them, we can stay abreast of regulatory changes and adapt to new value propositions that empower our continued growth</p>						
Employees	<b>Who They Are</b>	<ul style="list-style-type: none"> <li>Employee engagement activities </li> <li>Succession planning </li> <li>Corporate activities – e.g. festive luncheons and CEO dialogues </li> <li>Team huddles – i.e. "Good Morning Setia" sessions </li> <li>Email announcements </li> <li>Onboarding programmes </li> <li>Performance and leadership development programmes </li> <li>Individual performance reviews </li> <li>People Pulse Surveys </li> </ul>	<ul style="list-style-type: none"> <li>A. Competitive compensation and benefits</li> <li>B. Opportunities for professional development and career advancement</li> <li>C. Safe work environments</li> <li>D. Care and support for holistic mental and physical well-being</li> </ul>		<ul style="list-style-type: none"> <li>A. We actively recognise the value our employees bring to the company and ensure they are fairly rewarded for their contributions</li> <li>B. We foster a supportive environment that encourages continuous growth and learning for our employees</li> <li>C. We have implemented stringent safety measures and protocols to ensure the well-being of our employees</li> <li>D. We offer comprehensive care and support programmes aimed at promoting a healthy work-life balance and addressing mental health concerns</li> </ul>		
	<p>Our people are the key driver behind our strategies, performance and long-term success</p>						
	<p><b>Why We Engage</b></p> <p>By listening to and being responsive to the needs of our employees, we can in turn create work environments that are meaningful and rewarding, leading to higher employee retention and an increased ability to attract top industry talent</p>						

# Value We Create



## Shareholders, Analysts & Investment Community

### VALUE CREATED FOR SHAREHOLDERS, ANALYSTS & INVESTMENT COMMUNITY

- Timely and accurate disclosure of our financial and non-financial information enables analysts to formulate balanced recommendations for their clients, while our investors are empowered to make well-informed decisions regarding their investment positioning for their respective time horizons
- Our robust financial performance and solid financial position contribute to the potential for attractive returns in the form of share price appreciation

### VALUE FOR S P SETIA

- Rise in S P Setia's share price from RM0.61 per share at the year's start to a peak of RM1.04 per share in September 2023
- Notable increase in foreign shareholding (Dec'23: 7.50%; vs. Jan'23: 5.568%), signalling rising interest in S P Setia's stock
- Increased mindshare of ESG-conscious investors through the communication of S P Setia's sustainability-driven initiatives among their community

Map to: **Capitals**



**Material Matters**



**UNSDGs**



## Financiers

### VALUE CREATED FOR FINANCIERS

- Timely and accurate disclosure of our financial and non-financial information enables our financiers to assess S P Setia's creditworthiness and manage their risk appetite
- Prompt principal and interest repayments ensure steady returns for our debt providers
- New financial opportunities in emerging markets allow our financiers the chance to participate in S P Setia's growth prospects

### VALUE FOR S P SETIA

- Consistent creditworthiness
- A deeper understanding of the current financing and credit landscape, as well as our financiers' perspectives on S P Setia, our peers and the property sector as a whole
- Ongoing access to funds for current business operations and future growth opportunities

Map to: **Capitals**



**Material Matters**



**UNSDGs**



## JV & Collaboration Partners

### VALUE CREATED FOR JV & COLLABORATION PARTNERS

- Increased engagement with our partners streamlines negotiations and discussions, fostering symbiotic relationships
- Leveraging the combined expertise, experience and connections of all parties opens up various opportunities for learning, networking and knowledge-sharing
- Positive co-branding enhances the profiles of all parties involved

### VALUE FOR S P SETIA

- Expansion of our reach in new areas and markets through new connections from our partners' contacts and business networks
- Strengthened branding of S P Setia's projects and products after leveraging our JV partners' reputations
- Lower capital outlay and exposure to financial risk in projects as a result of capital and funds provided by our JV and collaboration partners

Map to: **Capitals**



**Material Matters**



**UNSDGs**



## Customers & Clients

### VALUE CREATED FOR CUSTOMERS & CLIENTS

- Delivering high-quality products in sustainable townships that meet customer requirements and demands contributes to customer satisfaction and long-term community well-being
- Providing safe and sustainable townships that embody **livelearnworkplay** ethos caters to diverse resident needs and preferences

### VALUE FOR S P SETIA

- Healthy take-ups and sales of launched properties, driving our revenue, profits and cash flows toward business continuity and future growth
- Enhanced business reputation through positive customer experiences, allowing S P Setia to capture market share
- Enhanced product offerings that incorporate customer feedback

Map to: **Capitals**



**Material Matters**



**UNSDGs**



## Suppliers & Contractors

### VALUE CREATED FOR SUPPLIERS & CONTRACTORS

- Promoting a fair and transparent tendering and procurement process ensures integrity and trust
- Ensuring a safe working environment and conditions for contractors at construction sites prioritises employee well-being and project efficiency
- Leveraging the branding of S P Setia's projects enhances market visibility and attracts stakeholders
- Meeting developer expectations and avoiding unnecessary rectification works and extra unbudgeted costs creates added value for all parties involved

### VALUE FOR S P SETIA

- Gain quality supplies, materials and services that enable the development of products that meet and exceed our customers' expectations
- Delivery of supplies, materials and services in a timely fashion to meet product delivery timelines
- Increased understanding of the market landscape covering various aspects of the property development supply chain

Map to: **Capitals**



**Material Matters**



**UNSDGs**



## Media

### VALUE CREATED FOR MEDIA

- Providing regular, comprehensive information about S P Setia's products, finances, initiatives and sustainability efforts enhances the media's understanding of our journey and achievements, in turn encouraging the production of engaging and useful news and analysis for its audiences

### VALUE FOR S P SETIA

- Increased public awareness of S P Setia's branding and products
- Enhanced business reputation through campaigns, product launches, corporate initiatives and strategic transactions/collaborations with the media
- Establishes S P Setia's reputation as a leading property developer that creates sustainable communities, through media outreach

Map to: **Capitals**



**Material Matters**



**UNSDGs**



# Value We Create



## Local Communities

### VALUE CREATED FOR LOCAL COMMUNITIES

- Local communities within the vicinity of S P Setia's project can gain access to S P Setia's CSR activities
- Concerns surrounding the environmental impact of S P Setia's developments on the surrounding communities are assuaged
- Engagement forums, meetings and festive events create a platform for local communities to connect with S P Setia, local authorities and other stakeholders

### VALUE FOR S P SETIA

- Enhanced business reputation and branding in the eyes of the general public
- Improved social scores in the FTSE4Good Bursa Malaysia Index
- Enhanced public awareness of S P Setia's CSR initiatives
- New connections with the surrounding neighbourhoods and communities via CSR programmes

Map to: **Capitals**

**Material Matters**

**UNSDGs**



## Governments & Regulators

### VALUE CREATED FOR GOVERNMENTS & REGULATORS

- Ensuring compliance with rules and regulations set by regulatory bodies and governments at the federal, state and local municipality levels promotes a transparent and ethical business environment
- Constant engagement provides insight and updates on developments within the property sector, facilitating a collaborative approach to achieving national development goals
- Participation in government initiatives (e.g., NIMP and NETR) fosters a conducive environment for sustainable ecosystems

### VALUE FOR S P SETIA

- Able to proceed with developments and projects following the stipulated timeframes due to prompt approvals from the relevant authorities, ensuring timely launches and subsequent delivery to customers and clients
- Ensured business continuity and enhanced standing in the eyes of regulators as a result of compliance with rules and regulations
- Engages in nation-building and provides input into policy-making

Map to: **Capitals**

**Material Matters**

**UNSDGs**



## Employees

### VALUE CREATED FOR EMPLOYEES

- Structured employee training programmes and skill development initiatives provide opportunities for growth and development
- Improved living standards and well-being for our construction workers, ensuring compliance with the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019 (Act 446)
- Ongoing efforts to maintain high employee morale and satisfaction, along with improvements to operational processes for enhanced safety and efficiency nurtures higher productivity and job satisfaction

### VALUE FOR S P SETIA

- Alignment of workforce to our overarching business goals
- Bolstered organisational success as a result of our high-performance culture
- Strengthened talent pipeline for succession planning and business sustainability
- Enriched social well-being for all related parties in the ecosystem

Map to: **Capitals**

**Material Matters**

**UNSDGs**



Setia EcoXuan, Vietnam



# Strategic Insights and Overview

Battersea Power Station, United Kingdom



Setia Business Park II, Johor



Setia Eco Park, Shah Alam, Selangor



Sky Residences, Setia EcoXuan, Vietnam

## MANAGEMENT DISCUSSION & ANALYSIS

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# Market Review & Macroeconomic Outlook



Precinct 17, Setia Alam, Shah Alam, Selangor

The International Monetary Fund (“IMF”) projects global growth to decline from 3.0% in 2023 to 2.9% in 2024. The enduring effects of the COVID-19 pandemic, heightened geoeconomic fragmentation, more stringent monetary policies, withdrawal of fiscal support amidst elevated debt levels and the increasing occurrence of extreme weather events are all playing roles in shaping this global economic trend<sup>1</sup>.

As for the Malaysian economy, growth in 2024 will be primarily propelled by robust domestic expenditure, complemented by a resurgence in electrical and electronics (“E&E”) exports. Sustained employment and wage growth are expected to bolster household spending, with anticipated improvements in tourist arrivals and government spending also having a positive impact. Investment activity, meanwhile, is poised to receive support from the ongoing advancement of multi-year infrastructure projects and the implementation of catalytic initiatives outlined in national master plans. Measures introduced in Budget 2024 will also help to stimulate economic activity.

Despite these positive prospects, the growth outlook for Malaysia remains vulnerable to downside risks, such as the potential for weaker-than-anticipated external demand and substantial, prolonged declines in commodity production. On a positive note, there are upside potentials tied to stronger-than-expected tourism activity, greater spillover from the tech upcycle and accelerated implementation of both existing and new projects<sup>2</sup>.

#### Sources

<sup>1</sup> International Monetary Fund. “Navigating Global Divergences: World Economic Outlook, October 2023”.

<sup>2</sup> Bank Negara Malaysia. “Monetary Policy Statement: 24 January 2024”.

## MALAYSIA

### Macroeconomic Outlook

#### 2023 Performance

- GDP growth of 3.7%, as growth moderated amid a challenging external environment
- The continued recovery in economic activity and labour market conditions supported growth in 2023
- Overnight Policy Rate (“OPR”) remained at 3.0% until end-2023

#### 2024 Outlook

- Expected GDP growth of 4.0% to 5.0%
- Inflation expected to remain modest, with risks associated with domestic policy changes, global commodity prices and financial market developments
- Anticipated improvement in the economy, driven by resilient domestic expenditure and support from recovery in E&E exports
- Continued employment and wage growth supporting household spending
- Measures under Budget 2024 expected to boost economic activity
- Upside risks include stronger-than-expected tourism activity, quicker recovery from the E&E downcycle and swift implementation of projects

### Property Sector Outlook

#### 2023 Performance

##### Residential

- Demand buoyed by infrastructure developments (MRT3, Penang LRT and Kuala Lumpur-Singapore High-Speed Rail or “KL-SG HSR” revival) and government policies (Malaysia My Second Home or “MM2H” relaxation and Housing Credit Guarantee Scheme)
- Active sub-sale activities indicate market dynamism
- Luxury high-rise residential sector showing recovery with a shift in focus towards the local market

##### Office

- Pressure on rental and occupancy rates due to excess supply, prompting landlords to adopt retention strategies and invest in refurbishment efforts
- Growing demand for eco-friendly corporate offices and co-working spaces that cater to small and medium enterprises (“SMEs”)

##### Industrial

- Major projects like KL-SG HSR, Johor-Singapore Special Economic Zone and Rapid Transit System, West Coast Expressway and East Coast Rail Link in focus
- Introduction of New Industrial Master Plan (“NIMP 2030”) and New Energy Transition Roadmap (“NETR”) to attract more foreign direct investments and domestic direct investments
- Relocation of manufacturing bases from China to ASEAN contributing to industrial growth

##### Retail

- Emphasis on common space utilisation in retail settings
- Growing interest from international brands in the local retail market

##### Hotel

- Expected boost to hotel industry ahead of “Visit Malaysia Year 2026”
- New hotel openings, especially in Kuala Lumpur and Penang, boosting confidence in the recovery of the sector

#### 2024 Outlook

- Proposed stamp duty of only RM10 instead of an ad-valorem rate for real estate transfer documents involving a beneficiary relinquishing their rights to an eligible beneficiary under a will or faraid (Islamic law concept) or the Distribution Act 1958
- Reduction of threshold for residents’ agreements for en-bloc sales in strata schemes, aligning with international practices (e.g. Singapore) to encourage urban renewal and promote redevelopment of old buildings in cities
- Imposition of flat 4% stamp duty on transfer of real estate ownership by non-citizen individuals and foreign-owned companies (excluding permanent residents), aimed at controlling real estate prices
- Expansion of Housing Credit Guarantee Scheme (“HCGS”) by up to RM10 billion, benefiting 40,000 borrowers
- Allocation of RM2.47 billion for implementation of people’s housing projects
- Allocation of special guarantee fund of RM1 billion to encourage reputable developers to revive identified stalled projects

#### Sources

1. Bank Negara Malaysia. “Economic and Financial Developments in Malaysia in the Third Quarter of 2023”.
2. Bank Negara Malaysia. “Economic and Financial Developments in Malaysia in the Fourth Quarter of 2023”.
3. Bank Negara Malaysia. “Monetary Policy Statement: 2 November 2023”.
4. The Edge Malaysia, “BUDGET 2024: The biggest one to be tabled, with record OpEx”.

## Market Review & Macroeconomic Outlook

### AUSTRALIA

#### Macroeconomic Outlook

##### 2023 Performance

- Expected GDP growth of 2.0%, with migration, public and private investments and exports as key drivers

##### 2024 Outlook

- Expected GDP growth of 1.75%
- Inflation to decline gradually, reaching around 3.5% by end of 2024

#### Property Sector Outlook

##### 2023 Performance

- Higher inflation and interest rates at 4.35% are significant factors influencing decision-making in the real estate sector
- Undersupply remains a critical issue in the rental market, with national vacancy settling at around 1.0%, marking a 17-year low

##### 2024 Outlook

- Government aims to build 1.2 million houses in 5 years to tackle significant housing shortage
- Majority of new arrivals settling in Melbourne and Sydney, increasing housing demand

##### Sources

- Reserve Bank of Australia. "Statement on Monetary Policy – November 2023".
- CBRE. "Q3 2023 Australian Residential Figures Report".
- Prime Minister of Australia – "Meeting of National Cabinet – Working together to deliver better housing outcomes".

### VIETNAM

#### Macroeconomic Outlook

##### 2023 Performance

- Expected GDP growth of 5.0%, driven by domestic demand
- State Bank of Vietnam ("SBV") to maintain accommodative monetary conditions to support credit demand and growth

##### 2024 Outlook

- Expected GDP growth of 5.5% in 2024 and 6.0% in 2025
- Moderate recovery of private investment from 2024 onwards, partially compensated by growth in public investment and eased financing constraints

#### Property Sector Outlook

##### 2023 Performance

- Positive performance in Vietnam's commercial property sector, especially in offices and retail
- Residential market faces challenges due to muted buyer sentiment and limited supply
- Hospitality sector is gradually recovering, propelled by improved FDI inflows and new travel regulations

##### 2024 Outlook

- Infrastructure development, particularly ring roads in Hanoi and Ho Chi Minh City, will support future residential development, making areas around the cities more accessible and affordable

##### Sources

- The Star. "Vietnam PM: 2023 GDP growth below target due to external factors".
- The World Bank. "Making Public Investment Work For Growth".
- Savills Vietnam. "Vietnam Real Estate Market Report Q3/2023 Brief".
- DBS. "Vietnam: Cautious cyclical outlook"

### SINGAPORE

#### Macroeconomic Outlook

##### 2023 Performance

- Expected GDP growth of 1.0%
- Consumption buoyed by resilient labour market conditions and recovery in inbound tourism

##### 2024 Outlook

- Expected GDP growth of 1.0% to 3.0%
- Singapore's safe-haven status serves as a unique selling point, attracting transactions, especially from ultra-high-net-worth families diversifying from riskier assets and countries

#### Property Sector Outlook

##### 2023 Performance

- Primary demand driven by homebuyers purchasing for personal occupancy
- Reduced foreign buying attributed to increase in Additional Buyer's Stamp Duty may influence demand

##### 2024 Outlook

- Rental rates may decrease by up to 5.0% in 2024 due to additional incoming supply
- The relative low base of 2023, and the perception that the trajectory of interest rate is seen to be peaking, contributes to optimism for more real estate deals in 2024

##### Sources

- Ministry of Trade and Industry Singapore. "MTI Forecasts GDP Growth of "Around 1.0 Per Cent" in 2023 and "1.0 to 3.0 Per Cent" in 2024".
- Knight Frank Singapore. "Market Update Q3 2023".
- Savills Singapore. "Global Investment To Recover By Q3 2024".

### UNITED KINGDOM

#### Macroeconomic Outlook

##### 2023 Performance

- Expected GDP growth of 0.5%
- Weaker household income expected to impede consumption, compounded by a 15-year-high interest rate of 5.25%

##### 2024 Outlook

- Expected GDP growth of 0.6%
- Private consumption anticipated to rise due to real wage growth and lower consumer price inflation

#### Property Sector Outlook

##### 2023 Performance

- Buyer sentiment affected by elevated borrowing costs, leading to a significant drop in new buyer enquiries and agreed sales
- Anticipation of stronger growth in rental values in prime central London and prime outer London due to an ongoing imbalance between supply and demand

##### 2024 Outlook

- Rental rates may decrease by up to 5.0% in 2024 due to additional incoming supply
- The relative low base of 2023, and that the trajectory of interest rate is seen to be peaking, contributes to optimism for more real estate deals in 2024

##### Sources

- International Monetary Fund. "Navigating Global Divergences: World Economic Outlook, October 2023".
- UK house price forecasts: October 2023 | KnightFrank. "UK house price forecasts: October 2023".
- The Guardian. "UK housing market is past its 'peak pain', declares Savills".

# Market Review & Macroeconomic Outlook

## CHINA

### Macroeconomic Outlook

#### 2023 Performance

- Expected GDP growth of 5.4%, with growth driven by robust post-reopening rebound in domestic demand

#### 2024 Outlook

- Expected GDP growth of 4.6%, with growth to be impacted by continuing weakness in the property market and subdued external demand

### Property Sector Outlook

#### 2023 Performance

- China's largest property developer is facing severe liquidity stress despite government support
- Real estate distress spreading to stronger developers, impacting the completion of presold homes and undermining home buyer confidence
- Real estate investment and housing prices declining, exerting pressure on local governments' revenues from land sales and threatening public finances

#### 2024 Outlook

- Real estate sector remains a challenge, prompting authorities to emphasise large-scale projects such as social housing creation and urban district renovations to stabilise the property market
- Focus on maintaining the health of the property market, potential relaxation of home purchase rules and efforts to reduce financial risks arising from developer and local government debt

#### Sources

- International Monetary Fund. "Navigating Global Divergences: World Economic Outlook, October 2023".
- The Edge Malaysia. "China seen targeting ambitious growth goal at key meetings".

## JAPAN

### Macroeconomic Outlook

#### 2023 Performance

- Expected GDP growth of 2.0%, driven mainly by domestic demand
- Private consumption to be supported by pent-up demand, stronger wage growth and a new economic package, including cash handouts and temporary cuts to income and residential taxes

#### 2024 Outlook

- Expected GDP growth of 1.0%
- Private consumption to be supported by rising wages and new economic package
- Business investment expected to grow, aided by government subsidies and high corporate profits
- Public investment in large-scale projects set to support growth in 2024
- Weaker-than-expected external demand, including slowdown in China and supply chain disruptions due to geopolitical tensions, could potentially lower growth

### Property Sector Outlook

#### 2023 Performance

- Real estate market showing signs of overheating due to an influx of foreign money and increased investments by major real estate developers
- Some commercial areas in Tokyo experiencing higher prices
- Loans related to real estate continue to grow, primarily to fuel demand by foreign investors, with the current benchmark interest rate at -0.1%

#### 2024 Outlook

- Bank of Japan set to end its negative interest rate policy
- Tourism expected to drive the Osaka real estate market, especially with Japan hosting EXPO 2025
- New projects include a large-scale renovation of Kansai International Airport (the gateway to Osaka), extension of the Osaka Metro and construction of the Hanshin Expressway (to improve access to Osaka from the surrounding area)

#### Sources

- International Monetary Fund. "Navigating Global Divergences: World Economic Outlook, October 2023".
- Reuters. "Japan's property market shows signs of overheating, central bank says".
- JLL. "Tourism is expected to fuel Osaka real estate market".

# Megatrends & Opportunities

## GLOBAL MACROECONOMIC TRENDS

### Description

To address unprecedented inflationary pressure in the United States, the Federal Reserve maintained its policy of raising interest rates throughout 2023. This approach prompted most other central banks to follow suit and implement rate hikes. The ongoing rate increases have exerted a downward impact on economic growth and their repercussions are expected to persist, affecting consumer spending and investor sentiment until a relaxation of these measures occurs.

In Malaysia, Bank Negara Malaysia ("BNM") adjusted the OPR five times, establishing it at 3% as at 3 May 2023. Economists forecast the OPR to remain unchanged in 2024 due to enduring global economic conditions, inflation concerns and other external factors.

According to BNM, headline and core inflation averaged 2.5% and 3%, respectively, in 2023. Looking ahead, the inflation outlook remains highly contingent on alterations to domestic policies regarding subsidies and price controls, along with fluctuations in global commodity prices and developments in financial markets.

In Australia, the Reserve Bank of Australia ("RBA") has set its interest rate at 4.35%, with the aim of bringing inflation back to the target range of 2% to 3% within a reasonable timeframe. Meanwhile, in Vietnam, the overnight electronic inter-bank rate was established at 5% in June 2023, and the SBV intends to maintain accommodative monetary conditions to support credit demand and foster growth.

### Potential impact

- The global macroeconomic environment may impact our cash management and affect our refinancing strategies
- Possible margin reduction due to higher finance costs
- Low consumer spending may impact demand for housing

### Our response

- Implementing cost saving initiatives to mitigate the impact of higher finance costs
- Effectively de-gearing ourselves to support sustainable overall performance

### Outlook

The IMF forecasts that global GDP will slow from 3.0% in 2023 to 2.9% in 2024. In emerging and developing Asia, growth is projected to decline from 5.2% in 2023 to 4.8% in 2024, mainly due to the ongoing property crisis in China.

This outlook heightens the need for us to adopt effective cost management strategies and reduce our exposure to negative market impacts.

## EVOLVING CUSTOMER PREFERENCES

### Description

The escalating climate crisis has fostered an increased consciousness of global environmental issues, prompting a notable shift in consumer preferences towards eco-friendly products and solutions. Within the property sector, this shift has resulted in more developments that integrate smart, energy-saving features and support the use of renewable energy.

Beyond sustainability, customer preferences in property are influenced by fast-shifting international trends and new innovations, creating a challenging environment for industry players.

### Potential impact

- Potential to capitalise on increased interest in eco-friendly and sustainable properties
- Shift in consumer preferences may result in increased competition with new entrants offering highly specific and attractive selling propositions
- Inability to adapt to these changes may lead to a loss of customers, reduced revenue and reputational damage

### Our response

- Introducing Setia eGreenLiving, a range of sustainable home features – including a smart home system, Green Switch, rainwater harvesting system and readiness for EV and solar power use, among others – that we will implement across all upcoming developments to drive energy-efficiency and reduce carbon footprint
- Leveraging customer feedback to shape our ongoing product development strategies and introduce market-ready, sustainable products and solutions, while enhancing our marketing efforts

### Outlook

Moving forward, property players will remain highly responsive to customer preferences by prioritising sustainability, digital solutions and modern designs within their developments. By retaining our focus on innovation and launching green solutions that drive our customers' adoption of sustainable living, we can strengthen our market position.

## Megatrends & Opportunities

### SHIFTING POLICY ENVIRONMENT

#### Description

The growth of the Malaysian property development sector is significantly impacted by government policies. On this note, the 2024 Budget offers strong support for affordable housing projects and large infrastructural developments, albeit with increased costs for property developers via the rise in sales and services tax ("SST") from 6% to 8% and the introduction of a 4% stamp duty on foreign buyers.

#### Potential impact

- Increased costs from the SST increase and imposition of stamp duty may impact our financial performance
- Incentives to facilitate home ownership may increase our addressable market, leading to positive revenue impacts

#### Our response

Strategic pricing, discounts, rebates, campaigns and special offers to attract homebuyers and capture a larger share of the market

#### Outlook

Recent regulatory changes indicate a positive outlook for the property sector, with favourable policies including:

- RM10 billion to extend the HCGS, offering assistance to 40,000 borrowers falling within this specific category
- A relaxation of MM2H rules that will encourage property sales to foreign buyers
- Infrastructure developments such as the LRT3 project may result in positive spillover effects for certain developments
- The designation of 2026 as "Visit Malaysia Year", with a RM350 million allocation to boost tourism activities, could have a positive knock-on effect for the property market

### DIGITALISATION & TECHNOLOGY

#### Description

Digital technology has become an essential ingredient of a successful property development. From the integration of smart home features to the use of online channels in sales and marketing activities, market players are leveraging digital tools and solutions to increase awareness of their developments, drive operational efficiencies and reduce their environmental impact.

#### Potential impact

- With the availability of digital technologies, customers expect better service and increased efficiency across the pre-purchase, purchase and after-sales stages
- To reap the potential benefits of digital transformation, we must invest in and consistently upskill our employees in advanced tools and solutions
- If deployed correctly, our investments can unlock improved productivity and sales, driving the satisfaction of our employees and improving our reputation within the industry

#### Our response

- Factoring in "smart home" features within our new terms of reference ("TOR") at the design stage
- Introducing digitally-driven solutions such as Setia eGreenLiving, a set of elements that leverage digital technology to enhance the liveability and sustainability of our homes
- Adopting digital technologies across our customer relationship management, customer data collection and content management processes
- Accelerating our digitalisation efforts through the Setia on the Go platform and via digital partnerships with ecosystem players and innovative startups

#### Outlook

With the pace of technological innovation accelerating, we will continue to invest in purpose-fit digital solutions that have the potential to improve customer outcomes and drive time and cost-efficiencies within our operations. We will also explore additional ways that technology can be leveraged to meet our sustainability goals.

### GROWING IMPORTANCE OF SUSTAINABILITY

#### Description

Sustainability – and climate action in particular – has emerged as a vital focus area in the modern corporate landscape. Investors are increasingly assessing the sustainability performance of companies when making decisions and more stringent ESG regulations are coming into force at the national and global levels, thus heightening the need for companies to adapt.

#### Potential impact

- Potential to capitalise on the increased emphasis on sustainability by introducing eco-friendly products and solutions
- Transitioning to greener materials and more sustainable practices may lead to cost escalations and involve significant technology risks
- Extreme weather events brought about by climate change may result in delays to completion or even stranded assets
- Non-compliance to changing regulations may result in forced disposal or write-down of assets

#### Our response

- Embedding best practices in ESG across our construction processes, from building designs to masterplans
- Adopting environmentally-friendly approaches – such as the Industrialised Building System ("IBS") building technique – to reduce our emissions
- Working with Tenaga Nasional Berhad to install solar panels at our headquarters and other commercial assets
- Taking steps towards introducing solar and EV switches within our properties, with the aim of promoting sustainable living amongst our customers
- Continuously assessing our assets to detect and minimise compliance-related risks
- Driving improved performance across the ESG spectrum by strengthening our policy framework and adopting sustainable practices across the Group

#### Outlook

We expect greater stakeholder expectations and more stringent regulatory requirements on ESG practices and reporting in the years to come. We look forward to capitalising on the opportunities presented by the introduction of the NETR by the government in 2023 to accelerate the transition to clean energy. We will continue to strengthen our actions on sustainability, striving to align our initiatives with global aspirations.

Cognisant of the importance of reducing our carbon emissions, we will work towards completing our baseline emissions assessment and establishing carbon reduction pathways towards our goal of becoming a Net Zero Carbon company by 2050. We also aspire to uphold zero cases of monetary fines regarding environmental performance and have all our major infrastructure contractors certified under both ISO 14001 – Environmental Management System, and ISO 45001 – Occupational Health & Safety.

### INDUSTRIAL DEVELOPMENT: AN ENGINE FOR NATIONAL GROWTH

#### Description

Industrial development plays an important role in Malaysia's overall growth strategy. This is illustrated by the introduction of NIMP 2030 to bolster the manufacturing sector, the NETR to accelerate the transition to clean energy, and the increasing adoption of the China Plus One strategy – which encourages businesses to diversify their supply chains and manufacturing activities away from China to mitigate risk – amongst multinational corporations.

#### Potential impact

Increased demand for industrial properties, with our industrial parks in Setia Fontaines, Setia Alaman and Tanjung Kupang set to benefit

#### Our response

We have earmarked more than 900 acres of land banks across Penang, Selangor and Johor for the development of industrial parks, with a plan to offer built-to-suit and lease, built-to-suit, lease and sell, and sale of land plots.

#### Outlook

Looking forward, Malaysia's industrial sector will be further boosted by the continued relocation of manufacturing bases from China to ASEAN and forthcoming mega infrastructure projects such as the KL-SG HSR, the Johor-Singapore Special Economic Zone and Rapid Transit System, the West Coast Expressway and the East Coast Rail Link. Allied to the continued impact of NIMP 2030, NETR and the 12<sup>th</sup> Malaysian Plan ("12MP"), this creates a strong basis for the continued growth of the industrial property market.

# Material Matters

## Materiality

We conduct periodic materiality assessments to ensure that our sustainability focus areas remain in alignment with the priorities of our business and our stakeholders. These materiality assessments play a vital role in our continuing sustainability journey by enabling us to pinpoint key sustainability risks and opportunities. They also enable us to stay responsive to current trends and the evolving business landscape.

Our materiality assessment process is guided by international reporting frameworks and industry benchmarks including:

- The **GRI Standards**: widely accepted in sustainability reporting and endorsed by Bursa Malaysia for listed entities in Malaysia
- The 15 Goals under the **UNSDGs**
- The **Malaysian Code on Corporate Governance** of Securities Commission Malaysia.

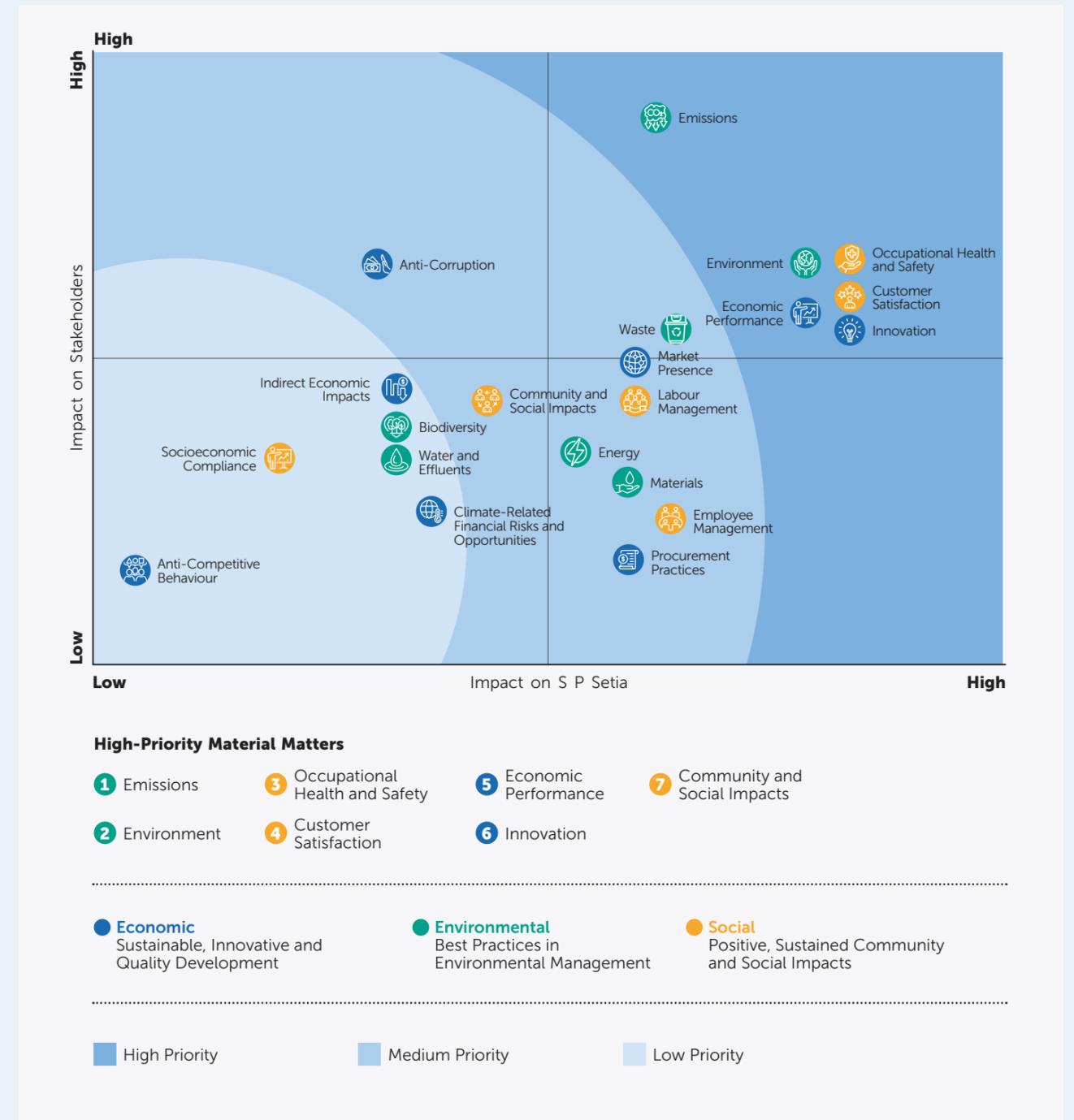
As a result of this year's assessment, we maintained our pre-existing materiality matrix, which focuses on seven High-Priority Material Matters, with progress against these matters reported to our Board Sustainability Committee on a quarterly basis.



## Our Materiality Matrix

Our materiality assessment process conducted in 2022 comprised an online survey and three workshops, collectively engaging 164 participants. The assessment identified 21 material matters across our Economic, Environmental and Social pillars, with the seven matters previously highlighted as High-Priority Material Matters maintained for the year under review.

These material matters were subsequently validated by our Board and Senior Management Team and are reflected in the materiality matrix below. Progress against these matters is reported to our Board Sustainability Committee on a quarterly basis.



# Material Matters

## Economic Performance

It is vital that we stay abreast of shifting consumer needs on matters such as the design, cost and sustainability of our properties and developments. This will ensure continuing robust market demand to sustain our economic performance, enabling us to deliver strong economic contributions to our employees, suppliers and countries of operation.

## Innovation

We must continue to innovate new features and materials for our properties to effectively adapt to changing market trends, including those related to sustainability. Failure to do so may affect the attractiveness of our products and services, impacting long-term growth.

## Emissions

With climate change concerns at an all-time high, it is necessary for us to optimise and reduce the emissions produced by our business operations. This will not only mitigate our direct impact on the environment but also protect our reputation and ensure adherence to regulatory obligations.

## Environment

Our reputation as a responsible company is strongly influenced by our ability to comply with environmental regulations and progressively reduce our impact on the planet. By leveraging technological solutions, driving employee upskilling and setting clear standards across our supply chain, we strive to be a positive example of an eco-friendly developer.

## Occupational Health and Safety

The health and safety of our workforce is fundamental to ensuring workplace productivity and operational excellence. We constantly aim to minimise and mitigate health and safety risks, cognisant that any incidents may lead to legal, reputational and financial implications.

## Customer Satisfaction

We continuously seek ways to increase demand for our properties by cultivating deep relationships with our customers. Therefore, it is engrained in our approach to consistently uphold excellence in our customer service and development standards.

## Community and Social Impacts

Our community-based programmes play an important role in elevating our reputation and brand desirability within our countries of operation, an important factor in achieving our business objectives. To this end, we are committed to implementing targeted outreach programmes to improve the wellbeing of underprivileged individuals and communities.

# Summary of our High-Priority Material Matters

# Key Risks & Mitigation

## INTRODUCTION

Based on our operating environment and the concerns of our key stakeholders, we identified 10 critical risks in FY2023 that, if not managed effectively, could adversely impact our business performance and hinder value creation. Consequently, robust strategies were devised to address these risks, underscoring our commitment to resilience and sustainable growth.

For more information on our approach to risk management, please refer to the Statement on Risk Management and Internal Control on page 239.

■ Immediate Attention Required  
 ■ Attention Required  
 ■ Caution  
 ■ For Notation  
 ◀▶ No Movement  
 ▲ Upward  
 ▼ Downward

## MARKET RISK

■ RISK PRIORITY  
 ▲ RISK TREND

### DESCRIPTION

Risk of financial losses arising from the volatility of the property markets in which we operate, influenced by factors such as domestic and global economic conditions, government regulations and supply-demand metrics.

### IMPLICATIONS TO VALUE CREATION

- Sales and revenue fluctuations pose challenges to maintaining revenue stability
- Profitability challenges arising from market changes, including increased competition or pricing pressures, may impact our financial performance
- Potential long-term impacts on capital will jeopardise our financial health and stability

### IMPACT ON CAPITALS



### RESPONSE & MITIGATION ACTIONS

- Prioritising agility and speed in addressing market demands across product design, master planning, construction and marketing channels within an ever-changing and volatile business environment
- Closely monitoring property trends in our markets of operation and planning developments that align with current and future demand trends
- Offering a diverse range of residential and commercial units tailored to different demographics and expectations, while strategically phasing developments according to market conditions and demands
- Utilising digital initiatives to enhance marketing efficiency, thus ensuring targeted outreach to the appropriate audience
- Introducing various features on our Setia on the Go mobile app like property progress tracking and exclusive curated deals to better attract potential purchasers
- Proactively engaging our existing purchasers through a variety of events to keep them informed and enthusiastic about their status as Citizen Setia

### OPPORTUNITIES

- Expanding into green and sustainable real estate to align with growing demand for eco-friendly real estate solutions
- Catering to changing needs brought about by shifting demographics, such as multi-generational households and assisted living for senior citizens
- Exploring Real Estate Investment Trusts ("REIT") as a new income stream
- Embracing technological advancements in our property development and management processes, thus enhancing our efficiency and empowering us to stay competitive in a rapidly evolving real estate landscape

## COMPETITION RISK

■ RISK PRIORITY  
 ▲ RISK TREND

### DESCRIPTION

Risks arising from competing with local and international property developers on various key selling points including pricing, design and quality, property features, supporting infrastructure and sales and marketing strategies.

### IMPLICATIONS TO VALUE CREATION

- Reduced sales and revenue due to a loss in market share, directly impacts our overall value as a company
- Higher customer acquisition costs, driven by increased competition, impact the overall value of each property buyer
- Price wars can emerge as companies fiercely compete and attempt to undercut each other

### IMPACT ON CAPITALS



### RESPONSE & MITIGATION ACTIONS

- Continuously monitoring the competitive landscape and analysing our competitors' strategies
- Conducting market intelligence surveys to gain insights into market requirements and understand market needs
- Aligning our product offerings according to market trends and demand
- Utilising creative marketing approaches that align with economic conditions and market demands, including hybrid property launches and our Setia on the Go mobile app
- Launching Setia Virtual X, an online property showcase platform offering interactive functions and features such as virtual tours, walk-throughs, virtual events and virtual show units

### OPPORTUNITIES

- Intensifying our innovation efforts and driving greater product and service differentiation, thus strengthening our brand equity
- Exploring international markets where we would have a stronger competitive advantage

# Key Risks & Mitigation

■ Immediate Attention Required 
 ■ Attention Required 
 ■ Caution 
 ■ For Notation 
 ◀▶ No Movement 
 ▲ Upward 
 ▼ Downward

### DEVELOPMENT & PRODUCT INNOVATION RISK

**RISK PRIORITY** ■ **RISK TREND** ▲

**DESCRIPTION**

Potential challenges and uncertainties associated with developing high-quality, innovative products and delivering them within set timeframes to meet the demands and needs of our customers.

**IMPLICATIONS TO VALUE CREATION**

- New property products or innovations may not be embraced by the market, thus affecting our market presence
- Regulatory issues can cause delays, fines or restrictions on the introduction or continuation of our property developments
- Failures in innovative properties and products can result in performance issues and customer dissatisfaction
- Non-compliance with environmental expectations may lead to reputational damage

**IMPACT ON CAPITALS**

**RESPONSE & MITIGATION ACTIONS**

- Conducting extensive market research to ensure high product uptake rates
- Implementing rigorous quality control and monitoring processes to guarantee the highest product quality
- Monitoring our product developments closely to achieve targeted financial margins and returns on investments
- Integrating ESG considerations within our property product innovation processes to create sustainable and responsible solutions

**OPPORTUNITIES**

- Introducing innovative products to create a competitive edge and retain our position as a market leader
- Achieving market differentiation to increase brand recognition, customer loyalty and customer retention
- Introducing products with eco-friendly or sustainable elements to meet the growing demand for environmentally conscious real estate solutions

### SUSTAINABILITY RISK

**RISK PRIORITY** ■ **RISK TREND** ▲

**DESCRIPTION**

Risks related to the challenges and uncertainties stemming from our operational impact on the environment and our commitment to sustaining responsible business practices.

**IMPLICATIONS TO VALUE CREATION**

- Failing to implement sustainable practices may lead to increased long-term operational and financial costs
- Non-compliance with environmental regulations may harm our reputation and resilience
- Ignoring sustainability trends could result in missed market opportunities
- Environmental risks in our supply chain may disrupt our operations and pose reputational risks

**IMPACT ON CAPITALS**

**RESPONSE & MITIGATION ACTIONS**

- Establishing a Sustainability Committee with Board representation for oversight of our sustainability initiatives
- Forming a Management Sustainability Community involving Executive Vice Presidents and C-suite members to ensure alignment of our sustainability implementation and monitoring efforts with our vision and mission
- Secured Board approval of the interim Setia Green Roadmap, with targets of a 45% reduction in Scope 1 emissions by 2030 and a 70% reduction in Scope 2 emissions by 2040, compared to a 2023 baseline

**OPPORTUNITIES**

- Attracting a broader base of Socially Responsible Investors ("SRIs") due to the increasing preference for ESG investments
- Enhancing our brand reputation and creating a positive brand image by demonstrating leadership in environmental responsibility
- Bridging the gap in the market by catering to the growing demand for sustainable products and properties
- Ensuring business continuity and protecting our long-term value by reducing our vulnerability to climate change

### PROJECT PLANNING, FEASIBILITY & DEVELOPMENT STRATEGY RISK

**RISK PRIORITY** ■ **RISK TREND** ▲

**DESCRIPTION**

Risks relating to our ability to achieve successful implementation of high-investment value projects and achieve our targeted quality, product quality and investment return standards and expectations.

**IMPLICATIONS TO VALUE CREATION**

- Budget overruns can strain available capital, limiting our financial resources for other projects or operational needs
- Delays can tie up capital, impacting cash flow projections and potentially delaying returns on investment
- Incorporating sustainable practices may require additional capital investments. Delays or disruptions in project timelines may lead to prolonged borrowing periods and increased interest expenses

**IMPACT ON CAPITALS**

**RESPONSE & MITIGATION ACTIONS**

- Closely monitoring our project developments to ensure the achievement of milestones and high investment returns
- Undertaking extensive market research and conducting in-depth process reviews to ensure competitive product offerings that meet market demand
- Ensuring the highest quality of product delivery through rigorous quality control and continuous monitoring processes

**OPPORTUNITIES**

- Embracing new technologies and innovative practices to enhance project efficiency, reduce costs and gain competitive advantages
- Streamlining internal processes to improve organisational efficiency and set the stage for more successful future projects
- Introducing new and innovative product offerings to gain a compelling competitive advantage

### FUNDING & LIQUIDITY RISK

**RISK PRIORITY** ■ **RISK TREND** ▶◀

**DESCRIPTION**

Financial stability and performance risks associated with our reliance on equity and borrowings to cover development costs, operating costs and land acquisition costs.

**IMPLICATIONS TO VALUE CREATION**

- Our ability to meet our financial obligations on time may be compromised
- Our funding sources may become unavailable or expensive
- Our revenue and competitiveness may be negatively affected
- Our ability to adapt and thrive in dynamic environments requiring investments may be affected
- Investor confidence may be eroded

**IMPACT ON CAPITALS**

**RESPONSE & MITIGATION ACTIONS**

- Constantly monitoring our gearing ratio and effectively utilising credit to ensure alignment with our growth strategies
- Strengthening our treasury function to monitor and manage cash flow requirements, supporting our current and future needs
- Continuously embarking on initiatives to clear inventories for optimal cost and inventory management

**OPPORTUNITIES**

- Utilising green financing for eligible green products and projects
- Establishing efficient debt structures and instruments to reduce our financing costs
- Optimising our treasury and cash management practices
- Enhancing our capital allocation strategies

# Key Risks & Mitigation

■ Immediate Attention Required 
 ■ Attention Required 
 ■ Caution 
 ■ For Notation 
 ◀▶ No Movement 
 ▲ Upward 
 ▼ Downward

## POLITICAL & REGULATORY RISK

RISK PRIORITY ■
RISK TREND ▲

### DESCRIPTION

Risks arising from government policies, regulations and political stability that may influence property values, investment decisions and overall market dynamics. This includes risks arising from the fast-evolving ESG regulatory landscape.

### IMPLICATIONS TO VALUE CREATION

- Political and regulatory uncertainty hampers long-term planning, posing challenges in creating and delivering sustainable value
- Higher compliance costs can diminish profitability, impeding our ability to generate optimal value for shareholders
- Failure to comply with regulations, especially in the context of ESG regulations, can damage our reputation, diminish customer trust, reduce sales and result in a long-term decrease in value

### IMPACT ON CAPITALS

### RESPONSE & MITIGATION ACTIONS

- Regularly monitoring political and regulatory developments at the local, national and international levels
- Annually reviewing our business plans to ensure compliance with new regulations
- Maintaining ongoing communication with all stakeholders regarding changes in regulations and our corresponding actions in response to these changes
- Fostering strong relationships with government officials, policymakers and regulatory authorities
- Investing in legal expertise to ensure full compliance with existing regulations

### OPPORTUNITIES

- Being proactive and staying ahead of regulatory changes
- Establishing positive relationships with regulatory bodies to gain opportunities for dialogue and a better understanding of upcoming regulatory changes
- Embracing responsible and ethical business practices
- Aligning with ESG initiatives while adding enhanced value to our products

## WORK HEALTH & SAFETY RISK

RISK PRIORITY ■
RISK TREND ▶

### DESCRIPTION

Risks associated with the effectiveness of our occupational health and safety measures and our compliance with prevailing regulations, with any incidents that occur having the potential to substantially harm our reputation and lead to significant legal ramifications.

### IMPLICATIONS TO VALUE CREATION

- Non-compliance can result in legal consequences, regulatory fines and operational disruptions, impacting overall business continuity
- Incidents or accidents can lead to injuries, illnesses or even fatalities, resulting in increased absenteeism, reduced productivity and potential talent attrition
- Incidents and accidents may also negatively impact our reputation, leading to customer distrust and negative media coverage
- Employees may be unable to perform their duties due to unsafe working conditions
- Disrupted operations can lead to loss time injury, increased costs and delayed project timelines
- Increasing insurance premiums, stricter terms and challenges in obtaining coverage may impact overall risk management

### IMPACT ON CAPITALS

### RESPONSE & MITIGATION ACTIONS

- Outlining clear health and safety policies and procedures for the Group
- Consistently fostering awareness on health and safety through training sessions and awareness programmes
- Continuously adopting safer construction methods and ensuring contractors are well-versed in current best practices and new regulations and requirements
- Effectively enforcing controls and monitoring for on-site compliance
- Including end-to-end monitoring and tracking of compliance with standard operating procedures ("SOP") issued by the Malaysian National Security Council ("MKN") and Ministry of International Trade and Industry ("MITI") in our health, safety and environment ("HSE") practices
- Instituting end-to-end monitoring and tracking of compliance via the Malaysian Department of Occupational Safety and Health in our health and safety practices

### OPPORTUNITIES

- Staying up-to-date with local, national and international health and safety regulations
- Proactively identifying and mitigating potential risks to prevent accidents and incidents
- Aligning our health and safety practices with our environmental sustainability efforts

## CYBER SECURITY RISK

RISK PRIORITY ■
RISK TREND ▶

### DESCRIPTION

Vulnerabilities related to potential data breaches and other malicious activities that can impact the confidentiality, integrity and availability of our digital information, with this risk exacerbated by our adoption of digital technology.

### IMPLICATIONS TO VALUE CREATION

- Reputational damage, loss of customer trust and decreased market share, leading to long-term financial implications
- Disruption of business operations, causing downtime and affecting productivity, may impact our entire supply chain
- A data breach may result in our customers, partners and investors losing their trust and confidence in us

### IMPACT ON CAPITALS

### RESPONSE & MITIGATION ACTIONS

- Implementing comprehensive information technology ("IT") policies and procedures to govern our operations
- Performing regular system checks and penetration testing to safeguard our data and detect vulnerabilities
- Establishing disaster recovery plans to ensure business continuity in the event of a crisis
- Enhancing cybersecurity awareness among our employees to foster a security-first mindset

### OPPORTUNITIES

- Conducting regular risk assessments and cybersecurity health checks to proactively identify and mitigate potential vulnerabilities
- Developing and implementing a comprehensive disaster recovery strategy that enhances our resilience to cyber incidents and expedites recovery
- Investing in advanced security infrastructure and solutions to ensure secure and sustainable integration of cybersecurity into our ecosystems

## GEOPOLITICAL RISK

RISK PRIORITY ■
RISK TREND ▶

### DESCRIPTION

Risks arising from political instability, conflicts, trade disputes and shifts in government policies across our operational markets, as well as government stances on foreign direct investments, which have the potential to impact our operations, financial performance and strategic planning.

### IMPLICATIONS TO VALUE CREATION

- Political instability and economic uncertainties can cause fluctuations in currency values, interest rates and overall financial market conditions, impacting our business strategies
- Higher compliance costs from investing in resources to understand and adapt to new compliance requirements may impact our cost structures
- Geopolitical issues have the potential to affect our reputation and brand image
- Political instability and conflicts can lead to operational disruptions, impacting efficiency and productivity

### IMPACT ON CAPITALS

### RESPONSE & MITIGATION ACTIONS

- Engaging in partnerships with local businesses to gain a deeper understanding of the market and facilitate smooth business operations
- Maintaining close monitoring of the political environments in our markets of operation and responding proactively
- Consistently providing updates on each local geopolitical climate to our Senior Management and Board of Directors

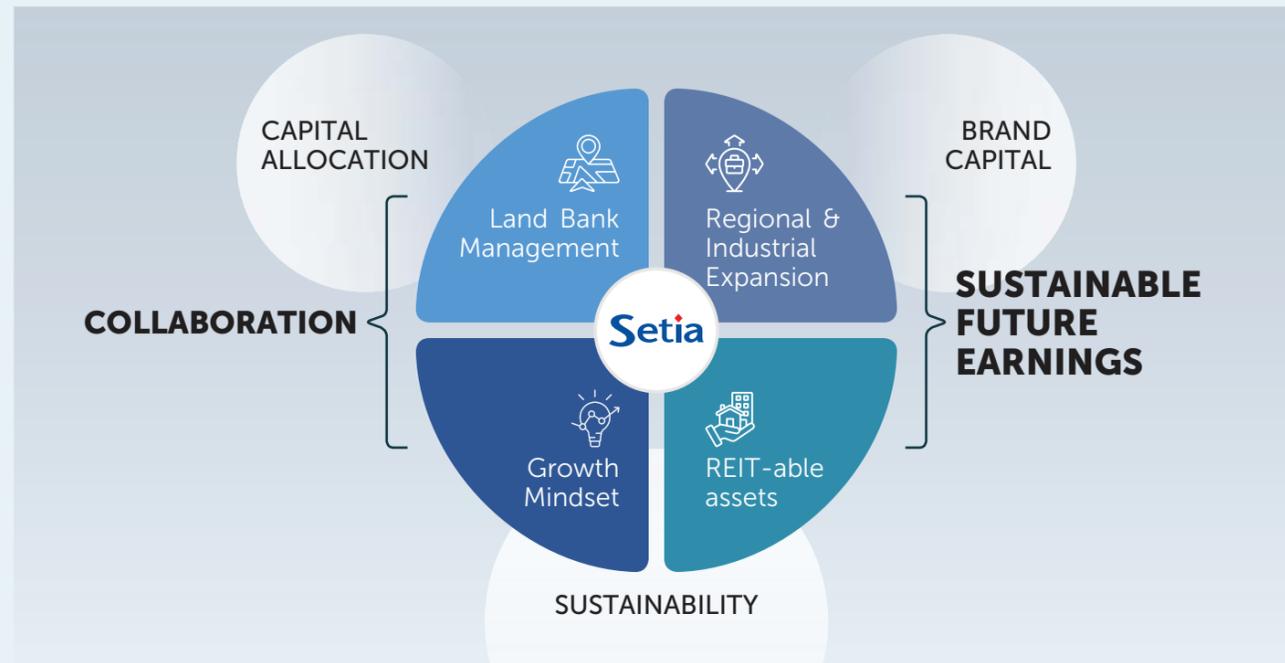
### OPPORTUNITIES

- Building resilience and adaptability to political uncertainties, thus enhancing our competitive advantage in our operational markets
- Forming strategic partnerships with local businesses to yield valuable insights and gain support in navigating political landscapes
- Collaborating with local businesses to gain shared resources, improve access to markets and co-develop risk mitigation strategies

# Our Strategic Roadmap

In striving towards our goal of being the leader in developing sustainable communities and pioneering innovative lifestyles, our efforts are guided by four strategic pillars: land bank management, regional growth, industrial expansion and unlocking the value of our investment property assets via a potential Real Estate Investment Trust ("REIT").

This cohesive strategic framework serves to optimise our capital allocation, enhance brand capital and reinforce our commitment to sustainability. The framework is further underpinned by an active pursuit of digitalisation and innovation, which has been identified as a key enabler for achieving our objectives.



## STRATEGIC OBJECTIVES

### Capital Allocation

Effective capital allocation holds paramount importance for S P Setia, as efficient deployment of financial resources has a substantial impact on our growth and profitability. Our well-executed capital allocation strategy ensures that we utilise resources in alignment with our strategic priorities, enhancing shareholder value and nurturing long-term organisational success.

### Brand Capital

In our commitment to creating sustainable communities that "livelearnworkplay" together, we are intensifying our efforts to accelerate the development of sustainable townships. This objective aims to enrich the lifestyles of our communities as we enhance our brand capital and customer loyalty.

### Sustainability

We have adopted a holistic approach that strategically integrates our sustainability goals into our business practices, while consistently reviewing our initiatives to respond effectively to change. Our overarching goal is to create sustainable value for all stakeholders and generate a long-lasting positive impact for both people and the planet.

## KEY ENABLER

### Digitisation & Innovation

Recognising digitisation and innovation as a key enabler for our continued success, we are focused on optimising online marketing, spearheading data-driven strategies, advancing operational excellence, fortifying cybersecurity and elevating homebuyer experiences through the application of innovative digital tools and technologies.

# Strategic Performance Review



## LAND BANK MANAGEMENT

We currently hold 6,311 acres of land banks with an effective remaining GDV of RM119.74 billion as of 31 December 2023, positioning us for robust revenue generation potential for the future.

Through consistent and rigorous reviews, we focus on optimisation and rationalisation efforts to maximise the efficient use of our land banks by:

- Identifying non-core undeveloped land banks for value creation
- Accelerating developments and unlocking value through self-development and/or strategic partnerships with suitable parties of synergy
- Enabling cash flow opportunities for de-gearing and capital recycling
- Investing in projects for optimal returns
- Engaging in catalytic development potential projects with other industry players to deliver sustainable long-term value to the greater community

### Achievements in 2023:

- Sold **500 acres** of non-core land in Glengowrie, Semenyih, Selangor, to Mah Sing Group Berhad for **RM392.04 million**.
- Sold **18 acres** of freehold land in Setia Alam to KSL Bestari Sdn Bhd for **RM228.80 million** for catalytic development acceleration
- Entered into a JV agreement with **Mitsui Fudosan** in December 2023 to develop two parcels of prime commercial land measuring 2.67 acres in Setia Federal Hill, Kuala Lumpur, with a GDV of **RM1.4 billion**

### Focus in 2024:

- Delivering quality homes and real estate properties to meet market demand in our townships and residential enclaves
- Maintaining our brand as a major integrated property developer in city areas, with a continued focus on developing our KL Eco City integrated development and Setia Federal Hill projects in Bangsar, Kuala Lumpur
- Seeking high-value potential buyers and exploring opportunities for land monetisation and collaboration with future business partners



## INDUSTRIAL EXPANSION

Our entry into the industrial parks sector marks a strategic diversification for the Group, tapping into the promising growth prospects within the industrial sector. This move is well-aligned with the Malaysian government's NIMP 2030 and NETR, which is expected to catalyse increased domestic and foreign direct investment activity in the country.

The aim of our industrial parks is to foster an ecosystem consisting of companies across the logistics and manufacturing industries spectrum. To date, we have identified over 900 acres of potential land banks for our industrial parks, with an estimated total GDV of approximately RM6 billion.

### Achievements in 2023:

- Established an industrial park strategy with a proposed business model involving a **combination of land sales and JVs** for co-development
- Obtained approval from the Johor state government in 2023 to **convert our Tanjung Kupang land for industrial use**

### Focus in 2024:

- Obtaining approval for the rezoning of Setia Alaman Industrial Park from residential and commercial (mixed development) to industrial
- Identifying and engaging potential strategic partners with a proven track record and strong financial capabilities to co-develop our industrial parks
- Identifying and engaging potential buyers for the sale of industrial plots

## Strategic Performance Review



### REGIONAL GROWTH

We are strategically expanding our regional presence, capitalising on promising real estate opportunities and substantial growth potential in Australia and Vietnam.

- In Melbourne, S P Setia has become a recognised household brand. We are now making significant inroads into Sydney through our acquisition of a 1,374 sq m (14,790 sq ft) land site in St Leonards.
- In Vietnam, we have established our presence in the property market through two development projects – the EcoLakes eco-themed township and the EcoXuan boutique strata development, both located near Ho Chi Minh City.

#### Achievements in 2023:

- Acquired **1,374 sq m** (14,790 sq ft) of freehold land at 20 Atchison Street, St Leonards, Sydney, for a consideration of **AUD 73.3 million** in September 2023. This strategic move aims to bolster the Group's expansion in Australia over the next two to three years, with an estimated GDV of **AUD 236 million** anticipated from the proposed primarily residential development.
- Completed and delivered vacant possession of the **UNO Melbourne** Stage 2 development project in September 2023

#### Focus in 2024:

- Launching the proposed St Leonards development in Sydney in the second half of 2024
- Exploring further opportunities for land acquisition, particularly within the Melbourne vicinity
- Reinforcing S P Setia branding in Ho Chi Minh City via digital marketing
- Focusing on launching catalytic commercial components in our Vietnam projects



### STRENGTHENING INVESTMENT PROPERTIES

We possess a diverse portfolio of investment property assets, encompassing various building types such as office buildings (Mercu 2), educational facilities (Tenby Schools), retail spaces (Setia City Mall, Ecohill Walk Mall and INC KL Eco City Mall), hotels (Amari Kuala Lumpur and Amari SPICE Penang) and convention centres (Setia City Convention Centre and Setia SPICE Convention Centre).

The reinforcement of our investment property portfolio underscores our diversification strategy, enabling us to enhance our recurring income streams. This strategic approach also creates the potential for S P Setia to sell investment properties to a REIT in the future, providing a ready exit platform to realise gains and recycle capital for long-term sustainability.

#### Achievements in 2023:

- D'Network @ Setia Eco Park was awarded the **Property Development Excellence Award 2023** for Excellence in Township Community Hub by The Edge Malaysia
- Amari Kuala Lumpur was named the winner of the **Luxury Lifestyle Award for Best Luxury City Hotel in Malaysia 2023** – one of the most prestigious awards in the luxury hospitality industry
- Achieved high average occupancy rates at **Mercu 2** and **INC KL Eco City Mall**

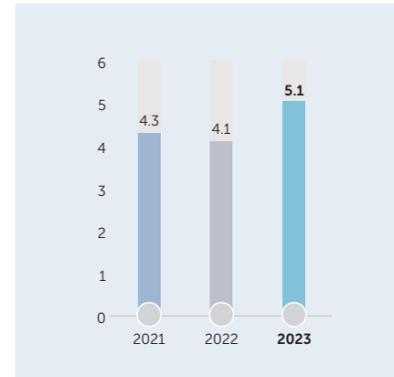
#### Focus in 2024:

- Focusing on the optimisation of Net Property Income ("NPI") yields for our respective investment property segments through the securing of a good tenant mix
- Opening our first ambulatory care centre in Setia City, a joint venture project with Qualitas Medical Group Sdn Bhd, in early 2024

## Key Indicators

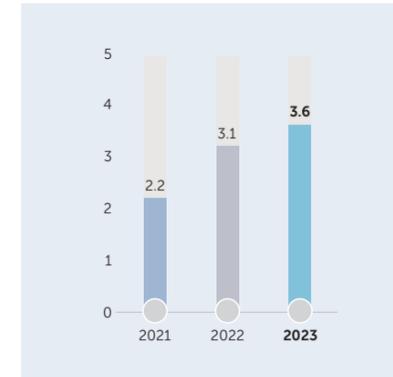
### FINANCIAL INDICATORS

#### Sales Achieved (RM billion)\*



Property development and land sales directly contribute to our revenue generation. By monitoring and analysing our sales performance, we can seek opportunities to drive improvements to our earnings.

#### Value of Project Launches (RM billion)\*



Launches of S P Setia's property products in strategic locations to meet market demand, consequently driving revenue and earnings.

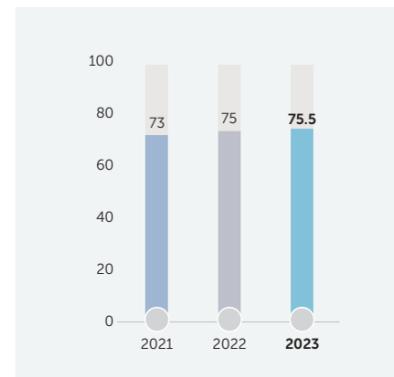
#### Unbilled Sales (RM billion)\*



Unbilled sales act as an indicator of future sales recognition, underpinning our earnings visibility.

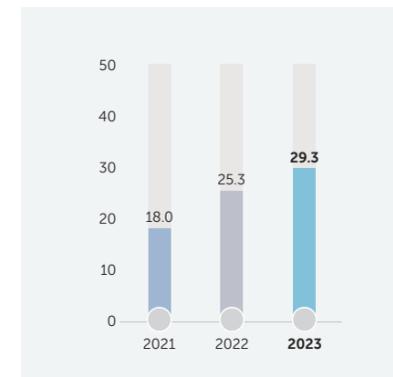
### NON-FINANCIAL INDICATORS

#### Customer Satisfaction Survey (%)



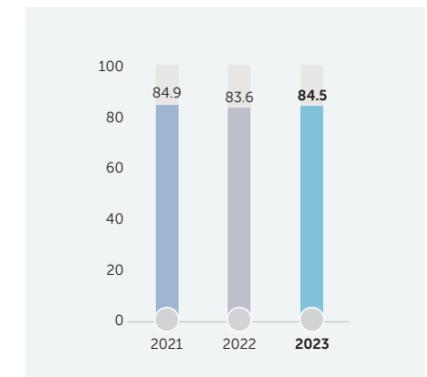
This survey score represents the proportion of S P Setia's homebuyers who would recommend purchasing S P Setia properties to friends and relatives. It reflects the reliability of our products and ability to nurture customer loyalty.

#### Average Hours of Training per Employee (no. of hours)



Training is aimed at improving employee capabilities, driving organisational performance, accelerating productivity and bringing us closer to our performance goals.

#### Health, Safety & Environment ("HSE") Inspection Score (%)



To drive continuous improvement in our HSE performance, we have established the HSE Inspection Score, a monthly score issued to each respective project across the Group.

\* as of December 2023

# Group Financial Review

## 5-YEAR FINANCIAL SUMMARY

In accordance with the approved accounting standards, the Group adopts two different income recognition policies for its property development business. Income from the development business in Malaysia and Singapore is recognised over time, throughout the development periods. As such, they contribute revenue and profit more regularly to the Group. However, income from our development business in Australia, Vietnam and the UK is recognised at a point in time upon the completion and handover of developed properties, hence its revenue and profit contribution are more irregular.

In Australia, our two projects, namely Sapphire by the Gardens and UNO Melbourne, contributed their respective revenue and profits streams to the Group in FY2022 and FY2023. Sapphire by the Gardens was successfully completed with handovers mostly in FY2022 and spilling into FY2023. UNO Melbourne was fully completed in September 2023 with units progressively handed over to UNO buyers commencing from the end of FY2022 and continuing into the current year and beyond.

In the UK, the Group, which has a 40% interest in the redevelopment of the Battersea Power Station ("BPS"), also delivered the completion of Phase 2, Phase 3A and Phase 3B. In 2021, the residential and commercial properties under Phase 2 were gradually handed over from May 2021 onwards to the unit owners. For Phase 3A, the residential units were progressively handed over to all home buyers from 2022. In November 2023, the Group commenced the handing over of residential properties under Phase 3B to buyers. For FY2023, BPS Group achieved residential sales totalling £243 million (~RM1.4 billion). Similar to the developments in Australia, income from the BPS development is recognised at a point in time upon the completion and handover of developed properties.

The Group does not consolidate the revenue of BPS as it is a jointly controlled entity but the results will be equity accounted into the Group's results.

In Singapore, we embarked on the Daintree development project in 2017, which is our third development project in the country. The remaining profit contribution from this project in FY2023 is minimal after the vacant possession of the units were handed over to the owners in December 2022.

Malaysia remains as the Group's main contributor of revenue, with this revenue coming from our local development business. It has been performing consistently, save for periodical fluctuations due to time-to-time variation in the overall development achievement profile of the portfolio of projects at work. A Group-wide strategic re-timing of launches took place in 2018 due to changed market conditions, which resulted in its slightly lower contribution in FY2018. Contribution from our development business in Malaysia rose up again thereafter in FY2019. In FY2020, the global outbreak of the COVID-19 pandemic posed unprecedented disruption to the operations of the Group in the property development, retail malls and construction sectors both in Malaysia and overseas. As a result, certain old completed stocks in Johor Bahru were written down by RM140 million as an integral part of a repricing exercise to clear old stocks. Similarly, the Group also shared an impairment of inventories recognised by BPS totalling to RM336 million (representing 40% of the Group share) in FY2020. Excluding the aforesaid impairment provisions, the Group would have had a positive contribution in FY2020.

Due to the emerging variants of the COVID-19 viruses, further targeted lockdowns were sporadically imposed in FY2021, thus hindering the full recovery of the economy. The recovery rates of

### PROFIT BEFORE TAX

**RM656**  
million

2022: RM559 million

**+17%**

our business segments were varied due to the different adaptations and compliance requirements imposed by the authorities for different economic sectors. Against these challenges, the Group ended FY2021 commendably by achieving a Profit Before Tax on par with our pre-pandemic performance in FY2019.

FY2022 was another challenging year for the property sector as the eruption of the Russia-Ukraine war resulted in rising inflationary pressure on commodities and building materials coupled with the lockdown in China which inadvertently disrupted the global supply chain. The shortage of labour faced by most industries aggravated the site progress of our projects nationwide. However, with the timely contributions from our Australian projects (Sapphire by the Gardens and UNO Melbourne), the Group was able to deliver another set of improved financial results in FY2022 as compared to the preceding year.

In FY2023, the Group further reduced its borrowings by RM1.30 billion, bringing down the net gearing ratio to 0.49x from 0.57x in FY2022. Despite the challenges of interest rates hikes and foreign exchange rate volatilities, the Group maintained its resilient performance for FY2023 through successful monetisation of a few parcels of non-strategic lands and cost optimisation initiatives.

# 5-Year Group Financial Summary

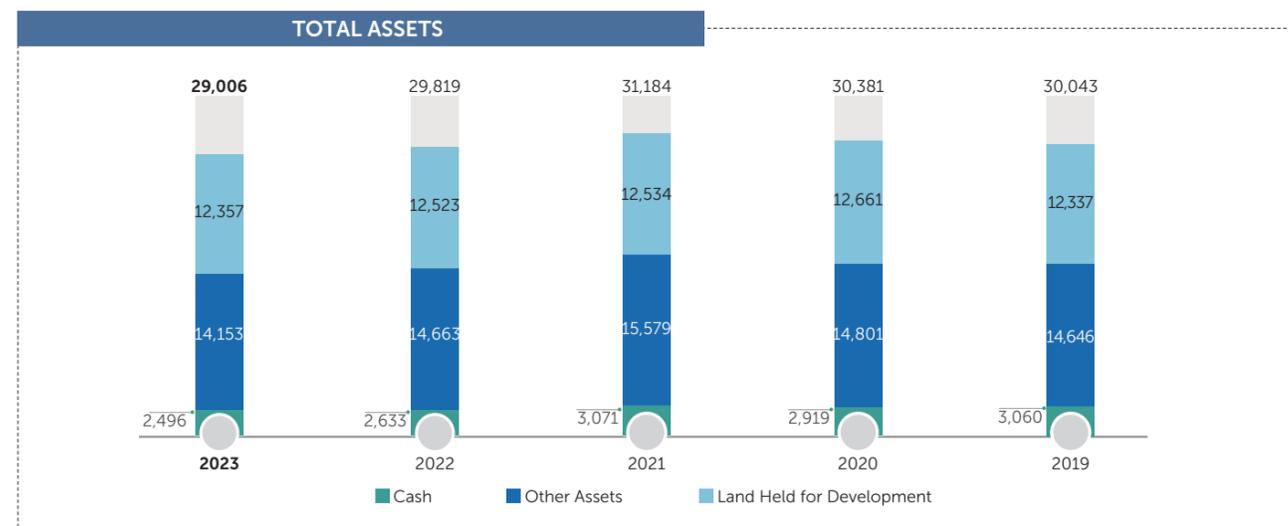
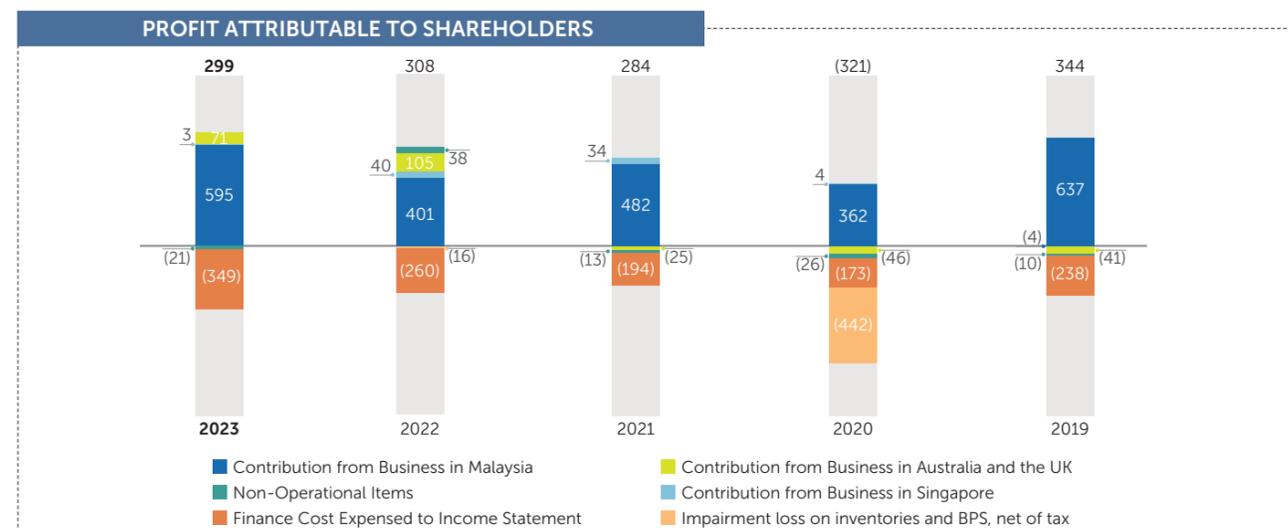
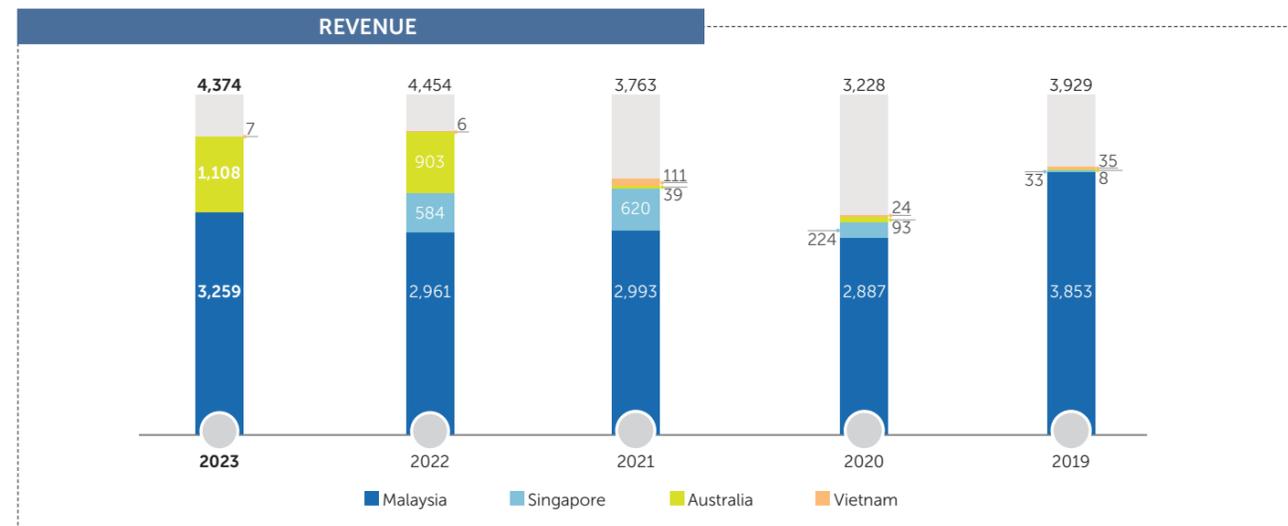
← As per respective years' audited financial statements →

	31 December 2023	31 December 2022	31 December 2021	31 December 2020	31 December 2019
<b>Year Ended (RM'mil)</b>					
Revenue	4,374	4,454	3,763	3,228	3,929
Gross Profit	1,341	1,065	1,007	657	1,016
Profit Before Tax – Before significant impairment provisions	656	580	542	319	598
Significant impairment:					
– write-down in inventories	–	(16)	–	(140)	–
– 40% share of inventories impairment at Battersea Power Station	–	–	–	(336)	–
Profit Before Tax – After significant impairment provisions	656	564	542	(157)	598
Profit After Tax	357	364	347	(245)	422
Profit Attributable to Owners of the Company	299	308	284	(321)	344
Share Capital	8,723	8,500	8,490	8,468	8,432
Share Capital – RCPS-i A	1,087	1,087	1,087	1,087	1,087
Share Capital – RCPS-i B	–	–	1,035	1,035	1,035
Share Capital – RCPS-i C	719	937	–	–	–
Equity Attributable to Owners of the Company	14,450	14,083	14,176	13,922	14,349
Total Assets Employed	29,006	29,819	31,184	30,381	30,043
Total Net Tangible Assets	15,648	15,333	15,618	15,327	15,768
Earnings Per Share (sen)	4.8	3.6	3.7	(11.2)	5.3
Dividend Per Share (sen)	1.34	1.47	0.65	–	1.00
Net Assets Per Share Attributable to Owners of the Company (RM)	2.90	2.96	2.96	2.91	3.02
Return on equity (%)	2.1	2.2	2.0	(2.3)	2.4
Net gearing ratio (times)	0.49	0.57	0.61	0.59	0.52
Dividend payout ratio (%)*	58.1	64.0	55.7	#	50.2
Share Price – High (RM)	1.06	1.42	1.72	1.56	2.60
Share Price – Low (RM)	0.51	0.41	0.85	0.55	1.21

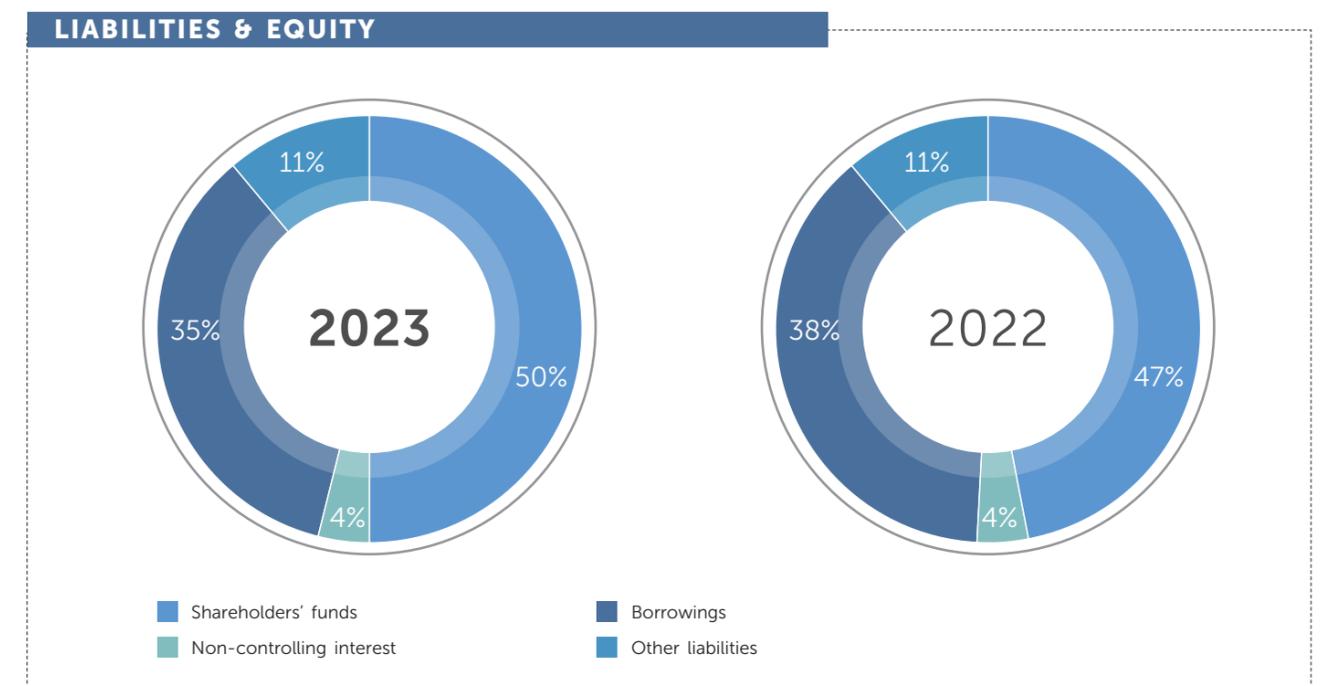
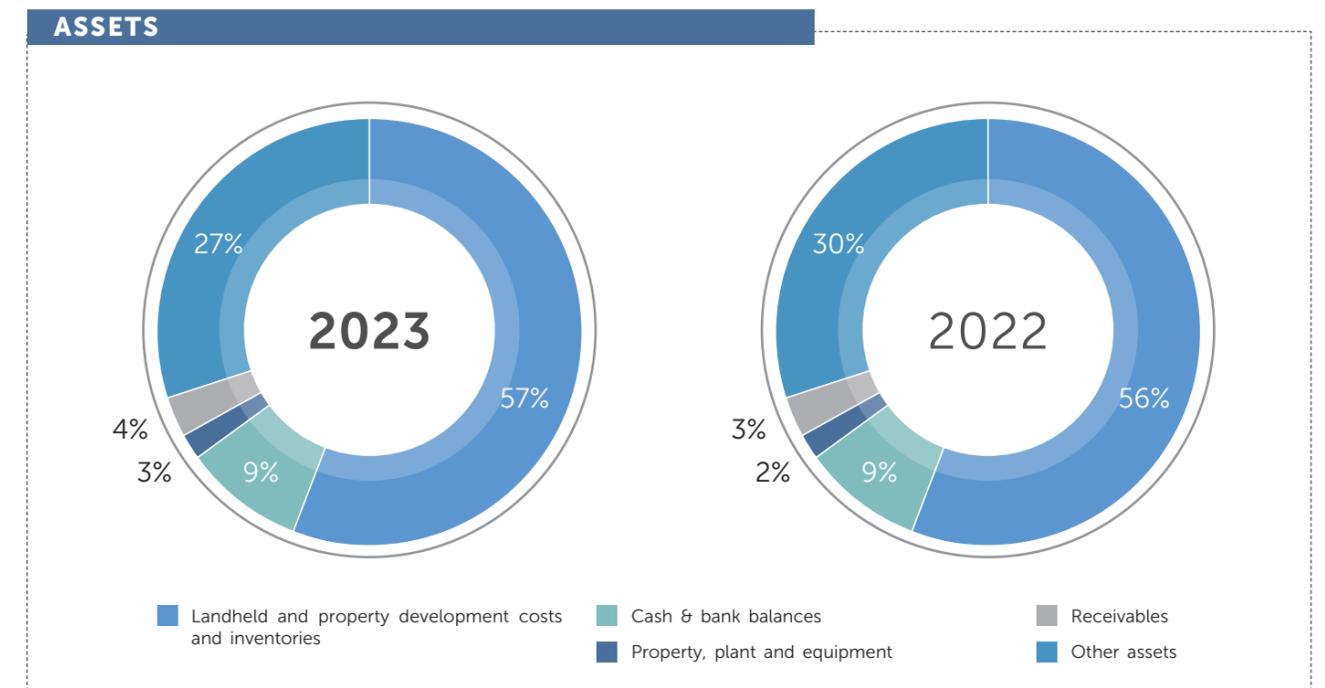
# Total RCPS-i A & B dividends paid out for FY2020 amounted to RM132 million. As FY2020 financial results are in loss position, hence there is no dividend payout ratio computed.

\* Inclusive of RCPS-i A, B & C dividend.

# 5-Year Group Financial Highlights



# Simplified Group Statements of Financial Position



## Quarterly Segmental Performance

### FINANCIAL RESULTS

RM' million	1QFY2023 31-Mar-23	2QFY2023 30-Jun-23	3QFY2023 30-Sep-23	4QFY2023 31-Dec-23	FY2023 Total
Revenue	968	943	1,079	1,384	<b>4,374</b>
Operating profit	267	311	292	471	<b>1,341</b>
Share of results from joint ventures & associates	(20)	(20)	(15)	9	<b>(46)</b>
Other gains/(losses)	(55)	(77)	(46)	(112)	<b>(290)</b>
Profit before interest and tax	192	214	231	368	<b>1,005</b>
Profit before taxation	116	120	136	284	<b>656</b>
Profit after taxation	63	58	63	173	<b>357</b>
<b>Profit attributable to owners of the Company</b>	<b>55</b>	<b>43</b>	<b>52</b>	<b>148</b>	<b>299</b>

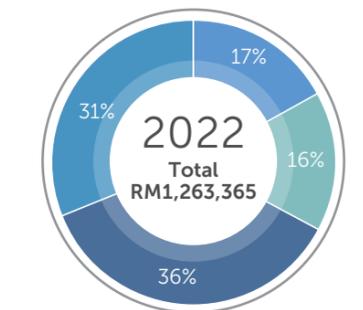
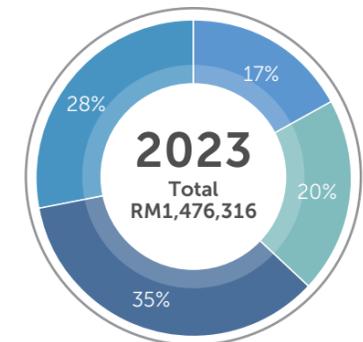
### SEGMENTAL RESULTS

RM' million	1QFY2023 31-Mar-23	2QFY2023 30-Jun-23	3QFY2023 30-Sep-23	4QFY2023 31-Dec-23	FY2023 Total
<b>Revenue</b>					
Property Development	896	871	994	1,304	<b>4,065</b>
Construction	4	4	4	3	<b>16</b>
Other Operations	68	68	81	77	<b>293</b>
<b>Total</b>	<b>968</b>	<b>943</b>	<b>1,079</b>	<b>1,384</b>	<b>4,374</b>
<b>Profit/(loss) before tax</b>					
Property Development	130	128	138	314	<b>710</b>
Construction	(7)	(6)	(2)	(17)	<b>(32)</b>
Other Operations	(7)	(2)	0	(13)	<b>(22)</b>
<b>Total</b>	<b>116</b>	<b>120</b>	<b>136</b>	<b>284</b>	<b>656</b>

## Statement of Value Added and Distribution

This Statement of Value Added shows the total wealth we created and how it was distributed, taking into account how much was retained and reinvested in the Group for future growth.

RM'million	FY2023 RM'000	FY2022 RM'000
<b>VALUE ADDED:</b>		
Revenue	<b>4,373,642</b>	4,454,447
Purchase of goods and services	<b>(3,100,473)</b>	(3,382,692)
Value added by the Group	<b>1,273,169</b>	1,071,755
Other income	<b>249,442</b>	212,741
Share of result of associates	<b>37,273</b>	15,580
Share of result of joint ventures	<b>(83,568)</b>	(36,711)
<b>Total value added available for distribution</b>	<b>1,476,316</b>	1,263,365
<b>DISTRIBUTION:</b>		
To employees – Salaries and other staff costs	<b>253,131</b>	217,092
To government & society – Income Tax – Zakat & Donation	<b>298,606</b> <b>3,502</b>	200,006 2,933
To provider of capital – finance cost – dividend	<b>349,080</b> <b>161,364</b>	260,348 189,306
Retained for future reinvestment & growth – depreciation & amortisation – retained profits – minority interest	<b>53,520</b> <b>298,573</b> <b>58,540</b>	35,065 304,403 54,212
<b>Total Distributed</b>	<b>1,476,316</b>	1,263,365
<b>RECONCILIATION:</b>		
Profit for the year	<b>357,113</b>	358,615
Add: Depreciation & amortisation	<b>53,520</b>	35,065
Finance costs	<b>349,080</b>	260,348
Dividend	<b>161,364</b>	189,306
Staff cost	<b>253,131</b>	217,092
Income Tax	<b>298,606</b>	200,006
Zakat & Donation	<b>3,502</b>	2,933
<b>Total Value Added</b>	<b>1,476,316</b>	1,263,365



- To employees
- To government & society
- To provider of capital
- Retained for future reinvestment & growth

# Financial Calendar

Consolidated results for the financial year ended 31 December 2022

28 February 2023

First quarter consolidated results for the financial period ended 31 March 2023

17 May 2023

Second quarter consolidated results for the financial period ended 30 June 2023

16 August 2023

Third quarter consolidated results for the financial period ended 30 September 2023

23 November 2023

S P Setia's **48<sup>th</sup>** Annual General Meeting (AGM)

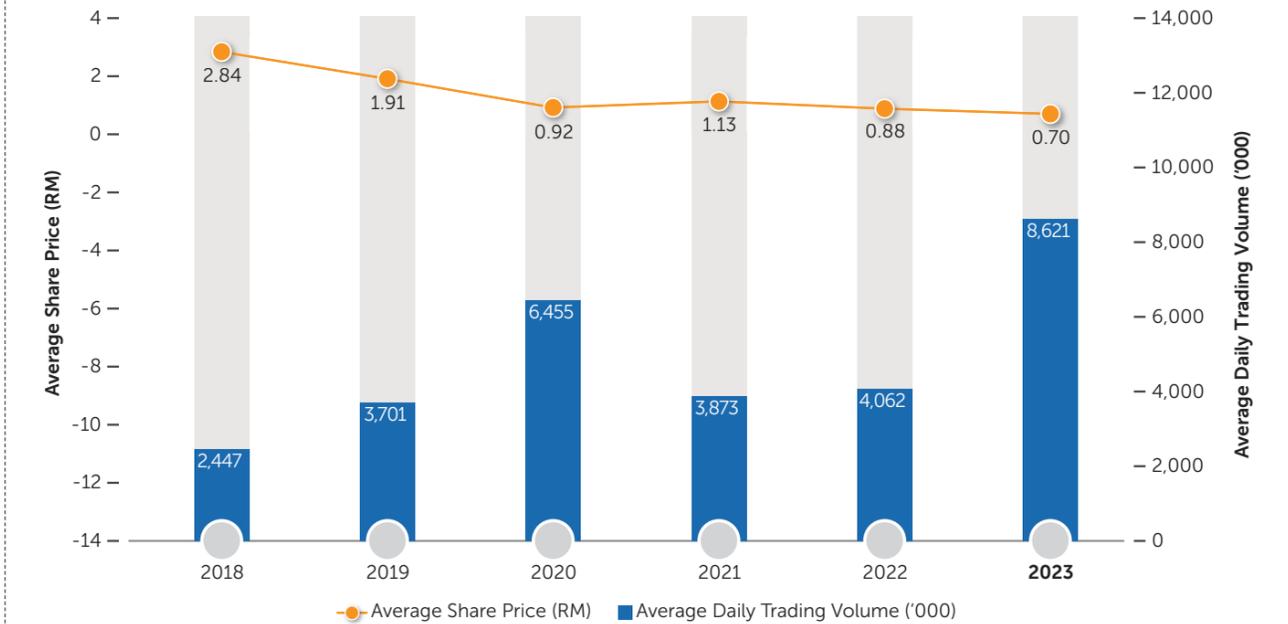
• Notice of 48<sup>th</sup> AGM  
📅 29 March 2023

• 48<sup>th</sup> AGM  
📅 27 April 2023

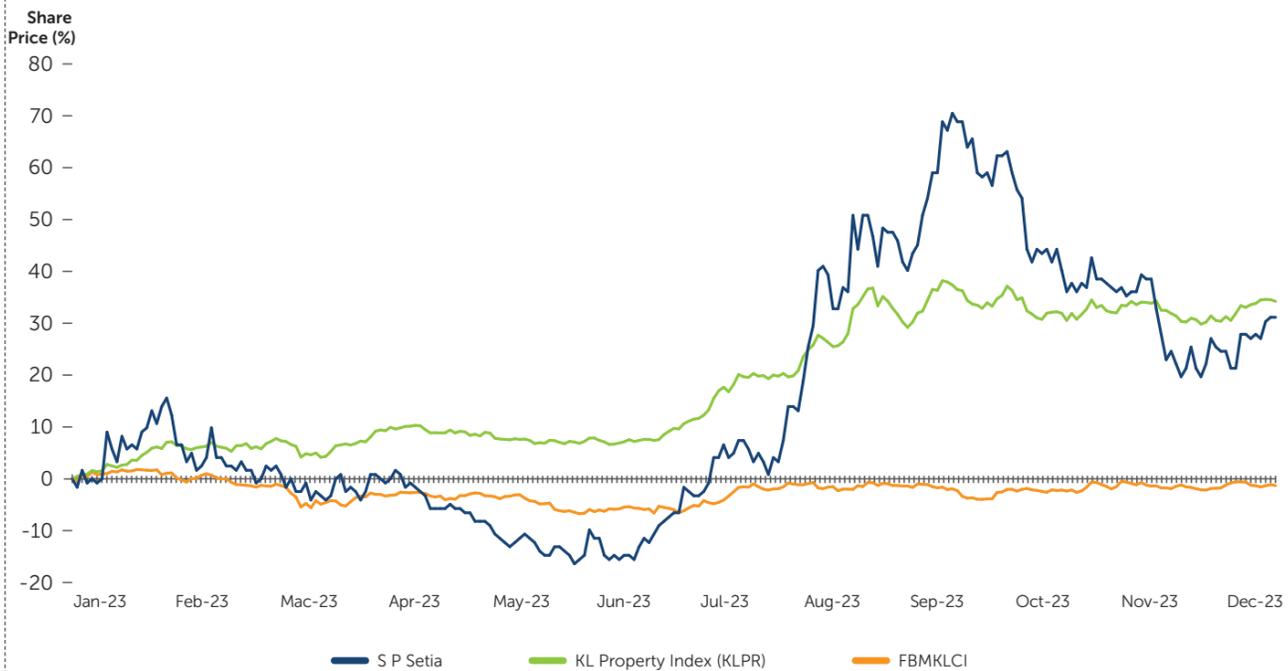
# Share Price Performance

S P Setia undertakes proactive engagement with its shareholders, analysts, fund managers and the investment community, providing consistent and vital information on the Group's financial performance, operations, corporate developments and business strategies. This empowers our stakeholders to make well-informed investment recommendations and decisions.

Share Price & Daily Average Volume Traded in FY2023



S P Setia's Relative Share Price Performance Against Indices



# Business Review

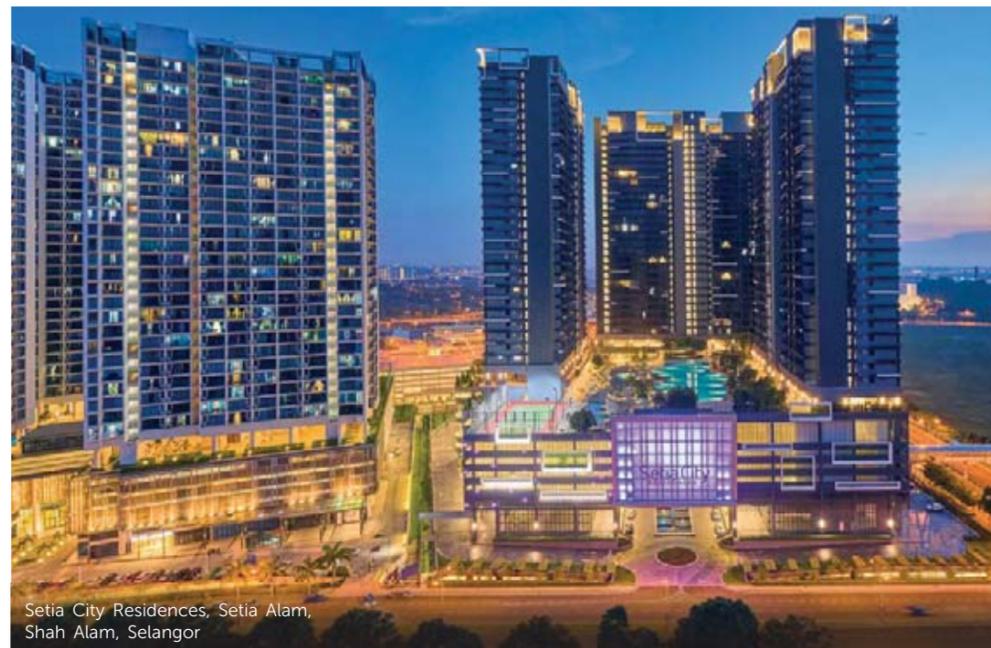
# Central Region

S P Setia is renowned for its array of award-winning property developments across the Klang Valley, spread across Shah Alam, Klang, Bangi, Cyberjaya, Bangsar, Cheras, Puchong, Rawang, Semenyih and Salak Tinggi. As of 31 December 2023, our remaining effective undeveloped land banks in the Central Region amounted to 2,928 acres, with an estimated GDV of approximately RM65 billion.

Emma Crest, Setia Eco Park, Shah Alam, Selangor



Peranakan Straits, Setia Eco Templer, Rawang, Selangor



Setia City Residences, Setia Alam, Shah Alam, Selangor



Temasya Niaga, Temasya Glenmarie, Shah Alam, Selangor

# Business Review

## Central Region

### OVERVIEW

Setia Eco Glades, Cyberjaya, Selangor

Ongoing projects

# 18

Effective undeveloped land bank

# 2,928 acres

GDV: **RM65 billion**

S P Setia has a diverse range of developments and land holdings in Malaysia's Central Region, covering various locations in the Klang Valley such as Shah Alam, Klang, Bangi, Cyberjaya, Bangsar, Cheras, Puchong, Rawang, Semenyih and Salak Tinggi.

Our presence in the Central Region is mainly in three localities:

SHAH ALAM-KLANG	SEMENYIH-BANGI	CYBERJAYA-SALAK TINGGI
<ul style="list-style-type: none"> <li>• Key townships:                             <ul style="list-style-type: none"> <li>– Setia Alam</li> <li>– Setia AlamImpian</li> <li>– Temasya Glenmarie</li> <li>– Setia Bayuemas</li> </ul> </li> <li>• <b>399 acres</b> in Setia Alaman, Klang, have been earmarked for a new industrial park development</li> <li>• Remaining effective undeveloped land banks: <b>1,053 acres</b></li> <li>• Effective remaining GDV: <b>RM18.72 billion</b></li> </ul>	<ul style="list-style-type: none"> <li>• Townships and residential enclaves:                             <ul style="list-style-type: none"> <li>– Setia Ecohill 1 &amp; 2</li> <li>– Setia Alamsari</li> <li>– Setia Mayuri</li> </ul> </li> <li>• <b>305 acres</b> of remaining land in Glengowrie, Semenyih, following an earlier monetisation of 500 acres in June 2023</li> <li>• Remaining effective undeveloped land banks: <b>1,496 acres</b></li> <li>• Effective remaining GDV: <b>RM11.9 billion</b></li> </ul>	<ul style="list-style-type: none"> <li>• Eco-themed residential developments:                             <ul style="list-style-type: none"> <li>– Setia Eco Glades</li> <li>– Setia Safiro</li> <li>– Setia Warisan Tropika</li> </ul> </li> <li>• Remaining effective undeveloped land banks: <b>86 acres</b></li> <li>• Effective remaining GDV: <b>RM1.35 billion</b></li> </ul>

\* As of 31 December 2023

### BUSINESS PERFORMANCE REVIEW 2023

#### Key Initiatives

<b>Accelerated Developments</b>	<ul style="list-style-type: none"> <li>• Strategic launches in our townships and residential enclaves, providing residential offerings and complementary shop offices which are aligned with market demand</li> </ul>
<b>Key Investments</b>	<ul style="list-style-type: none"> <li>• KL Eco City: ongoing efforts to monetise ViiA Residences inventory and increase occupancy in integrated development properties</li> <li>• Continuously identifying and engaging suitable investors for Setia Federal Hill development project</li> </ul>
<b>Diversified Portfolio Expansion</b>	<ul style="list-style-type: none"> <li>• Earmarked 399 acres of land in Setia Alaman, Klang for industrial park development</li> <li>• Optimising performance in our investment property portfolio to boost recurring income streams</li> <li>• To continue the progress in healthcare in FY2024 with an ambulatory care centre at Setia City, Setia Alam</li> </ul>
<b>Land bank Management &amp; Value Unlocking</b>	<ul style="list-style-type: none"> <li>• Unlocking value via the monetisation of non-core land banks</li> <li>• Driving collaboration and catalytic value by attracting more potential buyers and investors to Setia City enterprise land</li> </ul>

#### Achievements

- Launched **1,846 residential and commercial units** in 2023 (GDV: RM2.4 billion)
- Sold **500 acres** in Glengowrie, Semenyih to Mah Sing Group Berhad for **RM392 million**
- Achieved sales of **RM3.3 billion** in 2023, accounting for **75%** of our total sales in Malaysia
- Sold **18 acres** of freehold land in Setia City to KSL Bestari Sdn Berhad for **RM228.80 million**
- Unbilled sales of **RM4.2 billion** as at 31 December 2023
- Signed a JV agreement with Mitsui Fudosan to develop a **RM1.4 billion** project in Setia Federal Hill

### CHALLENGES & MITIGATION

#### CHALLENGES

- Approximately 20% increase in construction costs compared to pre-COVID-19 pandemic levels, albeit having stabilised from Q4 2023 onwards
- Delays in development of land banks may impact future profit generation
- Boosting commercial amenities and infrastructure construction in selected townships

#### MITIGATION

- Pricing strategies to maintain margins, supported by our branding and reputation for delivering quality products
- Rezoning of 'non-residential' land to 'residential' for development
- Placemaking strategies to expedite commercial development and drive traffic to townships

### OUTLOOK AND PROSPECTS

In 2024, we will maintain an optimistic outlook by prioritising a diverse product mix in our Central Region townships to meet various buyer preferences. We will also emphasise flexibility in launching new projects, aligning with dynamic market conditions. CBRE WTW highlights in its 2024 market outlook that there is a rising trend in the Klang Valley for homes which offer solar water heating, rainwater harvesting and EV port-readiness among other sustainable features, which we aim to capitalise on with our Setia eGreenLiving offerings.

Progress is also expected to be made in the Industrial development space, where we aim to obtain rezoning approval for Setia Alaman Industrial Park. Our focus is also on the launch of the first phase of Setia Federal Hill, our latest mixed development project in Bangsar, Kuala Lumpur, in the second half of 2024.

## Business Review

# Southern Region

In the Southern Region, our developments are concentrated in Johor Bahru, the state capital of Johor, and Iskandar Malaysia, one of the nation's key economic zones which is driven by strategic infrastructure development and foreign investment initiatives. As of 31 December 2023, our remaining effective undeveloped land banks in the Southern Region amounted to 2,060 acres, with an estimated GDV of RM19.3 billion.

Cordelia Garden, Setia Eco Gardens, Johor



Cycas, Setia Tropika, Johor



Elata Nova, Setia Tropika, Johor

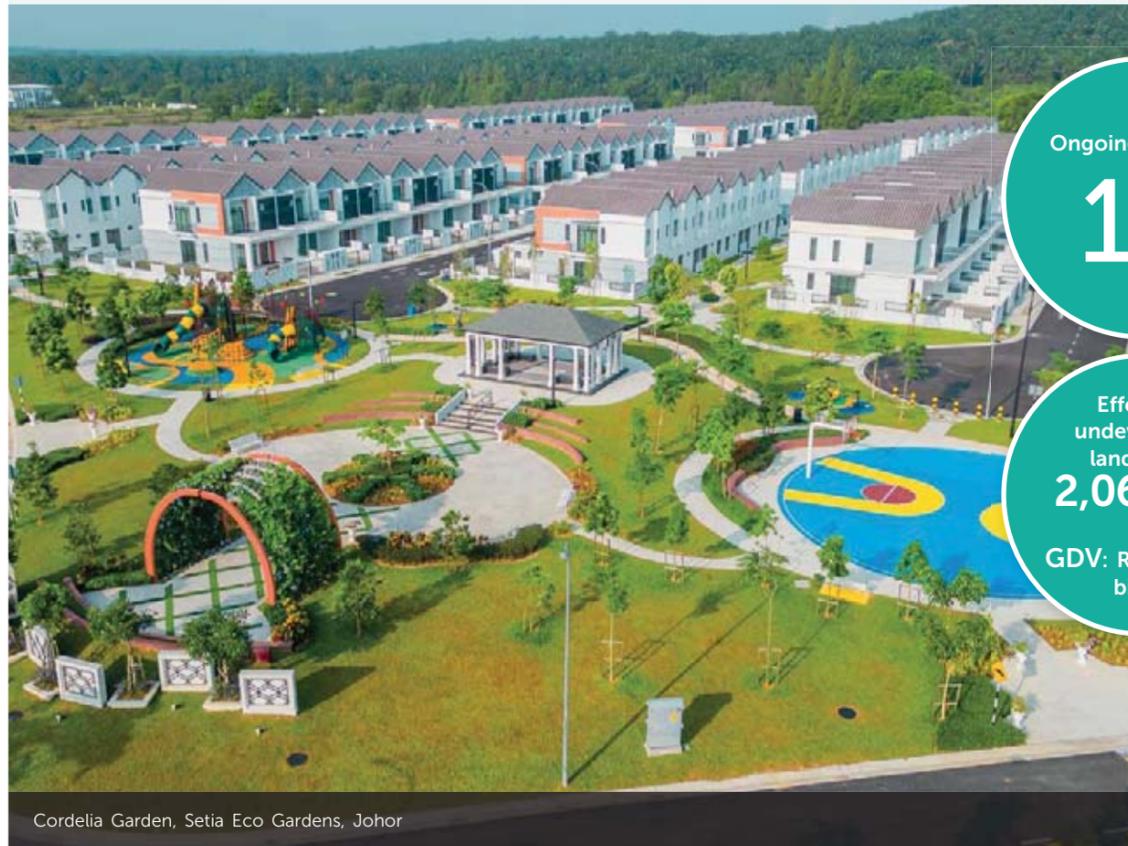


Setia Business Park II, Johor

# Business Review

## Southern Region

### OVERVIEW



Cordelia Garden, Setia Eco Gardens, Johor

Ongoing projects  
**12**

Effective undeveloped land bank  
**2,060** acres  
GDV: **RM19.3** billion

S P Setia's development footprint within the Southern Region is primarily in the state capital of Johor Bahru and Iskandar Malaysia, the latter being the main southern development corridor in Johor with aspirations to transform into a thriving metropolis and global hub for business and innovation.

#### JOHOR BAHRU CORRIDOR

- Key projects:
  - Setia Indah
  - Setia Tropika
  - Setia Eco Cascadia
  - Taman Rinting
  - Taman Pelangi Indah
- Effective undeveloped land banks: **490 acres**
- Effective remaining GDV: **RM6.1 billion**

#### NUSAJAYA CORRIDOR

- Key projects:
  - Bukit Indah
  - Setia Eco Gardens
  - Taman Pelangi
  - Taman Perling
  - Setia Business Park
  - Taman Industri Jaya
  - Setia Sky 88
- 307 acres** in Tanjung Kupang has been earmarked for an upcoming industrial park development
- Effective undeveloped land banks: **1,570 acres**
- Effective remaining GDV: **RM13.2 billion**

\* As of 31 December 2023

### BUSINESS PERFORMANCE REVIEW 2023

#### Key Initiatives

- |   |   |
|---|---|
| <b>Accelerated Developments</b>                   | <ul style="list-style-type: none"> <li>Strategic launches in our townships and residential enclaves, providing residential offerings and complementary shop offices which are aligned with market demand</li> </ul>                               |
| <b>Diversified Portfolio Expansion</b>            | <ul style="list-style-type: none"> <li>Identified 307 acres of land in Tanjung Kupang for industrial park development</li> </ul>  |
| <b>Land bank Management &amp; Value Unlocking</b> | <ul style="list-style-type: none"> <li>Unlocking value via monetisation of non-core land bank</li> <li>Driving collaboration and catalytic value by attracting more potential buyers and investors to enterprise land in our townships</li> </ul> |

#### Achievements

- Launched **530 residential units** in 2023 (GDV: RM453.9 million)
  - Achieved sales of **RM859 million** in 2023, accounting for 19.5% of our sales in Malaysia
  - Unbilled sales of **RM347 million** as at 31 December 2023
- State approval was obtained for rezoning of **Tanjung Kupang** for industrial use in September 2023
- Negotiations are ongoing to secure **international class JV partners** for Tanjung Kupang Industrial Park

### CHALLENGES & MITIGATION

#### CHALLENGES

- Approximately 20% increase in construction costs compared to pre-COVID-19 pandemic levels, albeit having stabilised from Q4 2023 onwards
- Boosting commercial amenities and infrastructure construction in selected townships

#### MITIGATION

- Pricing strategies to maintain margins, supported by our branding and reputation for delivering quality products
- Placemaking strategies to expedite commercial development and drive traffic to townships

### OUTLOOK AND PROSPECTS

CBRE WTW highlights in its 2024 market outlook that transaction activity for both landed and high-rise property in Iskandar Malaysia rose in 2023, although overhang remained a concern. Double-storey terraced houses continue to dominate the landed residential market. In hotspots like Iskandar Puteri and Tebrau, larger units are being launched by developers at higher prices to attract higher income buyers. In Johor Bahru, newly-launched high-rise properties have garnered substantial interest from Malaysians working in Singapore.

We believe that our projects in the Southern Region will be beneficiaries of the designated Johor-Singapore Special Economic Zone. We will continue to focus on landed residential and commercial shop offices in the near-to-medium-term, while also accelerating the monetisation of inventories of our high-rise residences. Our focus is also on securing JV partners for Tanjung Kupang Industrial Park, which is in close proximity to the port of Tanjung Pelepas.

# Business Review

# Northern Region

Our developments in the Northern Region started on Penang Island, before we expanded to the mainland with the launch of Setia Fontaines in 2018. As of 31 December 2023, our remaining effective undeveloped land banks in the Northern Region amounted to 1,244 acres, with an estimated GDV of RM15.9 billion.

Nusa Cinta, Setia Fontaines, Penang



[Visual Impression] Casa Rica, Setia Greens, Penang



Setia Sky Ville, Penang



Setia Fontaines, Penang

# Business Review

## Northern Region

### OVERVIEW

Ongoing projects

# 5

Effective undeveloped land bank

# 1,244 acres

GDV: RM **15.9** billion

Setia Fontaines, Penang

S P Setia's presence within the Northern Region comprises our Setia Fontaines township and projects on Penang Island. Setia Fontaines, a mega-township masterfully planned for sustainable living in the Northern Corridor, lies on 1,691 acres of land in Bertam, Seberang Perai, with access to major highways.

On Penang Island, Setia SPICE has become an iconic landmark as a destination for meetings, incentives, conferences and exhibitions ("M.I.C.E.") and business tourism in Penang. In 2022, the opening of Amari SPICE Penang hotel, located adjacent to the Setia SPICE convention centre, provided a further placemaking boost to the vicinity.

➤
SETIA FONTAINES

- First launch: 2018
- Total acreage (gross): 1,691 acres
- Effective remaining GDV: **RM11.99 billion**
- Undeveloped acreage:
  - Industrial: **323 acres**
  - Residential and Commercial: **801 acres**

Setia Fontaines is anticipated to evolve into the new centre of Seberang Perai Utara. Upon completion, it will include residential, commercial and retail components, a **100-acre** heritage park, a **63-acre** man-made lake with nine heritage-themed musical fountains and interconnected islands with jogging paths and cycling tracks. In addition, **323 acres** of land have been earmarked for the development of an industrial park.

➤
PENANG ISLAND

- Completed projects:**
  - Pangsapuri Rimbun
  - Setia SPICE (convention centre)
  - Amari SPICE Penang (hotel)
- Ongoing developments:**
  - Setia Pearl Island
  - Setia Sky Vista
  - Setia Greens
  - Setia Sky Ville
- Effective undeveloped land banks: **120 acres**
- Effective remaining GDV: **RM3.95 billion**

### BUSINESS PERFORMANCE REVIEW 2023

Key Initiatives	Achievements
<p><b>Accelerated Developments</b></p> <ul style="list-style-type: none"> <li>Strategic launches in our townships and residential enclaves, providing residential offerings and complementary shop offices which are aligned with market demand</li> </ul>	<p>Launched City Centre Business Hub 2 with <b>106 commercial units</b> in 2023 (GDV: RM99 million) to complement our previously-launched residential units</p>
<p><b>Diversified Portfolio Expansion</b></p> <ul style="list-style-type: none"> <li>Optimising performance in our investment property portfolio to boost recurring income streams</li> <li>Identified 323 acres of land in Setia Fontaines, Bertam for industrial park development</li> </ul>	<p>Identified <b>323 acres</b> of land in Setia Fontaines for industrial park development, with plans underway to rezone the land for industrial use</p>
<p><b>Land bank Management &amp; Value Unlocking</b></p> <ul style="list-style-type: none"> <li>Unlocking value via the monetisation of non-core land banks</li> <li>Driving collaboration and catalytic value by attracting more potential buyers and investors to enterprise land in Setia Fontaines and other projects</li> </ul>	<p>Achieved sales of <b>RM205 million</b> in 2023, accounting for 4.6% of our sales in Malaysia</p> <p>Unbilled sales of <b>RM294 million</b> as at 31 December 2023</p>

### CHALLENGES & MITIGATION

CHALLENGES	MITIGATION
<ul style="list-style-type: none"> <li>Approximately 20% increase in construction costs compared to pre-COVID-19 pandemic levels, albeit having stabilised from Q4 2023 onwards</li> <li>Shortage of contractors in Penang</li> </ul>	<ul style="list-style-type: none"> <li>Pricing strategies to maintain margins, supported by our branding and reputation for delivering quality products</li> <li>To expand the list of contractors to include those from the Klang Valley</li> </ul>

### OUTLOOK AND PROSPECTS

CBRE WTW has opined in its 2024 market outlook that major catalytic infrastructure projects are expected to sustain the Penang State's growth trajectory. In particular, these are the Penang Silicon Island reclamation works, the Penang LRT, as well as the expansion of the Penang Airport.

The residential property sector is expected to be boosted by the thriving industrial sector as well as potential upside from leisure and medical tourism. Additionally, the implementation of the Penang Transport Master Plan is identified as a long-term catalyst. With that in mind, we believe that our projects on Penang Island, as well as Setia Fontaines, are set to benefit from the continued growth of the state.

\* As of 31 December 2023

Business Review

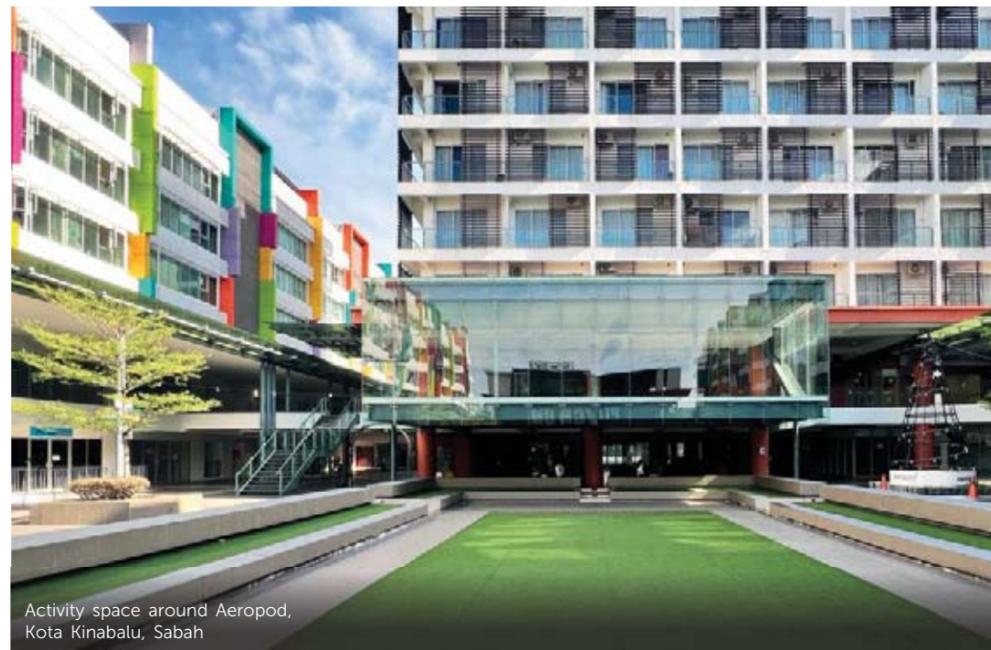
# Eastern Region

We made our first foray into East Malaysia with the Aeropod development in 2012. Located across from Kota Kinabalu International Airport ("KKIA"), Aeropod is a well-planned, transit-oriented development that is earmarked to serve as the gateway to the island of Borneo.

Aeropod, Kota Kinabalu, Sabah



Aeropod, Kota Kinabalu, Sabah



Activity space around Aeropod, Kota Kinabalu, Sabah

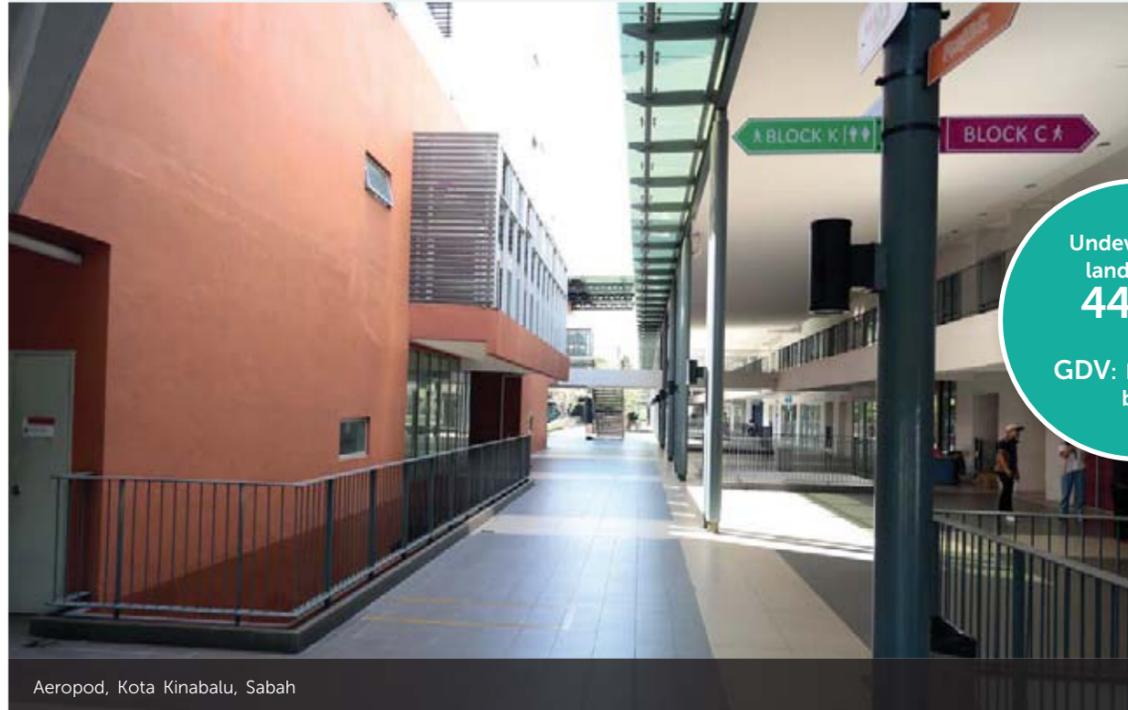


Phase 3A, Aeropod, Kota Kinabalu, Sabah

# Business Review

## Eastern Region

### OVERVIEW



S P Setia's Eastern Region property footprint is underpinned by Aeropod. Planned as the first fully integrated development in Kota Kinabalu, Sabah, Aeropod boasts a myriad of components encompassing residential, retail, hospitality and commercial, as well as a transportation hub. In addition, we hold a parcel of land along Jalan Lintas, situated within a predominantly residential locality approximately 8 kilometres southeast of Kota Kinabalu's city centre.

### AEROPOD

**Aeropod**, situated on 41.8 acres of land across from KKIA, stands to benefit from its proximity to the Tanjung Aru railway station on the Western Sabah Railway Line, which stretches approximately 134 kilometres from Tanjung Aru on the west coast to Tenom.

Aeropod also enjoys a prominent position with a wide road frontage on Jalan Kepayan, connecting Kota Kinabalu to the southern growth areas. Aeropod's diverse development components include boutique offices, retail units, business-class hotels and luxury strata residences.

### BUSINESS PERFORMANCE REVIEW 2023

#### Key Initiatives

##### Accelerated Developments

- Undertake aggressive sales promotions as part of our marketing efforts to our target market for Aeropod
- Undertake strategic launches for our developments in the Eastern Region, providing offerings which are aligned with market demand

#### Achievements

Achieved sales of **RM42 million** in 2023, accounting for **0.95%** of S P Setia's sales in Malaysia

Unbilled sales of **RM2.0 million** as at 31 December 2023

### CHALLENGES & MITIGATION

#### CHALLENGES

- Revenue and profits were impacted by the COVID-19 pandemic in recent years

#### MITIGATION

- Intensified sales activities to capitalise on the ongoing recovery of the Sabah property market, with ongoing events and new tenant openings drawing footfall

### OUTLOOK AND PROSPECTS

According to CBRE WTW's 2024 market outlook, Sabah is expected to maintain its growth momentum in 2024 at a rate of about 4%, underpinned by strong domestic consumption, an increase in public and private investment, a strong labour market and continuous recovery of key economic sectors. The agriculture, industrial and tourism sectors remain the three key focus sectors of the economy.

That said, cautious sentiments linger due to the ongoing geopolitical conflicts, moderated global growth and inflationary pressures, amongst others. In general, market conditions for the property sector remain challenging with higher building costs.

With that in mind, we are cognisant of the need to capitalise on the pockets of recovery seen in the Sabah property market as we anticipate a return to pre-COVID levels.



\* As of 31 December 2023

## Business Review

# International

We have presence in six foreign countries — Australia, Vietnam, China, Japan, the United Kingdom and Singapore. In particular, Australia and Vietnam represent our key regional growth markets. Our footprint in the UK is underpinned by our investment in Battersea Power Station (40% equity stake).

Battersea Power Station, United Kingdom



Sapphire By The Gardens, Australia



Daintree Residences, Singapore



Setia EcoLakes, Vietnam

# Business Review

## International

### OVERVIEW



UNO Melbourne, Australia

S P Setia's International presence spans six countries, namely Australia, Vietnam, China, Japan, the UK and Singapore. In particular, we are strategically expanding our presence in Australia and Vietnam.

S P Setia has become a recognised household name in Melbourne, the capital of Victoria State and Australia's second-largest city. We are now making significant inroads into Sydney through our acquisition of a **1,374 sq m** land site in St Leonards, a highly sought-after prime suburb with strong demand from owner occupiers looking to downsize as well as affluent visitors.

In Vietnam, we have established our presence in the property market through two development projects – the EcoLakes eco-themed township and the EcoXuan boutique strata development, both located near Ho Chi Minh City.

### KEY INTERNATIONAL MARKETS

AUSTRALIA	VIETNAM	UNITED KINGDOM
<p><b>Completed projects:</b></p> <ul style="list-style-type: none"> <li>Fulton Lane (Melbourne Central Business District "CBD")</li> <li>Parque (St Kilda)</li> <li>Maison (Carnegie)</li> <li>Marque (Pahran)</li> <li>UNO Melbourne (Melbourne CBD)</li> <li>Sapphire by the Gardens and Shangri-La Hotel (Melbourne CBD)</li> </ul> <p><b>Upcoming project:</b></p> <ul style="list-style-type: none"> <li>20 Atchison Street (St Leonards, Sydney)                             <ul style="list-style-type: none"> <li>Acquired <b>1,374 sq m</b> (14,790 sq ft) of freehold land in September 2023 for <b>AUD73.3 million</b> (RM220 million)</li> <li>Proposed residential development with secondary commercial and retail use with an estimated GDV of <b>AUD236 million</b> (RM708 million)</li> </ul> </li> </ul>	<p><b>EcoLakes</b></p> <ul style="list-style-type: none"> <li>Urban integrated township with comprehensive planning and design, inspired by Setia Eco Park in Selangor, Malaysia</li> <li><b>116 acres</b> located in Ben Cat, Binh Duong, about 40km north of Ho Chi Minh City</li> <li>Joint venture with the Investment &amp; Industrial Development Joint Stock Corporation (Becamex)</li> </ul> <p><b>EcoXuan</b></p> <ul style="list-style-type: none"> <li>Boutique strata development project</li> <li><b>27 acres</b> of land located in Lai Thieu, 16km north of Ho Chi Minh City</li> </ul>	<p><b>Battersea Power Station:</b></p> <ul style="list-style-type: none"> <li>Consortium of investors comprising S P Setia Berhad (40%), Sime Darby Property Berhad (40%) and the Employees' Provident Fund ("EPF") (20%)</li> <li>Phase 1:                             <ul style="list-style-type: none"> <li><b>753 residential units</b> (fully sold and completed in 2017)</li> <li>Circus West Village commercial development</li> </ul> </li> <li>Phase 2:                             <ul style="list-style-type: none"> <li><b>Over 254 residential units</b> (fully completed)</li> <li>The Power Station commercial development</li> </ul> </li> <li>Phase 3A:                             <ul style="list-style-type: none"> <li><b>Over 540 residential units</b></li> <li>Electric Boulevard commercial development</li> </ul> </li> <li>Phase 3B:                             <ul style="list-style-type: none"> <li>KOA residential development</li> <li>Electric Boulevard office</li> </ul> </li> </ul>

\* As of 31 December 2023

### BUSINESS PERFORMANCE REVIEW 2023

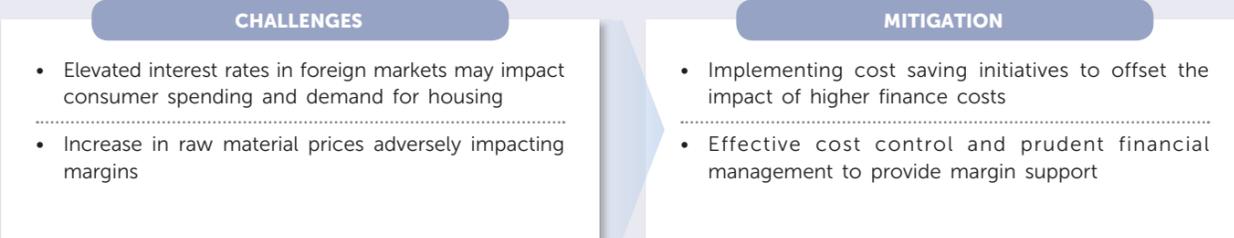
#### Key Initiatives

- |   |  |
|---|--|
| <b>Accelerated Developments</b>                   | <ul style="list-style-type: none"> <li><b>Strategic launches in Vietnam townships and residential enclave</b> developments aligned with market demand</li> </ul>   |
| <b>Key Investments</b>                            | <ul style="list-style-type: none"> <li>Focus on the performance of <b>key investment in Battersea Power Station, UK</b></li> </ul>   |
| <b>Land bank Management &amp; Value Unlocking</b> | <ul style="list-style-type: none"> <li>Continue to leverage on our experience and track record of completed projects in our <b>ongoing expansion</b> and land acquisition in <b>Australia</b></li> </ul> |

#### Achievements

- |   |  |
|---|--|
| <p>Highlights in Australia include the acquisition of <b>1,374 sq m</b> of freehold land in St Leonards, Sydney for AUD73.3 million; and the completion of Shangri-La Hotel and UNO Melbourne (Stage 2) in July 2023 and September 2023, respectively</p> | <p>Practical completion of KOA, the residential development component of Phase 3B in Battersea Power Station</p> |
| <p>Achieved total International sales of <b>RM693 million</b> in 2023, accounting for 14% of our total sales</p>  | <p>Unbilled sales of <b>RM766 million</b> as at 31 December 2023</p>   |

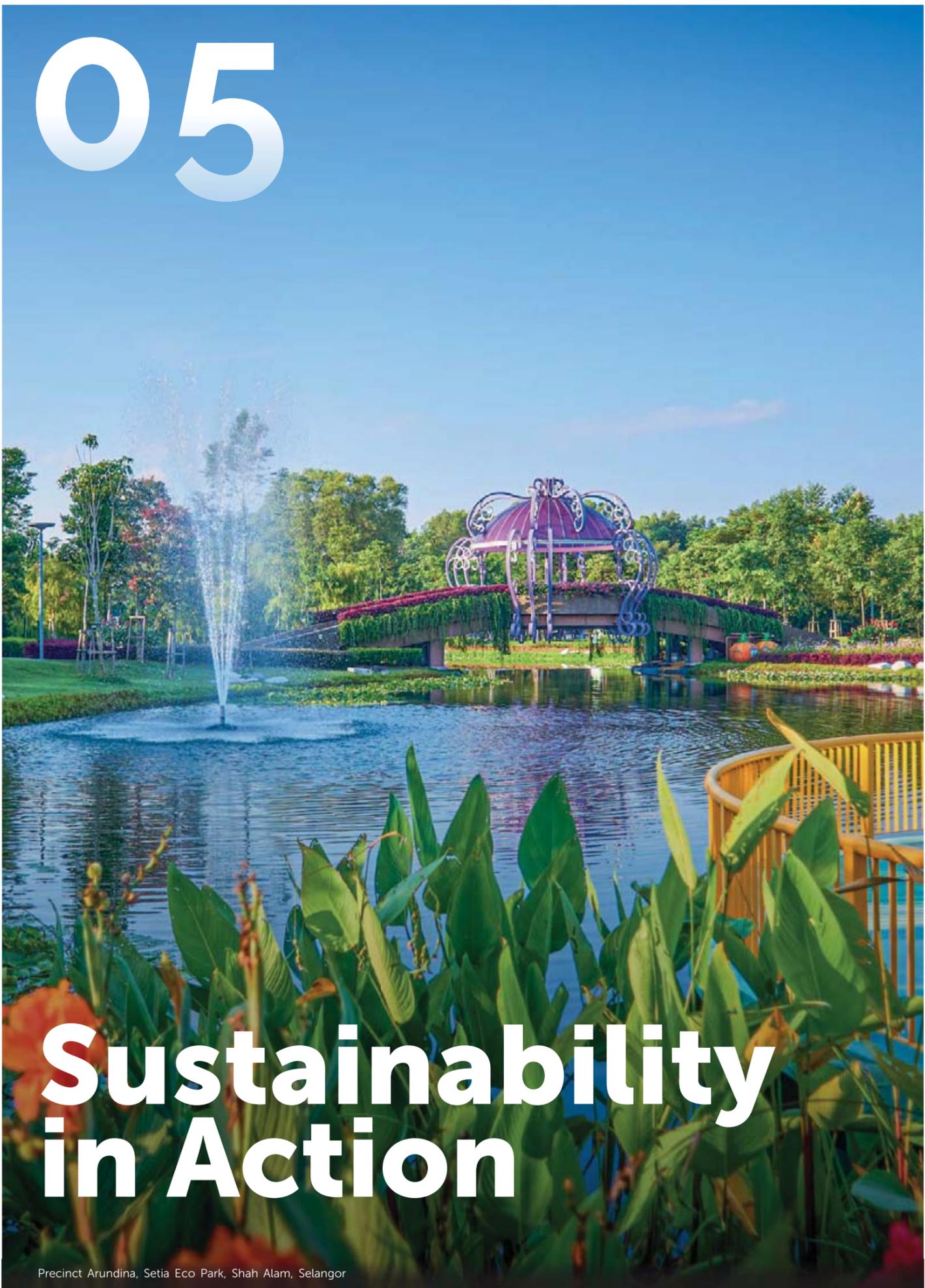
### CHALLENGES & MITIGATION



### OUTLOOK AND PROSPECTS

According to CBRE, the Australian government aims for 1.2 million houses to be built in 5 years to tackle a significant housing shortage, while housing demand is expected to increase with the majority of new arrivals settling in Melbourne and Sydney. In the UK, residential prices are forecast to decrease in 2024 but rebound in 2025 due to an expected reduction in interest rates. Meanwhile, Savills expects infrastructure development in Hanoi and Ho Chi Minh City to support future residential development in Vietnam.

# 05



# Sustainability in Action

Precinct Arundina, Setia Eco Park, Shah Alam, Selangor



Setia's Sustainability Day Celebration



Setia Bayuemas, Klang, Selangor



Setia KL Eco City, Kuala Lumpur

## SUSTAINABILITY STATEMENT

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# Sustainability Statement

We are proud to present our 8<sup>th</sup> Sustainability Statement, containing holistic and transparent information on our commitments, strategies and impact across Environmental, Social and Governance (“ESG”) topics that are material to the Group during FY2023.

Through this statement, we aim to illustrate how our actions generate long-term value, in line with our vision to create sustainable communities.

## Reporting Scope and Boundaries

S P Setia Berhad (“S P Setia”, “Setia”, “the Company” or “the Group”) is a property developer listed on the Main Market of Bursa Malaysia, with its headquarters located in Setia Alam, Selangor, Malaysia. This Sustainability Statement includes data covering Setia’s operations in Malaysia and data is disclosed covering three years, where applicable. As this is the first year that Setia has sought external assurance for selected sustainability indicators, we have excluded data from the Group’s international operations.

## Statement of Assurance

In strengthening the credibility of this statement, selected sustainability indicators contained within have been subjected to an independent assurance by KPMG PLT (“KPMG”) in accordance with International Standard on Assurance Engagements (“ISAE”) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and has been approved by the Board of Directors (“Board”) of S P Setia. The Subject Matter, Scope and Conclusion can be found in KPMG’s limited assurance report on pages 184 to 187.

## Reporting Framework

In alignment with global sustainability standards, the disclosures within this statement are prepared with reference to the Global Reporting Initiative (“GRI”) Standards, with material topics and initiatives aligned with the United Nations Sustainable Development Goals (“UNSDGs”).

Furthermore, this statement has been developed in line with the following standards and frameworks:

- The International Integrated Reporting Council’s (“IIRC”) Integrated Reporting (“<IR>”) Framework
- Bursa Malaysia’s Main Market Listing Requirements in relation to its enhanced sustainability reporting framework
- Bursa Malaysia’s Corporate Governance Guide (4<sup>th</sup> edition)
- Bursa Malaysia’s Sustainability Reporting Guide (3<sup>rd</sup> edition)
- Task Force on Climate-related Financial Disclosures (“TCFD”)
- Companies Act 2016 (“CA 2016”)
- The Malaysian Code on Corporate Governance 2021 (“MCCG”)

## Materiality

This statement is structured to report on our actions and impact across our material matters. Our material matters are defined as key concerns to our stakeholders which impact the sustainability of our business over short-term, medium-term and long-term timeframes.

In reporting on our material matters, we take into consideration the expectations of our stakeholders, associated risks and opportunities, as well as our business strategies.

## UNSDGs

In the pursuit of a sustainable and inclusive global landscape, the United Nations introduced the UNSDGs, symbolising a collective commitment by 193 nations to create a better world by 2030.

These goals encompass 169 targeted objectives, each meticulously designed to address various facets of societal and environmental challenges, forming an intricate web of interconnected initiatives.

At Setia, we wholeheartedly embrace this shared vision for a harmonious future. Our unwavering dedication to sustainability is not merely a commitment; it is ingrained in our corporate strategy as well. Recognising the transformative power of the UNSDGs, we have chosen to align ourselves with 15 of these goals, visualised below:



At Setia, we view our role as not just to be a responsible corporate entity but a catalyst for change, leveraging our influence and resources to contribute meaningfully to the attainment of these crucial sustainability objectives.

## HOW TO NAVIGATE THIS REPORT

### OUR KEY CAPITALS



#### Financial

Our robust and prudently managed fund pool – derived from property development, land monetisation and recurring income, and fortified by equity and debt investments – empowers us to capitalise on new value and growth opportunities.



#### Manufactured

Our physical assets, technological infrastructure, land banks, property products and investment portfolio play a vital role in delivering optimal value and ensuring sustained productivity and profitability across our core business segments.



#### Human

Our strategic focus on cultivating a culture that supports personal growth while prioritising professional development, well-being, diversity and inclusion elevates the collective competencies of our workforce and fosters innovation through diverse perspectives, empowering our people as integral drivers of our success.



#### Intellectual

Our ongoing investments in enhancing our knowledge and expertise, coupled with a long-term strategic approach to technologies, processes, systems and innovation, are integral components of our prudent and judicious business management, providing us with a competitive edge.



#### Social & Relationship

Our active engagement with a diverse network of stakeholders – including employees, customers, shareholders, investors, suppliers, contractors, business partners, governments, regulators, media and communities – is vital to understanding and addressing their interests, needs and expectations concerning S P Setia, which in turn shapes our strategies and decision-making processes.



#### Natural

Our initiatives to minimise environmental impact and enhance resource efficiency across our land banks – including pollution control, energy efficiency, water conservation, waste management and urban biodiversity preservation – align with our purpose of creating sustainable living environments for a healthier, more resilient future.

## SUSTAINABILITY HIGHLIGHTS IN FY2023

### ECONOMIC

Total Infrastructure Development **RM89.7 million** (2022: RM1.56 million)

Completed housing development projects amounting to **RM6.5 billion** in 2023 (2022: RM10.05 billion)

**75.5%** of our home buyers recommend purchasing our properties to friends and relatives (2022: 75.2%)

### ENVIRONMENTAL

**101,822 trees** planted and transplanted across 18 Business Units (2022: 11,187 trees across 25 Business Units)

Introduced **eGreenLiving**, a set of smart and sustainable home elements which we will roll out across all upcoming developments



### SOCIAL

HSE Inspection Score of **84.52%**, exceeding our target of 75% for the fourth consecutive year

Team Setia completed a cumulative total of **54,314 hours of training** hours in 2023, with an average of 29.3 training hours per employee (2022: 38,492 hours of training)

Contributed **RM520,000** under S P Setia Foundation (2022: RM405,154)

**30% female** representation on our Board of Directors (2022: 33%)

Women comprise **45.6%** of our workforce (2022: 45.10%)

**100%** of our contractors comprise local companies, defined as companies whose businesses are registered in Malaysia (2022: 100%)

Total of **1,852** employees as at end-2023 (2022: 2,022 employees)

### HIGH-PRIORITY MATERIAL MATTERS

- Emissions
- Environment
- Occupational Health and Safety
- Customer Satisfaction
- Economic Performance
- Innovation
- Community and Social Impacts

### STAKEHOLDERS OF S P SETIA

- Shareholders, Analysts & Investment Community
- Financiers
- JV & Collaboration Partners
- Local Communities
- Employees
- Customers & Clients
- Suppliers & Contractors
- Media
- Governments & Regulators

### OUR KEY RISKS

- Market Risk
- Competition Risk
- Development & Product Innovation Risk
- Project Planning, Feasibility & Development Strategy Risk
- Sustainability Risk
- Funding & Liquidity Risk
- Political & Regulatory Risk
- Cyber Security Risk
- Work Health & Safety Risk
- Geopolitical Risk

### OUR CORE STRATEGIES

Our goal is to be the leader in creating sustainable communities and innovative lifestyles. This is underpinned by the following strategic pillars: land bank management, regional growth, industrial expansion and potential REIT-able assets. These pillars are strategically focused on improving our capital allocation, enhancing our brand capital and fortifying our emphasis on sustainability. Moreover, there is an ongoing drive for digitalisation and innovation, which serve as our key enablers over the near-to-medium term.

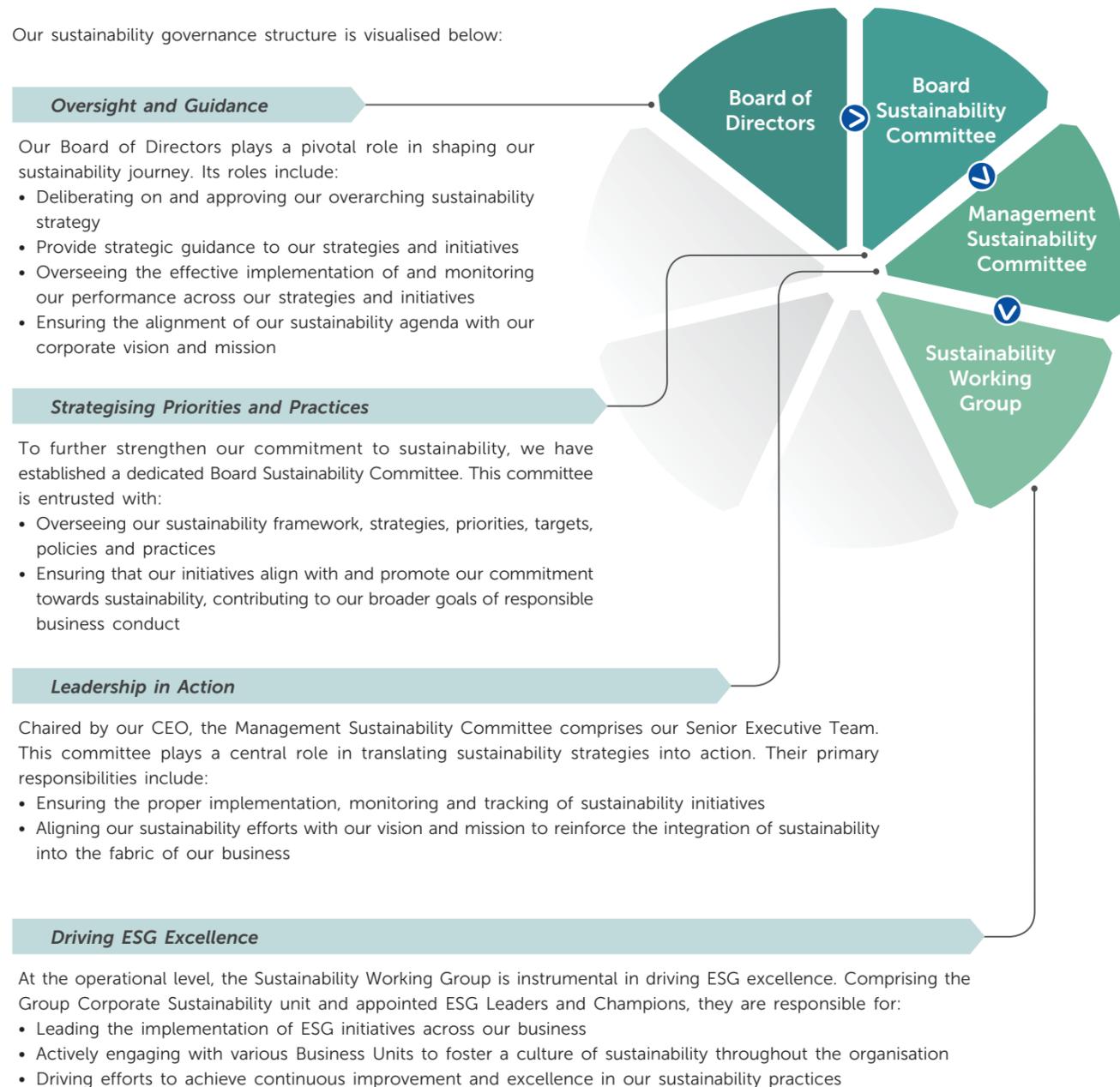
# Sustainability Statement

## OUR APPROACH TO SUSTAINABILITY

### Sustainability Governance

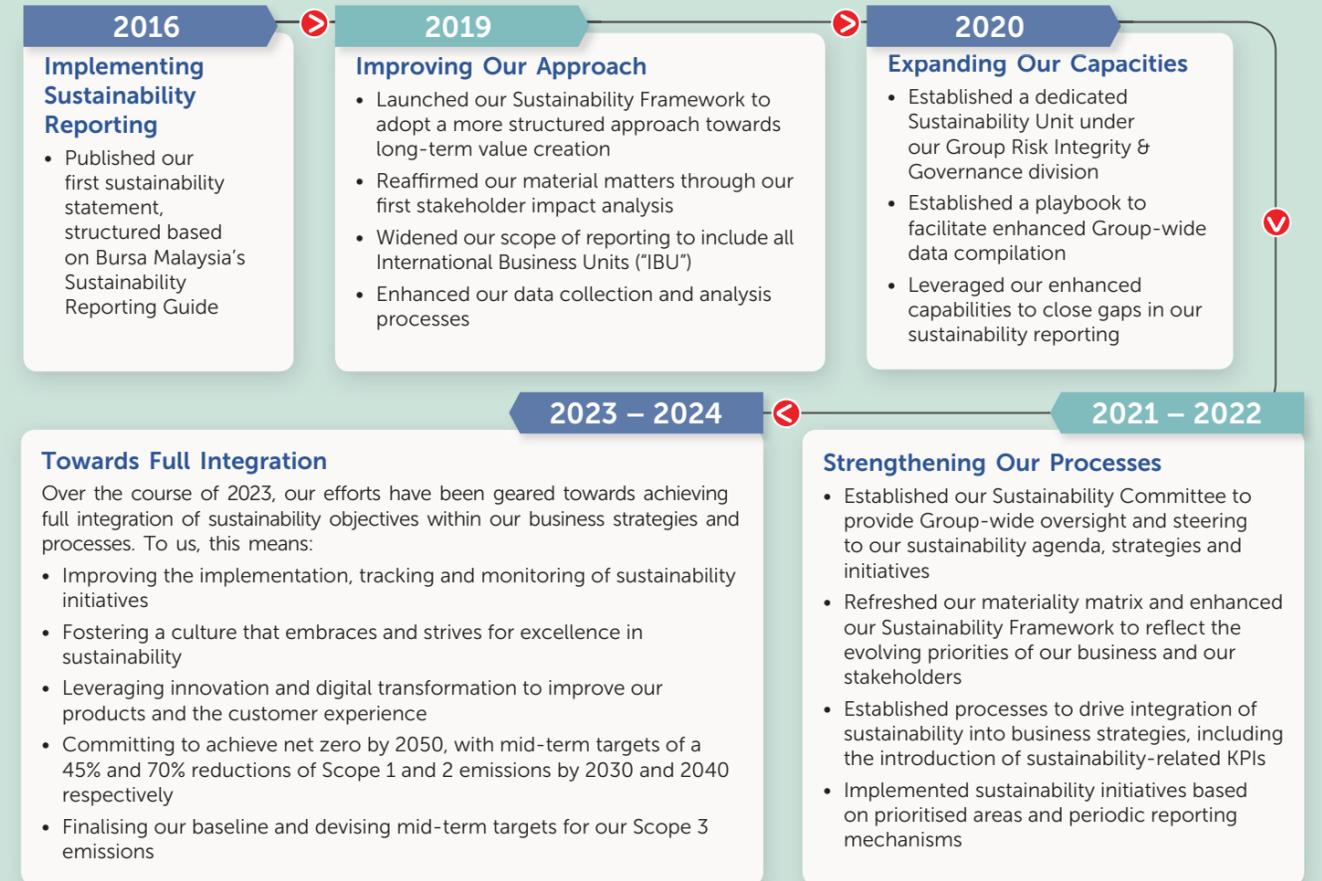
At Setia, we recognise the integral role of sustainability governance in fostering accountability, guiding strategic direction and fortifying our commitments towards a sustainable future. To this end, we have established a rigorous sustainability governance structure that leverages the collective expertise of our Board of Directors, Board Sustainability Committee, Management Sustainability Committee and Sustainability Working Group. Through collaborative effort, we aim to ensure that sustainability is fully embedded into our core business practices, promoting responsible stewardship and long-term value creation.

Our sustainability governance structure is visualised below:



### Our Sustainability Journey

Since adopting sustainability reporting in 2016, our commitment and action on sustainability has grown more robust over the years, as illustrated by the following milestones.



### Principles to Drive Sustainability

As we take the next steps on our sustainability journey, we are guided by our Adopt – Consolidate – Align principles, which enshrine the importance of driving collective action on sustainability in line with global standards and best practices.



# Sustainability Statement

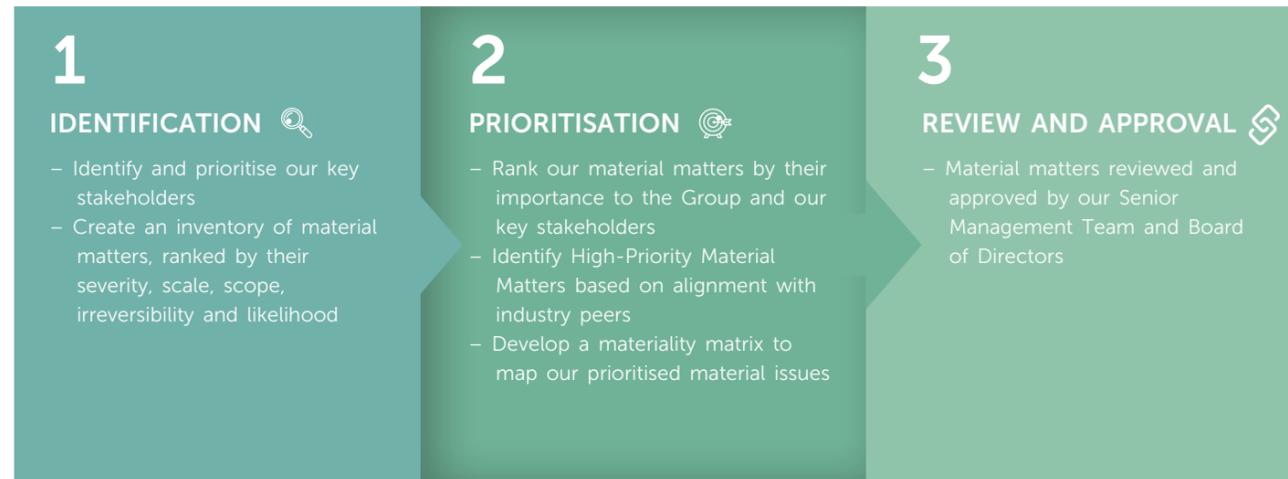
## Materiality

We conduct periodic materiality assessments to ensure that our sustainability focus areas remain in alignment with the priorities of our business and our stakeholders. These materiality assessments play a vital role in our continuing sustainability journey by enabling us to pinpoint key sustainability risks and opportunities. They also enable us to stay responsive to current trends and the evolving business landscape.

Our materiality assessment process is guided by international reporting frameworks and industry benchmarks including:

- **GRI Standards:** widely accepted in sustainability reporting and endorsed by Bursa Securities for listed entities in Malaysia
- The 15 Goals under the **UNSDGs**
- The **Malaysian Code on Corporate Governance** of Securities Commission Malaysia.

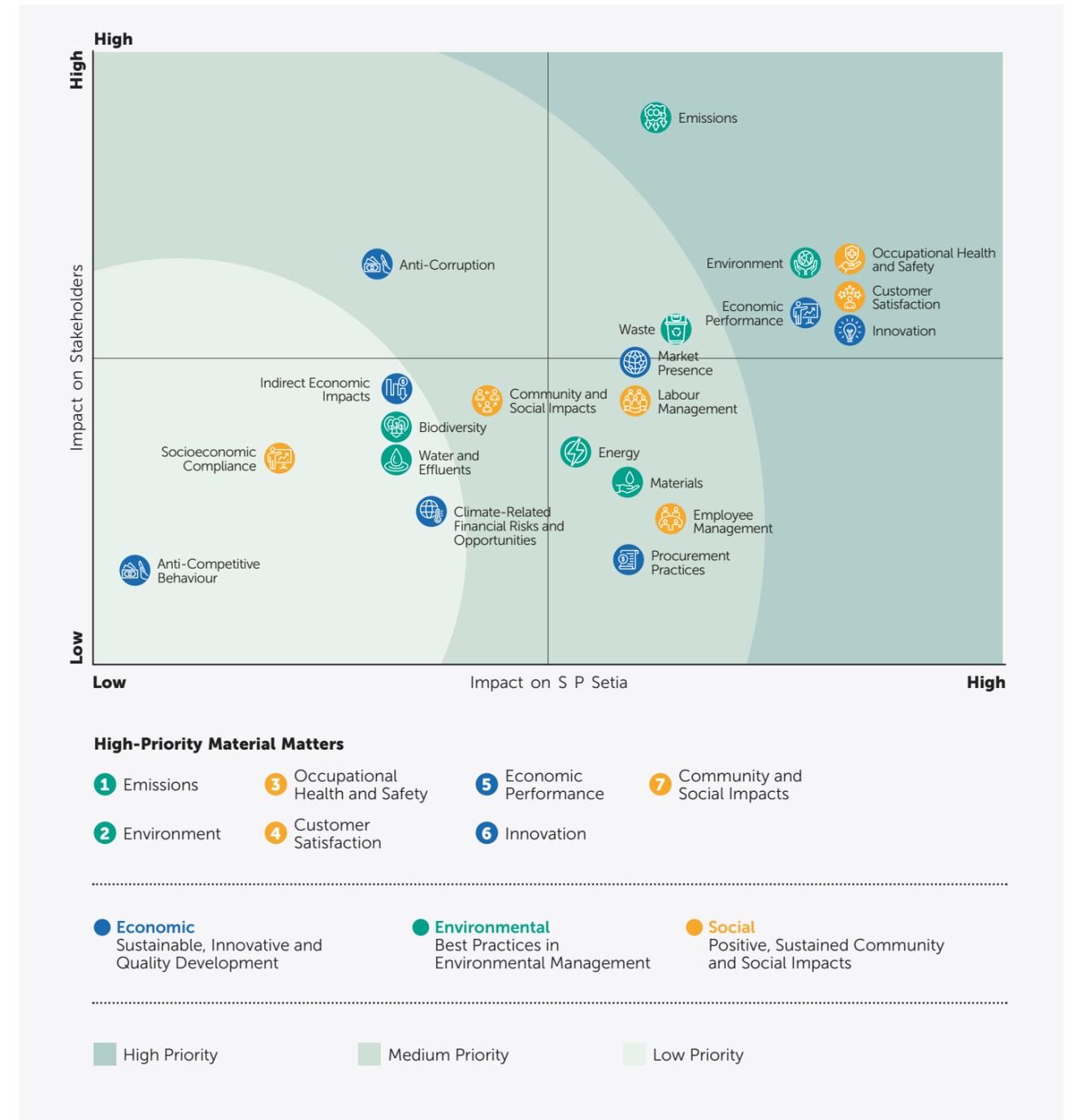
As a result of this year's ESG progress tracking, we maintained our pre-existing materiality matrix, which focuses on seven High-Priority Material Matters, with progress against these matters reported to our Board Sustainability Committee on a quarterly basis.



## Our Materiality Matrix

Our materiality assessment exercise conducted in 2022 comprised an online survey and three workshops, which collectively engaged 164 participants. The assessment identified 21 material matters across our Economic, Environmental and Social pillars, with the seven matters previously highlighted as High Priority Material Matters maintained for the year under review.

These material matters were subsequently validated by our Board and Senior Management Team and are reflected in the materiality matrix below. Progress against these matters is reported to our Board Sustainability Committee on a quarterly basis.



# Sustainability Statement

## Aligning our Material Matters to the GRI Standards and the UNSDGs

Leveraging insights gained from our materiality assessment process, we have aligned our material matters with the GRI Standards and the UN SDGs. The UN Sustainable Development Goals (SDGs) embody a worldwide endeavour dedicated to addressing the paramount challenges confronting our planet by 2030. We enthusiastically adopt and champion these goals, reaffirming our steadfast dedication to fostering a sustainable future for future generations.

From the comprehensive list of 17 goals within the UN SDGs, we channel our efforts towards those where we can create a more substantial and meaningful impact, as detailed below:

MATERIAL MATTERS	GRI INDICATORS	UN SDGS
<b>Economic</b> SUSTAINABLE, INNOVATIVE AND QUALITY DEVELOPMENT		
Economic Performance	GRI 201: Economic Performance 2016	
Innovation	Non-GRI Indicator	
Market Presence	GRI 202: Market Presence 2016	
Procurement Practices	GRI 204: Procurement Practices 2016	
Climate-related Financial Risks and Opportunities	GRI 201: Economic Performance 2016	
Indirect Economic Impacts	GRI 203: Indirect Economic Impacts 2016	
Anti-Corruption	GRI 205: Anti-Corruption 2016	
Anti-Competitive Behaviour	GRI 206: Anti-Competitive Behaviour 2016	
<b>Environmental</b> BEST PRACTICES IN ENVIRONMENTAL MANAGEMENT		
Emissions	GRI 305: Emissions 2016	
Environment	GRI 2: General Disclosures 2021	
Waste	GRI 306: Waste 2020	
Materials	GRI 301: Materials 2016	
Energy	GRI 302: Energy 2016	
Biodiversity	GRI 304: Biodiversity 2016	
Water and Effluents	GRI 303: Water and Effluents 2018	
<b>Social</b> POSITIVE, SUSTAINED COMMUNITY AND SOCIAL IMPACTS		
Occupational Health and Safety	GRI 403: Occupational Health and Safety 2018	
Customer Satisfaction	Non-GRI Indicator	
Employee Management	GRI 401: Employment 2016 GRI 404: Training and Education 2016 GRI 405: Diversity and Equal Opportunity 2016	
Labour Management	GRI 402: Labour Management 2016	
Community and Social Impacts	GRI 413: Local Communities 2016	
Socioeconomic Compliance	GRI 2: General Disclosures 2021	

## Managing Our Risks and Opportunities

To maximise positive impact across the ESG spectrum, we continuously monitor the risks and opportunities associated with our High-Priority Material Matters. This process empowers us to develop effective strategies that promote long-term, shared value creation.

The risks and opportunities associated with each material matter are detailed below.

Material Matters	Risks	Opportunities
Economic Performance	The changing expectations of consumers may affect demand for properties and, specifically, demand for properties with green features.	By developing properties with green features, we can positively contribute to our revenue and position the Group as a forward-thinking developer.
Innovation	An inability to adapt to changing market trends, including those related to sustainability, may affect the attractiveness of our products and services.	By embracing innovation, we can drive revenue growth and position ourselves as a future-oriented company.
Emissions	Emissions from our business operations contribute to global warming and extreme weather events such as floods. If we do not play our part to minimise the impacts of climate change, we will be at risk of significant reputational damage.	By implementing proactive initiatives to reduce emissions across our operations, we can reduce our risk of negative impacts to the environment and further our reputation as a company that prioritises climate action.
Environment	Non-compliance with relevant environmental regulations may lead to severe legal implications, damage our reputation and limit our ability to operate in certain markets.	By adopting a rigorous approach to environmental compliance and environmental protection, we can safeguard our reputation as an environmentally-responsible organisation.
Occupational Health and Safety	Our business activities involve health and safety risks, and any incidents may lead to legal, reputational and financial implications, in addition to a reduction in workplace productivity.	By maintaining safe and healthy work environments, we can promote greater employee satisfaction and safeguard the sustainability of our business.
Customer Satisfaction	An inability to meet the expectations of our customers may impact our reputation as our business.	By striving to maintain excellence and consistent customer satisfaction, we can unlock new value creation opportunities.
Community and Social Impacts	Our community-based programmes have a direct impact on our standing within our countries of operation, and failure to achieve targeted outcomes may impact our reputation and ability to achieve our business objectives.	By implementing targeted programmes, we can improve the welfare of underprivileged and in-need communities.

# Sustainability Statement

## OUR SUSTAINABILITY FRAMEWORK

Our Group-wide Sustainability Framework, which was refreshed in 2022, functions as the core essence for our teams to develop strategies that deliver shared value across our business, our people, communities and the planet.

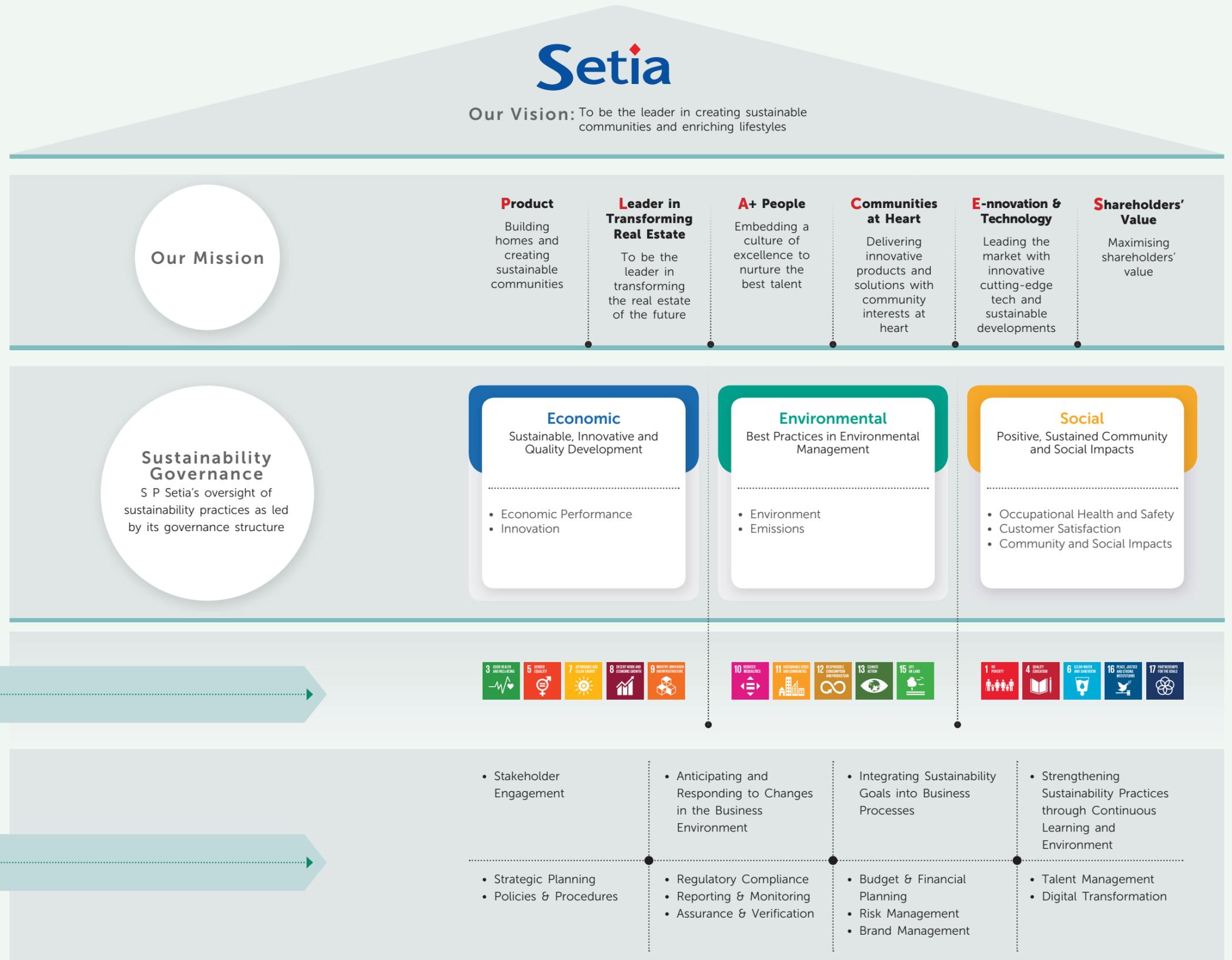
The framework is anchored on three pillars – Economic, Environmental and Social – with each pillar aligned to relevant UNSDGs and High-Priority Material Matters. With guidance from our sustainability governance structure, it channels our collective efforts towards achieving our ultimate purpose of creating sustainable communities.



Key Material Matters



Key Principles



# Sustainability Statement

## Performance Scorecard

Pillars & Themes	Material Matters	Goals	Measures	Results	Achievement	Impact & Outcome/Next Action Plan
<p><b>Economic</b> Sustainable, Innovative &amp; Quality Development</p>	<p>Economic Performance</p>	1) Ensure sustainability of business  2) Preferred "green" stock on Bursa Malaysia	RM1.3 billion in sales of properties with green features (25% of sales target; Green features: solar and rainwater harvesting)	Sales as at December 2023 = RM1.7 billion	On Target	The green features offering is line with Setia's Sustainability Framework and aims for the Group to better drive sustainability to create sustainable communities
			Contracts awarded for projects with green features: - Green Switch (all landed residential) – 80% - Solar Panel (all landed residential >RM750,000) – 70% - Rainwater harvesting (SemiD & Bungalow) – 70%	Contracts awarded for projects with green features as at December 2023: - Green Switch (all landed residential) – 80% - Solar Panel (all landed residential >RM750,000) – 73% - Rainwater harvesting (SemiD & Bungalow) – 100%	On Target	Continuous innovation of Setia's sustainability solutions
			Set up Sustainable Financing Framework	Project identified: Setia Federal Hill Establishment of Sustainable Financing Framework in 2024	On Target	In 2024, we will actively collaborate with key financial stakeholders to establish a robust sustainable financing framework, with a particular emphasis on incorporating green financing principles
	<p>Innovation</p>	1) Promote a culture of innovation and drive digital transformation for the best products and user experience, towards becoming a market leader in ESG initiatives	Two new innovative initiatives for products	- Launched Setia i-Home on 5 July 2023 featuring 9 innovative features - Renaming of "Setia i-Home" to Setia "eGreenLiving" on 4 October 2023 - Implementation of Setia eGreenLiving for high-rise developments in progress since July 2023 and expected to be finalised by Q1 2024	On Target	Contributed towards RM851 million of sales with Setia eGreenLiving features in 2023
			One new innovative initiative for user experience through digitalisation	Setia CEC+ (Centralised CRM Platform) – Phase 1 (sales, credit, admin, customer care) user testing and training completed in September 2023. System went live on 2 October 2023 for Setia Alam, Setia Eco Park, Setia Temasya Glenmarie, Setia AlamImpian, Property North and Property South	On Target	Contributed towards improved customer experience with a faster turnaround time
			Maintain zero cases of monetary fines for non-compliance with all environmental laws and regulations	Zero monetary fines	On Target	Compliance with all environmental laws and regulations
<p><b>Environmental</b> Best Practices in Environmental Management</p>	<p>Environment</p>	1) To achieve a clean, healthy and safe environment in building sustainable communities	For all Setia projects, to receive less than 5 cases of Notice of Improvement and zero Notice of Prohibition (Stop Work Order) concerning state and national environmental laws and regulations from local authorities	Four Notices of Improvement and zero Notices of Prohibition	On Target	Monthly monitoring of environmental compliance cultivates automatic awareness and process refinement, leading to improved site management
			100% of building and major infra contractors to obtain ISO 14001:2015 and ISO 45001:2018 certification	Awareness campaign conducted across three regions: 1) Central Region on 24 August 2023 with 22 contractors (45 participants) 2) Northern Region on 27 October 2023 3) Southern Region on 31 October 2023	On Target	Our awareness programmes have enlightened contractors on the registration process, benefits costs associated with ISO certification
			Conduct real-time monitoring of environmental pollutants using IoT devices for all active construction sites within 500m of any residential or commercial areas and flag out non-compliance for immediate ramification	Shortlisted the identified vendors, on track for pilot roll out in Q1 2024	On Target	To continue our search for vendors, focusing on effectiveness, cost, and suitability, and conduct a pilot test with those capable of integrating data with our future centralised ESG system
			Establish emissions inventory baseline for Setia operations to identify high-level emission activities/operations under each scope and set initiatives to measure, control and monitor	Emission baseline and pathways for landed properties completed Embarking on Stage 2: establishing baseline for high-rise development and Setia City Convention Centre	On Target	Transforming S P Setia into a more sustainable, resilient and successful organisation
	<p>Emissions</p>	2) To achieve Net Zero Carbon by 2050	Chart pathway towards carbon neutrality by 2030 and net zero by 2050	Completed the Setia Green Roadmap	On Target	Leverage Setia Green Roadmap as guidance for our sustainable transition, charting a pathway with interim targets and actionable steps towards achieving Net Zero Carbon by 2050

# Sustainability Statement

Pillars & Themes	Material Matters	Goals	Measures	Results	Achievement	Impact & Outcome/Next Action Plan
	<p>Occupational Health and Safety</p>	1) Ensure a safe and conducive environment for all stakeholders (employees, workers, etc)  2) Inculcate a safety and health culture throughout the organisation and amongst all employees and stakeholders	Zero work-related incidents resulting in Lost Time Injury ("LTI") and fatality	Two cases concerning work-related incidents leading to LTI recorded in 2023	Behind Target	We shall prioritise safety compliance in the tender process and implement Hazard Identification and Risk Assessment ("HIRAC") for high-risk and medium-risk activities
			Zero Stop Work Orders related to occupational safety and health and environmental compliance issued by authorities	Zero Stop Work Orders related to occupational safety and health environmental non-compliance during 2023	On Target	Our primary objective is to uphold a stringent zero Stop Work Order policy, emphasising unwavering compliance with regulations and standards. This will be achieved through continuous monitoring, monthly audits, comprehensive training programmes and the implementation of safety best practices. By fostering a culture of diligence and proactivity, we aim to mitigate risks and ensure the safety and well-being of all stakeholders involved in our operations
			Minimise notices from authorities related to occupational, safety & health	Received two Notice Of Prohibition and 13 Notice of Improvement  Immediate actions were taken to rectify concerns, with each notice thoroughly reviewed, responded to and subsequently closed after implementing necessary actions. These numbers, however, demonstrate significant improvements compared to 2022	Behind Target	The issuance of notices by the authorities poses a significant challenge, and notices are seemingly inevitable given the nature of the industry. We will persist in enhancing steps and drive proactive compliance through full adherence and regular monitoring
	<p>Customer Satisfaction</p>	1) Enhance customer loyalty and trust  2) Create shared values by delivering excellent customer experience through quality products and services	Achieve 75% satisfaction rate from house buyers	Achieved 75.5% satisfaction rate from house buyers	On Target	We shall focus on improving product quality, forming a think-tank group to drive short/medium/long-term solutions
			Achieve a 75% Quality Assessment System in Construction ("QLASSIC") score from the Construction Industry Development Board ("CIDB") on an annual basis	QLASSIC implemented in 2023, with earliest result available tentatively by 2025	On Target	Until our first QLASSIC score is available, we will continue with our use of Construction Performance Assessment ("CPA")
			Organise quarterly community engagement programme to promote neighborhood unity	Conducted five community engagement programmes in 2023: 1) Setia 4Malaysia Unity Run 2) Blood donation campaign 3) Recycling campaign 4) Merdeka event 5) Malaysia Nostalgia Run	On Target	Enhance our engagement activities with proper data collection and encourage ESG element to be embedded in community and marketing events carried out across the Group
			Establish Setia Labour Rights Policy	Established Setia Labour Rights Policy, followed by the creation of a monitoring platform which will be subject to periodic assessment by Group Human Resources in collaboration with the Group Quality Management team	On Target	In alignment with the International Labour Organization's ("ILO") conventions and Permodalan Nasional Berhad's ("PNB") direction, we aim to achieve zero non-compliance incidents relating to our Labour Rights Policy and regulatory requirements
	<p>Community &amp; Social Impacts</p>	1) Balance profitability and social investment to enhance shared values and impact communities  2) Build diverse, equitable and inclusive workplaces	Maintain at least 40% women representation in leadership positions within our Senior Management	36.8% representation of women in leadership positions within our Senior Management	Behind Target	We aspire to achieve our target of 40% representation of women in leadership positions within Senior Management by 2025. To close the gap, we will strive to nurture potential women leaders and ensure the readiness of existing women talent, in line with our succession planning efforts
			Introduce volunteerism leave to promote employee well-being and community engagement	Volunteerism leave approved by the Board 24 November 2023	On Target	Encourage employee participation in community-related activities and inculcate a caring culture
			Organise a quarterly social engagement programme with targeted beneficiaries (youths, underprivileged students, Orang Asli), aligned to objects of trust	Completed all 24 programmes as approved by the Setia Foundation Board of Trustees:  – Drove benefits for 5,044 beneficiaries, consisting of underprivileged communities including B40 students, B40 patients and families, Orang Asli, the disabled (OKUs) and youths – Mobilised a total of 414 corporate volunteers – Completed over 4,388 volunteer hours	On Target	The extensive outreach achieved highlights our programmes' effectiveness in addressing a wide array of community needs. Additionally, the engagement of 391 corporate volunteers, dedicating over 4,000 collective hours, reflects a commendable commitment to corporate social responsibility and community involvement. This not only directly benefits the targeted groups but also elevates our reputation and influence, fostering a ripple effect of positive impact and social responsibility. Importantly, these programme implementations served as platforms for our corporate volunteers to contribute beyond their workplace requirements, showcasing a deeper commitment to community well-being

# Sustainability Statement



Elizabeth Falls, Setia Eco Park, Shah Alam, Selangor

**Economic**

## SUSTAINABLE, INNOVATIVE AND QUALITY DEVELOPMENT

As a leading property developer with a growing local and international presence, we have the opportunity to create significant value for economies, people and the environment. By managing our business responsibly, driving innovation and pursuing quality at every turn, we can maximise our impact.

**➤ ECONOMIC PERFORMANCE**

Through our property development and property-related business, we generate significant economic value that is distributed through the taxes we pay, employee salaries and benefits we provide, dividends we issue and community programmes we support – collectively benefitting the economies of Malaysia and our other countries of operation.

**Greater Value Creation in 2023**

Bolstered by resurgent demand for property in Malaysia, we hit our target of RM4.2 billion in annual sales for 2023, creating greater value for our stakeholders and the economy. During the past year, we launched a total of 41 phases of projects, comprising 2,616 residential and commercial units, totalling to a gross development value (“GDV”) of RM2.93 billion.

**Our Performance**

Note: All data presented below relates to our Malaysian operations only.

**Direct Economic Value Generated and Distributed**

	2023 (RM' billion)	2022 (RM' billion)
Operating Costs	3.10	3.38
Employee Wages and Benefits	0.25	0.21
Payments to Providers of Capital	0.51	0.45
Payments to Government	0.30	0.20

**➤ INNOVATION**

Innovation is a key facet of our DNA at Setia. By continuously seeking ways to improve our product offerings and customer service standards, we are able to retain our reputation as a progressive, market-leading property developer and achieve our growth objectives. Innovation to us also means achieving technical excellence by finding more cost, time and resource-efficient ways to develop our properties and deliver excellent services, often through the implementation of cutting-edge digital solutions.

**Strengthening Our Approach to Innovation**

In 2023, we set key performance indicators (“KPIs”) for innovation and established a dedicated Innovation Unit to empower continuous Group-wide innovation efforts across our products and services.

Our approach to innovation is overseen by our Management Sustainability Committee and Board Sustainability Committee, who set focus areas and innovation targets, reviewing our innovation performance against these targets on a quarterly basis. In 2023, we set a KPI of implementing at least two innovative ideas for our product offerings and one innovative idea for customer service. We achieved this target through the introduction of nine innovative features under Setia eGreenLiving and the launch of our Customer Experience Center Plus (“CEC+”) portal to empower our frontliners to deliver better customer service.

**Embedding Innovation Within Our Business**

To remain ahead of the curve, we strive to nurture a culture of innovation across all our Business Units and processes – from the conceptualisation of our developments to their construction and our marketing and sales strategies. In recent years, we have made significant progress on this journey by digitalising key processes, adopting advanced digital marketing solutions and introducing more efficient construction techniques, amongst other achievements.

A dedicated Innovation Team was established in 2023 to be responsible for accelerating the ideation and implementation of new products and services across the Group. The team works closely with all Business Units to create the ideal conditions for innovative thinking to flourish, fostering integrated, broad-view thinking to envision the focal points of our efforts.

In addition to the Innovation Team, our Digital Sustainability team focuses specifically on introducing new digital solutions to drive sustainability, addressing an important aspect of our sustainability agenda. In 2023, their achievements included identifying a suitable ESG data collection and reporting platform – called “eDew” – and exploring the use of artificial intelligence (“AI”), data analytics and the Internet of Things (“IoT”) for environmental monitoring and other sustainability-related purposes.

# Sustainability Statement

## Building Smarter and More Sustainable Communities

In line with our purpose of Creating Sustainable Communities, we are introducing innovative approaches to property development which aim to enhance quality of life while minimising our impact on the environment.

Our efforts are encapsulated by Smart and Sustainable Developments ("SSD"), a Group-wide drive to leverage smart technologies that improve the wellbeing and safety of our customers, enable greater connectedness within our communities and reduce our use of natural resources, amongst other outcomes. SSD forms part of the Setia Technical Excellence Committee and is pillared on six areas of impact:



In 2023, we took a big step forward with the launch of Setia eGreenLiving, a collection of smart home features grounded in sustainability which we will roll out across our upcoming developments. Features incorporated within eGreenLiving include:

- **Smart Home System:** A system that enables residents to control multiple switches and power plugs via a mobile app
- **Smart Lock:** Locks which can be controlled remotely and unlocked using fingerprint scanning, card, password and physical key
- **Solar Panel:** Pre-installed solar photovoltaic panels for residents to power their homes with renewable energy
- **Solar Switch:** Infrastructure that enables residents to easily install solar photovoltaic panels and power their homes with renewable energy
- **Rainwater Harvesting System:** A designated tank to harvest rainwater, connected to an outdoor tap for plant watering, car washing and other purposes
- **EV Port:** An electrical connector which residents can use to charge their electric vehicle
- **Box 366:** A drop box that can be used for contactless delivery of food and parcels
- **Air Management System:** A system to improve ventilation and indoor air quality
- **Green Switch:** a master switch which residents can use to activate or deactivate all lights instantly

## Driving Efficiencies in Construction

To meet our high quality standards and drive cost and time-efficiencies in construction, we have adopted the Industrialised Building System ("IBS") construction technique, whereby components are precast in an offsite environment before being transported and assembled at the project site.

Through our use of IBS, we have been able to achieve greater precision across our construction processes. This has enabled us to shorten delivery timeframes, reduce waste of materials and enhance the quality of our developments, all at reduced cost.

### Improving Customer Service

To empower better customer service standards amongst our employees, we launched CEC+ in 2023. CEC+ amalgamates customer data points from multiple systems into a single platform, providing visibility of all customer enquiries in real-time. This facilitates faster responses to customer enquiries by our dedicated team of Setia Ambassadors.

### Maintaining High Quality Standards

In accelerating innovation across our operations, we are steered by the core principle of maintaining excellence in quality, in compliance with the standards of SIRIM ISO 9001:2015 Quality Management System.

Our approach is guided by in the Quality Assessment System in Construction ("QLASSIC") framework, which provides a benchmark for our project teams in attaining the workmanship standards set by the Construction Industry Development Board ("CIDB"). Guided by the framework, we consistently monitor workmanship across

our project sites while upholding stringent quality control measures.

Adding a further level of control to our quality management processes, our Group Quality Management ("GQM") team monitors product quality performance through regular In-process Construction Quality ("ICQ") audits and Construction Performance Assessments ("CPA"). The ICQ audit, conducted bi-monthly, meticulously evaluates the quality of projects in the construction phase. The CPA, meanwhile, evaluates the quality of architectural

work at completed projects, with contractors required to attain a minimum score of 75%. Both evaluations are fully aligned with our Quality Standard and project-specific specifications, ensuring consistent delivery of projects that meet or exceed our quality levels.

In 2023, our property developments achieved an average ICQ score of 78.4% and an average CPA score of 76.7%.

## PROCUREMENT PRACTICES

We work with a wide variety of suppliers across our operations. These companies play a pivotal role in ensuring timely delivery of our products and services to high standards. As such, we maintain rigorous procurement practices geared towards selecting companies that meet our quality expectations and our standards in social and environmental management.

### Supporting the Local Business Ecosystem

Wherever possible, we choose to work with local suppliers, which is defined as suppliers whose businesses are registered in Malaysia. Doing so creates a positive knock-on effect for the local business ecosystem as it leads to economic value that cascades to subcontractors and other businesses that serve our suppliers. It also delivers value to our business by driving cost and time savings, reducing our carbon footprint and promoting more effective supplier communication.

### Maintaining a Sustainable Supply Chain

We have a responsibility to ensure that our sustainability commitments are met across our supply chain. To this end, we have embedded various social and environmental considerations into our supplier screening and evaluation processes.

As a basis, all third parties that we engage with, and their respective subcontractors, are required to adhere to our Code of Conduct and Business Ethics ("CoCBE") when conducting all business activities related to the Group. The CoCBE specifically details the values that we expect all suppliers to uphold as well as our stance on issues related to human rights and conflicts of interest.

Further to this, all suppliers are expected to:

- Adhere to all relevant regulatory requirements at the federal, state and municipal levels
- Comply with industry standards in workmanship quality
- Comply with all industry standards and best practices in minimising environmental and social impacts, including on Health, Safety and Environment ("HSE") issues
- Commit to practices that conserve the environment and minimise pollution, including noise, land and air pollution

### Monitoring and Assessing Appointed Contractors

After a contractor is appointed, we carry out comprehensive monitoring and assessment processes to ensure that standards are adhered to across the project lifecycle. This includes monthly audits – conducted across all project sites – and a yearly Contractor Performance Evaluation ("CPE"). HSE criteria, including supplier environmental and social impacts, form an important aspect of all evaluations.

In addition to these assessments, site visits are frequently conducted by Project Implementation Personnel for Pre-Qualification of New Contractors. Contractors are also required to submit monthly progress reports, aiding in our identification and rectification of any issues that arise.

# Sustainability Statement

## Our Performance

Note: All data presented below relates to our Malaysian operations only.

### Contractors Appointed:

In 2023, we appointed a total of 104 contractors across our projects:

Location	No. of Contractors Awarded with Contracts			Monetary Value of Payment		
	2023	2022	2021	2023	2022	2021
Penang	4	13	9	4.1%	8.2%	8.2%
Klang Valley	80	80	92	75.3%	69.3%	84.5%
Johor	19	32	17	20.6%	21.9%	6.7%
Other Areas	1	3	3	0%	0.6%	0.6%

### Proportion of Spending on Local Contractors:

In 2023, 100% of procurement spend was on local contractors, defined as contractors whose business is registered in Malaysia.



## MARKET PRESENCE

Across our business footprint, we ensure that our employment practices are in line with all federal, local and municipal laws and regulations. This includes the Employment Act 1974, to which we comply with the mandated minimum wage requirements of Malaysia. Further to this, entry wages for male and female employees are equal, as per our commitment to the values of fairness and equality.

To ensure that the employees of our contractors are compensated fairly, we provide remuneration that is in line with the type of work done and which, at all times, is in full compliance with the Minimum Wages Act of Malaysia.

Wherever possible, we recruit for Senior Management staff from within Malaysia. As of 2023, 100% of our Senior Management consists of Malaysian citizens.

## CLIMATE-RELATED FINANCIAL RISKS AND OPPORTUNITIES

Cognisant of the urgency of the climate crisis and its potential impacts – not only to the environment but to people, their communities and our business – we are taking a proactive approach to climate action by understanding our climate-related risks and opportunities.

### Adopting the TCFD Recommendations

In 2023, we adopted the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”). This involved identifying key risks and opportunities related to climate change, establishing a governance structure to manage these risks and opportunities, formulating climate action strategies and setting key metrics and targets to guide our progress.

In identifying climate-related financial risks, we examined our Group-level risks and opportunities (see Managing Our Risks and Opportunities on page 127 for more) and discussed ways that climate change may affect our approach to each risk. This led to the identification of six areas of focus, under which we have formulated appropriate mitigation strategies. For a full disclosure of our strategies, please refer to “Adopting the TCFD Recommendations” on page 175.

## INDIRECT ECONOMIC IMPACTS

We are committed to furthering economic development in the communities where we operate while simultaneously striving to enhance social and environmental conditions. Our multifaceted contributions encompass investments in various environmental and social causes, driving job creation and bolstering national economic prosperity.

One of the primary ways we demonstrate our commitment is through investments in infrastructure and facilities for the benefit of local communities, with RM89.7 million allocated toward such endeavours at present. While some of these projects are ongoing, we are continuously refining and enhancing our approach to ensure maximum positive impact.

Our ongoing projects include the construction of essential infrastructure such as roads, schools and community centres. These significant investments not only provide immediate

employment opportunities but also create long-term benefits by improving access to vital services and fostering community growth and development.

Additionally, our investments extend beyond physical infrastructure to encompass initiatives aimed at driving improved environmental stewardship and unlocking greater social welfare. To this end, we actively support environmental conservation efforts and community development programmes that empower individuals and foster inclusive growth, while also promoting the adoption of sustainable practices amongst our suppliers, communities and other stakeholders.

Through our comprehensive approach to corporate social responsibility and sustainable business practices, we are dedicated to making a lasting difference in the communities we serve and contributing to a brighter and more prosperous future for all.

Project	Purpose	Investment (RM'mill)
Hawker centre at Setia AlamImpian	To provide a centralised, well-planned and affordable stall business concept that benefits the local community and enhances convenience	2.8
Surau at Setia AlamImpian	To provide public amenities for the use of the surrounding community	2.5
Tadika at Setia AlamImpian	To provide public amenities for the use of the surrounding community	1.7
Integrated water supply system at Setia AlamImpian (Precinct 4 & Precinct 9)	To ensure sufficient and systematic water supply for Setia AlamImpian and all surrounding developments	20.4
Upgrading of existing sewage treatment plant at Setia AlamImpian	Upgrading of existing sewage system to ensure continuity of systematic sewage management system for Setia AlamImpian development and all surrounding developments	4.8
Upgrading link road from LKSA to Setia AlamImpian interchange to Jalan Batu 4 Klang	To improve conditions of the road connecting Shah Alam with Klang through Setia AlamImpian, thereby benefitting surrounding communities	2.7
Lakepoint Park at Setia AlamImpian	Create an integrated park with an art-focused concept for the recreational use of the surrounding community, thereby enhancing quality of life	14.7
Lakepoint Central at Setia AlamImpian	Create an attractive business centre for the surrounding community to gather and meet their daily necessities	17.1
NKVE – Jalan Meru at Bandar Setia Alam	Carry out reinstatement works for road and drainage along the NKVE – Jalan Meru connecting road	0.7
Landscaping along Jalan Meru at Bandar Setia Alam	Upgrade landscaping works along Jalan Meru	0.4
Wetland Park at Bandar Setia Alam	Upgrade landscaping works at Wetland Park at (Precinct 11)	0.9
Desilting works and flood mitigation works at Bandar Setia Alam	Undertake desilting works for the engineering waterway at Precinct 7 and Precinct 8, and flood mitigation works for the engineering waterway along part of Persiaran Setia Perdana to Jalan Setia Murni U13/51 (Precinct 9 and Precinct 11)	1.6
JKR Road at Setia Alamsari (South)	Upgrade the JKR Road	13.5
JKR Road at Setia Alamsari (South)	Upgrade the mechanical and electrical infrastructure of the JKR Road	4.6
Parks at Kota Bayuemas	Undertake landscaping works for the development’s community park and landscaping park	1.3
Road widening at Setia Ecohill	Undertake road widening works at the existing roundabout between Jalan Ecohill 1/2 And Jalan Ecohill 1/5 (Precinct 1)	0.1
<b>Total Investment (RM'mill)</b>		<b>89.7</b>

# Sustainability Statement

## ANTI-COMPETITIVE BEHAVIOUR

To strengthen our stance against anti-competitive behaviour, we updated our Whistleblowing Policy in 2022, ensuring full alignment with ISO 37002:2021 Whistleblowing Management Systems.

During 2023, we were involved in zero legal actions – either pending or completed – regarding anti-competitive behaviour or violations of anti-trust and monopoly legislation.

## ANTI-CORRUPTION

We maintain a zero-tolerance stance towards all forms of corruption and bribery, cognisant that any instances of unethical business conduct may have an irreparable impact on the standing of our business in society and amongst our stakeholders.

### Our Anti-Bribery and Anti-Corruption Framework

Our approach is guided by our Anti-Bribery and Anti-Corruption Framework, which establishes a clear management structure as

well as key roles and responsibilities for key members of our teams in combating corruption and bribery.

Our Integrity and Governance Unit (“IGU”) plays an important role within the framework by managing complaints and carrying out detection and verification activities, thus strengthening our integrity and governance functions. The unit comprises qualified Certified Integrity Officers and is headed by the Chief Risk, Integrity and Governance Officer and the Head of IGU. The unit reports directly to the Risk Management Committee, which directly answers to the Board.

Further to this, 39 Integrity and Governance Champions (“IGC”) have been appointed across our Business Units and corporate functions. They are tasked with building a culture of integrity within their area of the business, as guided by Group standards, thus ensuring that awareness and action on anti-bribery and anti-corruption matters extend across the Group.

## Policies and Procedures on Anti-Bribery and Anti-Corruption

We maintain a clear and comprehensive policy stance towards ethics and integrity, including anti-bribery and anti-corruption.

Our Anti-Bribery and Corruption Policy was established in accordance with Section 17A of the MACC Act (Amendment 2018) on Corporate Liability. Alongside our Code of Conduct and Business Ethics (“CoCBE”), it forms the basis of our approach to anti-bribery and anti-corruption. To further strengthen our stance against bribery and corruption, all initiatives that fall under Adequate Procedures underlining TRUST principles are properly planned and implemented with consideration given to the standards outlined in the policy.

In addition to these core documents, policies pertaining to gifts, hospitality, donations, sponsorships and third-party relationships comprise an important facet of our efforts to prevent bribery and corruption. Our full suite of policies, which apply across our business – both in Malaysia and internationally – and our supplier relationships, comprises:



Our policies are publicly accessible at <https://spsetia.com/en-us/corporate-governance-home>.

## Clear Whistleblowing Procedures

To encourage reporting of any actual or suspected incidents of bribery or corruption, we maintain a whistleblowing system that is accessible to all employees and Business Associates of the Group as well as residents of our developments and members of the public.

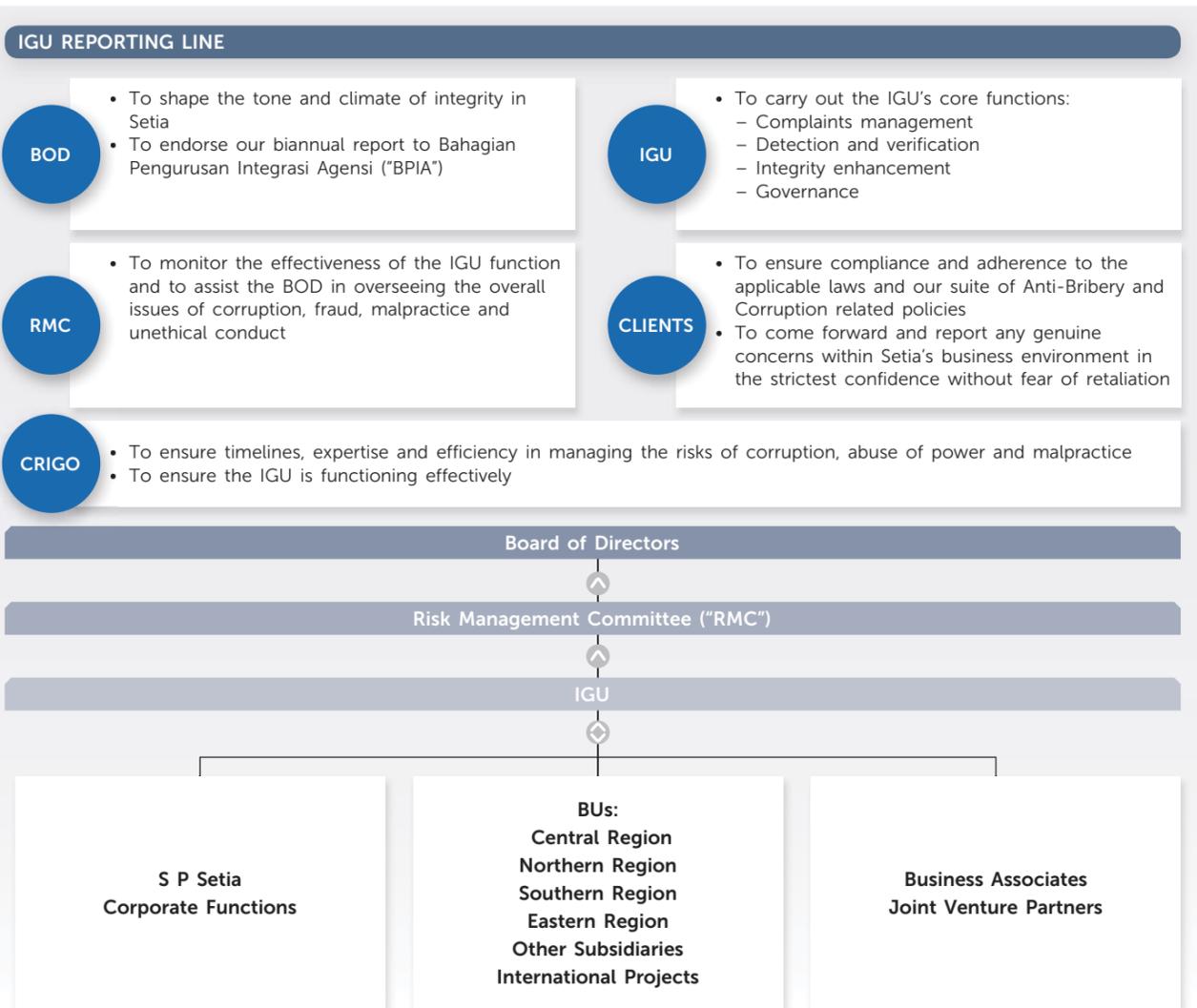
Reports can be made via the following channels, with all submissions kept confidential to protect the identity of the whistleblower and protect him or her from reprisals.

### Whistleblowing Channels

- Whistleblowing e-Form
- Dedicated IGU line: 012-3020742 (Monday – Friday, 9am – 5pm)
- Write in to the Chairman of RMC at [jiv.sammanthan@spsetia.com](mailto:jiv.sammanthan@spsetia.com) or IGU
- Email IGU at [igu@spsetia.com](mailto:igu@spsetia.com)
- Walk-in/appointment with IGU or Chairman of RMC

In 2023, we received a total of 11 complaints via our whistleblowing channels. Two cases were related to allegations of improper conduct and were investigated by an internal team. These claims were investigated by our Group Human Resources (“GHR”) department, and substantiated findings indicated that they did not relate to corruption, and only disciplinary procedures were taken against proven cases. As such, this confirms that we had zero confirmed incidents of corruption during 2023.

The other nine cases were related to customer complaints about our products or services. These cases were referred to the respective Business Units concerned or to corporate functions for their further action.



# Sustainability Statement

## Awareness and Training on Anti-Bribery and Anti-Corruption

In order to drive consistent and continuous adherence to our standards, all employees and business associates of the Group are made aware of our anti-bribery and anti-corruption policies and procedures through training programmes and events.

As one of S P Setia's core procedures, all new employees of the Group are required to attend training on our CoCBE as well as other anti-bribery and anti-corruption policies as part of their onboarding programme. New arrivals must also sign our Individual Corruption-Free Pledge, which commits them to upholding our standards in all activities undertaken as an employee of the Group.

Meanwhile, new members of the Board receive a detailed briefing on our anti-corruption policies as part of their onboarding programme.

For current employees of Setia, we focus on building knowledge within the regulatory landscape of business ethics. In line with this focus, IGU organised a Round Table Discussion on anti-bribery and anti-corruption for our employees in 2023, providing a recap of the Corporate Liability Provisions contained in Section 17A of the MACC Act 2009, a refresher on our standards and processes relating to corruption and fraud, and a recap of our whistleblowing system.

Lastly, we conduct Setia Integrity Roadshows to drive awareness of our anti-bribery and anti-corruption policies amongst our Business Associates. Business Associates are also required to sign the Setia Integrity Pledge, formalising their agreement to uphold our standards in all business activities concerning the Group.

### Our Performance

Note: All data presented below relates to our Malaysian operations only.

#### Anti-Corruption Training by Employee Category

All Employees	2023
Board Members (including C-Suite)	90.00%
Senior Management	94.74%
Management	93.72%
Junior Management	85.02%
Executive	97.76%
Non-executive	99.28%

## Activities and Initiatives

In our commitment to maintaining the highest standards in business ethics and remaining abreast of changing market expectations, we organised or took part in the following activities and initiatives in 2023:

- We organised Setia Integrity Roadshows for the staff of Amari Hotel in Kuala Lumpur and SPICE Convention Centre in Penang in February and March 2023 respectively, with these sessions attended by 288 personnel at all levels.
- We undertook training in ISO 37001:2016 Anti-Bribery Management System, covering three modules (Awareness, Interpretation and Implementation and Internal Auditor) in February and March 2023, with these structured trainings aimed at preparing us to obtain this important ISO certification.
- In March 2023, we hosted "Sembang Nasi Lemak 2.0 (Effective Leadership for Good Governance)", featuring our esteemed Chairman, YAM Tan Sri Dato' Seri Syed Anwar Jamalullail. The event, attended by 518 staff across all levels, focused on fostering effective leadership practices for the promotion of good governance.
- We held nine separate sessions to introduce incoming staff to our CoCBE, with these sessions attended by 111 employees in total.
- We organised four Setia Integrity Roadshows (delivered via a hybrid format) for newcomers. A total of 128 personnel signed the Individual Corruption-Free Pledge.
- We organised Setia Integrity Roadshows for active Business Associates, including two sessions in Vietnam. A total of 260 Business Associates signed the Setia Integrity Pledge.
- Our Setia Roundtable Discussions (RTD@2023) were held, comprising 44 sessions which were attended by a total of 809 staff.
- We attended Permodalan Nasional Berhad's ("PNB") solidarity event in July 2023 alongside other PNB investee companies.
- Our Head of IGU attended the Corporate Integrity Investigation Technique training held in Penang in August 2023.
- Our Head of IGU was invited to be a forum moderator at PNB's GLIC Integrity Event ("GIE 2023"), held at Royale Chulan Hotel, Kuala Lumpur in November 2023.



Further to these activities, IGU undertook engagements with the following authorities in 2023:

- Unit Integriti, Jabatan Kerja Raya
- IGU of Pengurusan Air Selangor Berhad
- IGU of Indah Water Konsortium Sdn Bhd
- IGU of Ranhill SAJ Sdn Bhd
- Unit Integriti Setiausaha Kerajaan Negeri (SUK) Sabah
- Biro Pengaduan Awam (BPA) Selangor
- Majlis Perbandaran Sepang

## Corruption Risk Assessments

In 2023, we completed 21 corruption risk assessments, covering 100% of the ongoing business operations fully controlled by the Group. The full list of corruption risk assessments carried out is detailed below:

- Bandar Setia Alam
- Setia Ecohill and Mayuri
- Setia Warisan Tropika
- Niche Development Division
- KL Eco City
- Setia Eco Glades and Setia Safiro
- Setia Eco Park and Precint Arundina
- Setia Eco Templer
- Bandar Kinrara
- Setia AlamImpian
- Setia Alamsari
- Property South
- Setia Penang Island
- Setia Fontaines
- Property East
- Setia Precast and Readymix
- Setia Wood and Marketing
- Setia City Convention Centre
- SPICE Convention Centre
- Asset Management
- Group Consolidated Corruption Risk Profile

## Confirmed Incidents of Corruption

As per the MACC's letter dated 19 December 2023, there were no confirmed incidents of corruption involving the Group during 2023.

In accordance with this, no employees were terminated, and no business contracts terminated or not renewed due to corruption during 2023.

# Sustainability Statement



Precinct Arundina, Setia Eco Park, Shah Alam, Selangor

## Environmental

# BEST PRACTICES IN ENVIRONMENTAL MANAGEMENT

As the building and construction industry faces numerous challenges, we are required to continuously commit and protect our planet and its people. By stringently managing our environmental impact in line with global best practices, we can play a leadership role, building better communities that deliver shared value for our customers, employees and our business.

### ENVIRONMENT

As a property developer, we recognise the impact that our business activities have on natural environments. To minimise negative outcomes, we have taken a proactive approach to environmental management that centres around the prevention of negative environmental impacts and the effective management or reduction of such impacts where they occur. This commitment is operationalised through the adoption of best practices in environmental standards and the implementation of eco-friendly business strategies and processes.

## Adopting Effective Environmental Management Strategies

We take a holistic approach to minimising negative environmental impacts, leveraging effective technological solutions, industry best practices and continuous engagement with our key stakeholders.

<p><b>Project Planning</b></p> <p>During the project planning phase, we consider all potential environmental impacts of our developments including emissions, energy use, waste, material use and impacts to biodiversity, with our findings used to amend and improve our plans.</p>	<p><b>Renewable Energy</b></p> <p>Wherever possible, we utilise renewable energy to power our business activities. In addition, we design our properties to enable easy adoption of sustainable solutions such as solar panels and EVs.</p>	<p><b>Sustainable Materials</b></p> <p>In our Eco-Series projects, we use eco-friendly construction materials that contribute to improved indoor air quality and a healthier living environment for our customers.</p>
<p><b>Waste Reduction</b></p> <p>We promote waste reduction approaches across our workforce and have implemented a food waste composting facility at our Setia Eco Park development.</p>	<p><b>Energy-Efficiency Technologies</b></p> <p>We are progressively implementing LED lighting solutions across our projects and have developed smart concepts for lighting and air conditioning systems that deliver improved energy efficiency, among other solutions.</p>	<p><b>Awareness and Training</b></p> <p>We provide our employees and Business Associates with training on pertinent environmental issues to enable more effective action.</p>

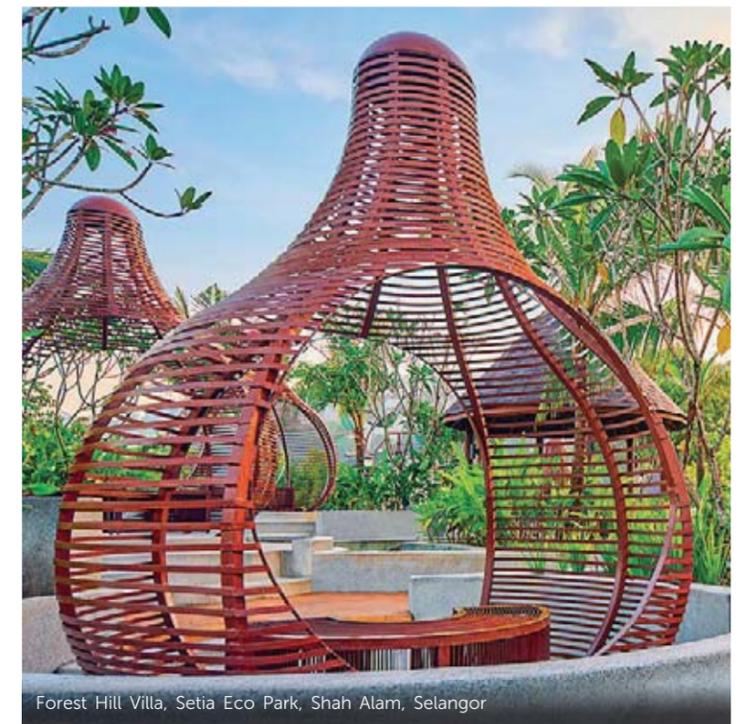
Our GQM department plays a leadership role across our environmental management efforts, ensuring our continued compliance with environmental regulations and overseeing our varied initiatives. They are supported by HSE Officers at each of our Business Units, who are responsible for ensuring compliance at the project site level.

## Ensuring Supplier Compliance

Our environmental management responsibilities extend to our supply chain, and we have adopted a stringent approach towards ensuring the compliance of our suppliers to our standards.

Prior to being appointed, all potential suppliers must undergo a diligent pre-qualification process that includes an assessment of their environmental management processes and track record, and are required to commit to a service-level agreement that outlines the environmental management standards they must adhere to.

After appointment, we monitor their performance on environmental management criteria through bi-weekly audits at project sites, placing focus on construction waste management, noise pollution, air pollution and effluent management, among other areas. Our approach to contractor environmental performance is further fortified by the carrying out of Environmental Impact Assessments and the implementation of environmental management plans, empowering a project-specific approach to identifying and managing environmental risks.



Forest Hill Villa, Setia Eco Park, Shah Alam, Selangor

# Sustainability Statement

## Our Performance

Note: All data presented below relates to our Malaysian operations only.

### Non-compliance to Environmental Laws and Regulations:

During the year under review, the Group was not involved in or responsible for any major environmental violations.

**Awards Received:** In 2023, we received the following awards for our environmentally sustainable practices:

#### FIABCI Malaysia Property Award 2022

**Category:** Sustainable Development  
**Project:** D'Network @ Setia Eco Park



#### Sustainability & CSR Malaysia Awards

**Category:** ESG Leadership Excellence Award  
**Project:** GLC of the Year (Property & Construction)



#### The Edge Malaysia Best Managed & Sustainable Property Awards 2023 – Gold Award

**Category:** The Edge Malaysia-ILAM Sustainable Landscape Awards – Landscape Planning  
**Project:** Setia Bayuemas Lake Park



#### Malaysia Outstanding Sustainable Development Awards 2023

**Category:** Socially Inclusive Design Award  
**Project:** Setia City Park

## EMISSIONS

As the global climate crisis increases in urgency, its effects are increasingly being seen around the world in the form of rising temperatures, extreme weather events and environmental degradation. According to the United Nations Environmental Program, the Building and Construction Industry (“BCI”) contributed globally to 37% of energy and process-related CO<sub>2</sub> emissions in 2021. Therefore, as a conscientious property developer, we have a responsibility to set a positive example in reducing emissions within our operations and across our supply chain.

### Moving Towards Net Zero

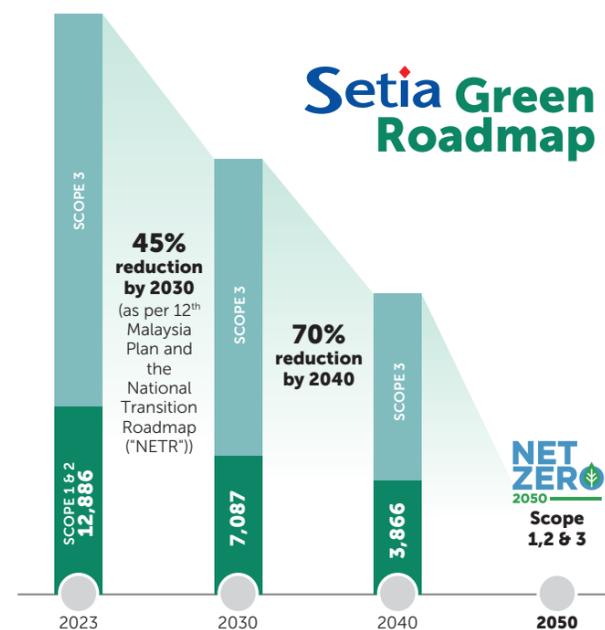
Recognising the importance of decarbonising our business, we have set the goal of achieving a:

- 45% reduction in Scope 1 carbon emissions by 2030, and a 70% reduction by 2040, relative to a 2023 baseline
- 45% reduction in Scope 2 carbon emissions by 2030, and a 70% reduction by 2040, relative to a 2023 baseline

Ultimately, our long-term objective is to become a net zero organisation by 2050. This will also enable us to contribute substantially to Malaysia’s Nationally Determined Contribution (“NDC”) pledge to reduce nationwide GHG emissions intensity of GDP by 45% before 2030, relative to a 2005 baseline.

In 2023, we established our Group-wide emissions baseline for Scope 1 and 2, providing us with a reference point to evaluate our emissions reduction efforts against, while also formulating a comprehensive emissions data collection process which is currently being rolled out across our Business Units.

Our emissions reduction targets are set out in the Setia Green Roadmap, as shown in the following infographic.



\* Subject to yearly review  
\* Finalising the baseline for Scope 3 and devise the mid target

## Implementing Carbon Reduction Initiatives

To reduce emissions across our processes and our developments, we are progressively introducing green solutions such as solar panel systems, energy-efficient lighting and solar water heater systems. Further to this, we are also providing the necessary infrastructure to support climate-friendly behavioural change amongst our customers – for instance, by installing electric vehicle chargers and solar switches that they can use to facilitate their use of renewable energy.

Our actions here are epitomised by Setia eGreenLiving, a set of smart and sustainable home elements that we have already standardised across all upcoming developments.

Presently, all homes in Setia Bayuemas include green switches and are equipped for the installation of EV chargers as well as solar panels.

Meanwhile, homes with a value of above RM1 million are provided complete with pre-installed solar panels.

For more information on Setia eGreenLiving, please refer to the “Innovation” topic on page 135.

Implementing green solutions

- Solar panel systems
- Energy-efficient lighting
- Solar water heater systems
- Rainwater harvesting system
- Green switch

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Supporting climate-friendly behaviour

- Electric vehicle chargers
- Solar switches for renewable energy use

## Fostering a Climate Action Culture

Our workforce plays a critical role in actualising our climate ambitions and, in turn, we are investing in capacity-building initiatives that will enhance their ability to make a difference.

In 2023, our workforce were availed of the following trainings and resources on emissions and climate change:

- Setia Sustainability Day – Panel Session and Speaker Session (31st May 2023)
- Decarbonisation Workshop by Arup Advisory
  - Board training (11 October 2023)
  - Senior Management training (25 September 2023)
  - Management and Executive training (6 September 2023)

## Identifying Our Climate-related Financial Risks and Opportunities

In 2023, we adopted the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”). A key facet of the TCFD framework is the identification of climate-related financial risks and opportunities, which we have disclosed in the “Establishing Strategies for Climate-related Risks and Opportunities” topic on page 176.

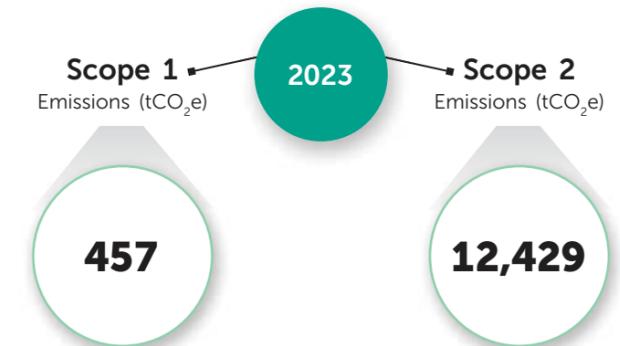
By integrating emissions reduction and business strategy through TCFD, we aim to foster a more concerted approach towards climate action that aligns business thinking with the imperative of protecting our planet. As such, the risks and opportunities we have identified will play a crucial role in shaping our Group-level strategies moving forward.

## Our Performance

Note: All data presented below relates to our Malaysian operations only.

### GHG Emissions

In 2023, in line with the Setia Green Roadmap, we commenced tracking of our Scope 1 and 2 emissions. With a view to providing a full disclosure of our Group-wide emissions in future reports, we have completed the process of establishing a baseline for our Scope 3 emissions from landed properties, with the portion of our Scope 3 emissions baseline setting exercise relating to high rise developments due to be completed by Q2 2024.



# Sustainability Statement

## ENERGY

As a major contributor to Group-wide emissions, energy use is an important focus area within our overall environmental management efforts. Our approach here is to progressively introduce energy-efficiency technologies wherever practicable while advancing our adoption of renewable energy.

### Driving Energy Efficiency

To reduce Group-wide energy consumption and enhance the energy efficiency of our properties, we have introduced the following solutions:



#### Smart Lighting and Air Conditioning

These advanced systems utilise IoT-based monitoring to detect and turn off a specific light or air conditioning unit when not in use, thus saving energy.



#### Double-glazed Windows and Louvres

By installing double-glazed windows and louvres, we reduce heat gain by buildings, thus reducing the need for air conditioning to be used.



#### Sun-facing Designs

We utilise sun path analysis when designing our properties to maximise natural sunlight exposure, reducing the need for lighting.



#### Solar Water Heating Systems

By using solar energy to heat water, we reduce the amount of electricity required to carry out this daily process.

Our aim is to integrate these technologies and approaches across all upcoming developments to minimise our energy consumption. This is also a strong selling point for our customers, as energy-efficient technologies enable them to reduce their emissions and their electricity bill.

Further to this, we organise awareness and training sessions for our employees that educate them on energy-saving practices and encourage them to adopt energy-efficient habits when at work.

### Implementing Renewable Energy Solutions

We recognise the transformative impact that renewable energy can have on energy use and emissions. Having started our exploration of renewable sources with the use of solar water heating systems, we have since expanded our focus to include the installation of solar panels for on-site renewable energy generation at our properties. In 2023, we accelerated this adoption process, commissioning a total of 218GJ of solar capacity across four projects.

### Our Performance

Note: All data presented below relates to our Malaysian operations only.

#### Energy Consumption:

	2023	2022	2021
Group-wide Energy Consumption (MJ)	96,174,521.00	65,340,000.00	117,360,000.00

Note: Energy consumption disclosed is based on electricity bills as provided by Tenaga Nasional Berhad.

#### Electricity Consumption:

Electricity Consumption by Business Type (MJ)	2023	2022	2021
Construction	1,210,099	5,688,000	2,520,000
Property Development	63,338,202	41,400,000	92,520,000
Others	31,626,220	18,252,000	22,680,000

Note: Energy consumption disclosed is based on electricity bills as provided by Tenaga Nasional Berhad.

## WASTE

Our business has a large presence that spans our offices and our various project sites, and this makes responsible waste management an important consideration. By implementing effective measures to reduce the waste we generate and redirect waste from disposal, we can reduce our overall environmental footprint, protect natural habitats in our vicinity and enhance the attractiveness of our developments to end-consumers. Failure to do so, however, harms not only the environment but also our reputation, while putting us at the risk of legal repercussions.

### Understanding Our Waste Footprint

Our waste footprint spans a variety of waste types across various locations, and can be broadly described by the following categories::

Office/Domestic Waste	Construction Waste
Waste from our offices, such as paper, printer cartridges, boxes and packaging, in addition to food waste from our offices and properties. Waste of this type is sent to a legal landfill for disposal.	Waste generated as debris from our construction activities, such as concrete, bricks, wood, steel and plastic, or from unused materials. Waste of this type is sent to a legal landfill for disposal.
Maintenance Waste	Scheduled Waste
Waste generated from the maintenance of our properties, such as trimmings, grass clippings and other organic materials. Waste of this type is sent to a legal landfill for disposal.	Hazardous waste that has the potential to damage the environment, such as spilled oil, contaminated soil and oil-filled rags. Waste of this type is collected and disposed of by a legal scheduled waste collector.

All waste is handled, collected and disposed in full compliance with the requirements of the Environmental Quality Act 1974. To enable improvements to our waste performance, we maintain comprehensive records of the amount of each type of waste generated and conduct regular audits and surveys to verify the data we collect.

### Developing a Group-wide Waste Management Plan



Setia Eco Templer, Rawang, Selangor

We are presently in the midst of developing a comprehensive waste management plan that will span the entirety of our operations. To facilitate this, Setia Eco Templer has been established as a pilot project for our plan, with key focus areas and metrics for waste management identified across the short-term, mid-term and long-term timeframes.

# Sustainability Statement

Timeframe	Targets	Planned Initiatives
<b>Short-term (0-2 years)</b>	<ul style="list-style-type: none"> <li>0.5% reduction in organic waste</li> <li>2% reduction in other waste</li> <li>5% reduction in recyclables waste</li> <li>0.25% recycling recovery rate of organic and landscape waste</li> </ul>	Carry out campaigns to increase awareness around waste reduction and recycling, with a focus on teaching residents techniques they can use to compost organic food waste.
<b>Mid-term (2-4 years)</b>	<ul style="list-style-type: none"> <li>1% reduction in organic waste</li> <li>3% reduction in other waste</li> <li>7.5% reduction in recyclables waste</li> <li>0.75% recycling recovery rate of organic and landscape waste</li> <li>6% recycling recovery rate of recyclables</li> </ul>	Launch a recycling centre within the community hall of MP Selayang, with the centre functioning as a hub for residents to recycle all solid waste generated across the township.
<b>Long-term (by 2030)</b>	<ul style="list-style-type: none"> <li>2% reduction in organic waste</li> <li>5% reduction in other waste</li> <li>10% reduction in recyclables waste</li> <li>1.5% recycling recovery rate of organic and landscape waste</li> <li>12% recycling recovery rate of recyclables</li> </ul>	Transform the community hall to become a space for corporate social responsibility ("CSR") activities, which will include recycling initiatives aimed at creating a more structured waste collection process.

Note: This programme was established by Setia Eco Templer and will be rolled out Group-wide.

## Reducing Waste Generation

Our approach to reducing waste starts at the largest and most consequential part of our business: our construction sites. Large in scale and complex in nature, our construction sites have the potential to generate large amounts of waste simply through unused materials if effective material use planning is not carried out. To address this issue, we are steadily adopting the IBS construction technique across more of our projects. IBS is distinctive in that it involves the modelling, precasting and prefabricating of building components prior to construction. This means that material use can be more accurately forecasted, leading to less unused materials and reduced waste.

Even with IBS, our project sites generate a significant amount of waste as a by-product of the construction processes we undertake, and it is vital that we reduce the amount of this waste that goes to landfill. To facilitate this, waste generated at our project sites is meticulously sorted to identify materials that can be recycled. We then work with licensed service providers who collect and recycle these materials for reuse.

At our offices, meanwhile, we are taking steps to reduce waste by installing recycling bins that facilitate trash separation by paper, plastic, metal and glass, with our employees encouraged to use these bins and adopt other circular practices in their everyday lives. Further to this, we are reducing use of paper in our offices as part of our Group-wide digitalisation effort, towards the goal of achieving fully paperless offices across our business.

Food waste is another key focus area of our efforts. The zero waste philosophy is engrained within our F&B and hospitality outlets, whereby food is distributed to NGOs such as Green Hero, who then distribute the food to charities and homes in need. Meanwhile, commercial waste is sent to our food composting machine to be converted into compost for landscape maintenance purposes.



We have adopted the **IBS** construction technique in our projects to reduce construction waste



We contribute food items to **NGOs** such as **Green Hero**, who then distribute the food to charities and homes in need



## Supporting Circular Economy Practices

Looking beyond our core construction activities, we maintain properties that are homes to tens of thousands of people, and by encouraging their adoption of responsible material use practices we can make an even bigger impact.

As an example, we installed a recycling station at our Setia Fontaines Heritage Park development and organised a Recycle Day event in collaboration with Tzu Chi to create awareness and inculcate better practices amongst residents of the community. Our D'Network @ Setia Eco Park development, meanwhile, is equipped with a food composting facility for the use of its residents, resulting in the successful diversion of 24.74MT of food waste from the landfill – and into fertiliser – in 2023.

We have also introduced paper waste reduction initiatives across our developments including hand dryers to reduce the use of paper in toilets and the replacing of paper menus with digital menus. In addition, recycling bins are placed across



commercial and common areas of our developments to encourage responsible waste management amongst residents.

Lastly, our fabric recycling programme is an innovative way to reuse used curtains, uniforms and other fabrics used by our business and our employees. These fabrics are upcycled into tote bags, pillow cases, coin pouches and other attractive corporate gifts, thus creating awareness of our recycling efforts amongst our stakeholders and the general public.

## Our Performance

Note: All data presented below relates to our Malaysian operations only.

### Waste Diverted from and Directed to Disposal:



### Food Waste Recycled:

	2023	2022	2021
Food Waste Recycled (MT)	<b>24.74</b>	36.50	N/A

**32.2%** reduction in 2023

# Sustainability Statement

## MATERIALS

We use a variety of materials to construct our developments, many of which are sourced from both natural environments and construction waste. To minimise negative impacts, we are integrating the use of eco-friendly and recycled materials into our construction processes.



Setia Bayuemas, Klang, Selangor

### Utilising Construction Waste in Landscaping Efforts

In support of the circular economy, we reuse construction waste as part of our property landscaping activities, thus minimising unnecessary use of materials during this process. The most recent examples of our work here include:

- **Setia Bayuemas Lake Park:** Using leftover HDPE panels and crusher runs to develop a mural wall and a landscape feature
- **Bandar Setia Alam:** Using an on-site boulder as decoration and redeploing tree trunks to create benches and pathway steps
- **Setia EcoHill and Setia Alamsari:** Using boulders and topsoil from the construction site as part of the development's landscape features
- **Setia AlamImpian:** Using boulders from the construction site to create swales and a creek while redeploing a tree trunk from the site's clearing to create benches and natural trails

### Using Eco-friendly Construction Materials

With the aim of reducing our extraction of materials and creating healthier living environments for our customers, we are progressively introducing the use of eco-friendly construction materials such as low Volatile Organic Compound ("VOC") paint, tempered glass, bluescope metal steel roofs, asbestos-free cellulose fibre cement boards, reinforced wall panels and eco-label tiles. These materials reduce our customers' exposure to potentially harmful chemicals, contributing to a higher quality of life.

#### Our Performance

Note: All data presented below relates to our Malaysian operations only.

#### Recycled Materials Used in Ongoing Developments:

	2023
Recycled Materials Used in Ongoing Developments (MT)	31.98

Note: the total weight of recycled materials used is calculated based on our ongoing developments alone.

## WATER AND EFFLUENTS

Water is an important resource that is used across our business for various purposes including general cleaning, landscaping and as an input in our construction activities. As such, any instances of water scarcity can hamper our ability to meet delivery deadlines, impacting our business prospects. At the same time, water is a sensitive natural resource that is crucial to the livelihoods of communities and the health of natural environments. For these reasons, it is imperative that we adopt responsible, well-considered approaches to water extraction, usage and disposal.

### Reducing Our Water Use Footprint

Conscious of the importance of water as a shared resource of society, we strive to minimise our consumption by leveraging purpose-fit technologies and approaches.

Some of the solutions we have implemented include:

Water-efficient Appliances	Water-efficient Fixtures
These solutions waste less water while enabling us to meet specific operational requirements	Solutions like motion-sensor taps and dual flush toilets, in addition to the use of IoT technology to automatically detect leakages in pipes and taps

Equally, we recognise the important role that society and local communities play in reducing water consumption. To promote water saving practices across our workforce, we regularly organise water conservation campaigns which are promoted across our premises and common facilities and utilities, such as toilets and pantries.

### Adopting Circular Practices

Our business activities place considerable demand on the municipal water system, in turn impacting Malaysia's available water resources. To counter this negative impact, we are actively adopting circular practices which leverage the rich natural resources our land banks offer.

In 2023, we installed rainwater harvesting systems across 208 of our semi-detached and bungalow units. These systems collect rainwater that falls on our land banks and process it for use in our landscaping and other activities. Moving forward, we will also install rainwater harvesting systems in homes across all upcoming developments as part of our Setia eGreenLiving initiative, thus encouraging sustainable water use amongst our customers.

On a similar note, we use lakes located within our developments as water retention ponds, with the water used for landscaping and irrigation purposes. These ponds also form an important mitigation measure against the risk of water shortages, offering us a ready-made backup solution should any municipal water supply cuts threaten our access to water.

In addition, we have implemented water recycling systems to maximise the reuse of water within our operations.

#### Our Performance

Note: All data presented below relates to our Malaysian operations only.

#### Water Consumption:

Aided by the efficacy of our water saving measures, we maintained our positive trend of decreasing water use in 2023, achieving a 14.8% decrease in Group-wide consumption.

### Responsibly Discharging Wastewater

Irresponsibly discharged water can affect irreparable damage to waterways, the marine life within them and the communities that depend on them to carry out economic activities. To minimise risk of negative impacts from the discharging of water, we have aligned our practices fully with local regulations and best practices.

As a basis, we adhere fully to the Environmental Quality Act 1974 and the National Sewerage Systems Act 1993, which details clear standards for sewage and industrial effluent discharge. Our discharges are required by law to meet specific limits for various pollutants, and we must obtain consent from the Department of Environment ("DOE") before undertaking discharges.

On top of our compliance to national laws, we refer to and benchmark our performance against industry-recognised standards in water quality and water discharge management, including:

National Water Quality Index ("NAWQI")	Green Building Standards
NAWQI sets benchmark values for various water quality parameters, guiding our efforts to improve the quality of our discharge.	We are guided by the water use and discharge standards set within the Green Building Index ("GBI"), Leadership in Energy and Environmental Design ("LEED"), Greenmark and GreenRE rating systems, which are internationally recognised.
Sustainable Drainage Systems ("SuDS")	
We adhere to the best practices of SuDS – defined as environmentally beneficial drainage systems – and adopt these practices in designing our own systems.	

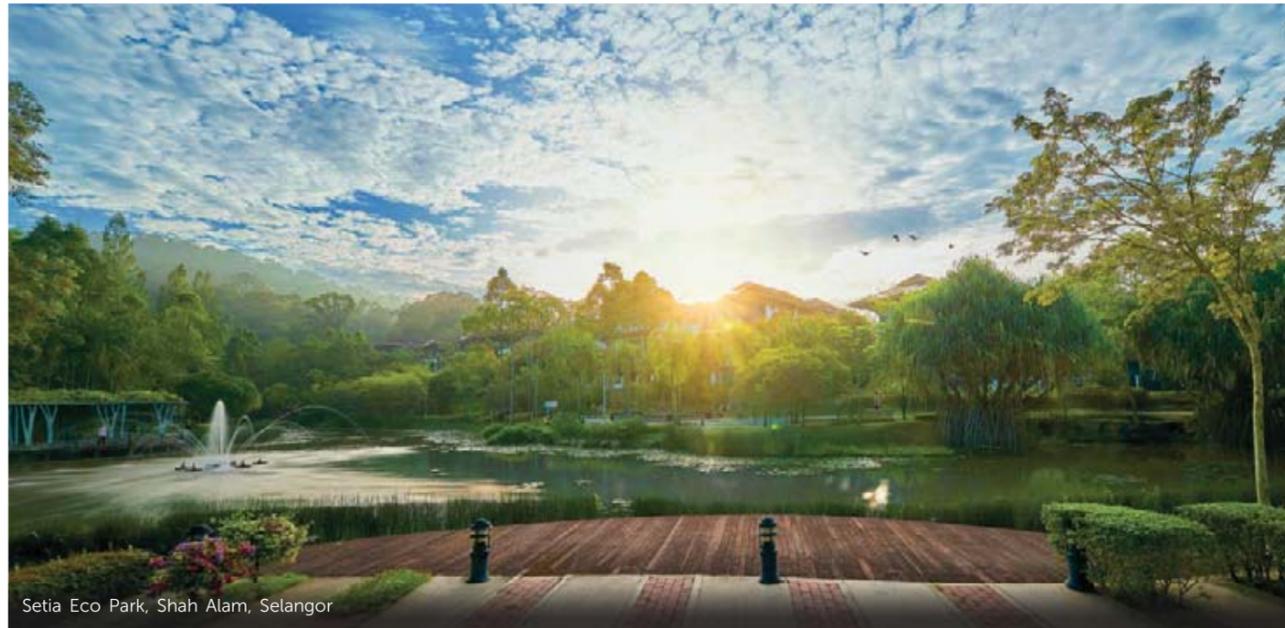
	2023	2022	2021
Water Used (ML)	501.56	588.52	581.69

Water Consumption by Business Type (ML)	2023	2022	2021
Construction	21.24	30.17	36.20
Property Development	267.94	390.99	417.30
Others	212.38	167.36	128.19

# Sustainability Statement

## BIODIVERSITY

Our construction activities involve disruptions to natural habitats. This poses risks not only to the plant and animal species that live within these habitats but may also upset the natural balance of the ecosystem, leading to negative impacts on water quality, air quality and food security, and thus to local communities and the residents of our developments too.



Setia Eco Park, Shah Alam, Selangor

### Our Approach to Biodiversity

We adopt a balanced approach to managing biodiversity impacts across our developments. While our business necessarily depends on the use and transformation of natural landscapes, we take care to ensure that our activities minimise long-term damage. Furthermore, we invest in conserving and restoring natural habitats within our land banks with the aim of building communities where humans, flora and fauna can co-exist in harmony. In doing so, we enhance quality of life for our residents and set a positive example for other developers in the region to follow.

### Understanding our Biodiversity Impacts

In seeking to minimise disruptions to natural habitats, we consider a variety of potential impacts including:

Impact	Description
Ecosystem Disruption	We undertake land clearing to build our developments, leading to the removal of vegetation and the disruption of existing ecosystems. This can lead to the complete loss of habitat for various plant and animal species.
Air Pollution	Machinery, vehicles and construction materials may release particulate matter and emissions that contribute to air pollution.
Water Pollution	Runoff from our sites may carry pollutants into nearby water bodies, impacting aquatic ecosystems.
Noise Pollution	Noise pollution from our construction activities may disturb wildlife and alter the behaviour of animals.
Reduction of Flora and Fauna Species	The destruction of natural habitats during construction may threaten existing flora and fauna species, leading to population decline or extinction.

Our efforts to protect flora and fauna species from these risks start from the beginning of the lifecycle of new projects. During the pre-development phase, regular ecological assessments are conducted, followed by a review of biodiversity-related risks and opportunities. This empowers our teams to develop site plans that minimise disruption to natural habitats and, at the same time, maximise the potential of these habitats to improve the attractiveness of the end development to customers.

Environmental Impact Assessments are also carried out to gauge the potential impact of our developments on natural environments, including biodiversity. These assessments are conducted whenever deemed necessary throughout the project lifecycle.

### Restoring Natural Habitats

Once our developments are complete, our focus turns to the restoration and rehabilitation of natural habitats.

Across our developments, we invest in extensive tree planting initiatives aimed at enhancing biodiversity and enticing animal species to return. In 2023, we planted 746 trees within our development sites, bringing our total trees planted to 24,278 across 325 acres of land. Taking this further, Adventure Park at Setia Ecohill 2 is an 18-acre forest that hosts a wide variety of trees – including native species – alongside eco-friendly amenities for our customers such as jogging tracks and mountain biking lanes. The forest stands on land that used to be part of a rubber estate, and our extensive efforts have successfully altered this monocultural setting for the better, creating a whole new habitat for a greater variety of wildlife to thrive.



Adventure Park, Setia Ecohill 2, Semenyih, Selangor



Setia Eco Glades, Cyberjaya, Selangor

Extensive tree planting initiatives

**101,822 trees** planted and transplanted

Equivalent to **2,240 tonnes** of CO<sub>2</sub> emissions avoided per year

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Adventure Park at Setia Ecohill 2

**18-acre forest** with diverse trees, including native species

Eco-friendly **amenities:** jogging tracks, mountain biking lanes

Transformed land from a rubber estate to a diverse habitat for **wildlife**

Illustrating the impact of our efforts on local biodiversity, a survey carried out in 2022 showed that 51 bird species frequented the area, including 19 new species that were not detected when the previous survey of the land was conducted in 2017.

# Sustainability Statement



Citizen Setia Junior Mini Gardeners

Social

## POSITIVE, SUSTAINED COMMUNITY AND SOCIAL IMPACTS

The betterment of communities stands at the heart of our purpose as an organisation. By putting people first and delivering lasting impacts to those around us, we can safeguard our sustainability as a business.

### ➤ OCCUPATIONAL HEALTH AND SAFETY

At Setia, we take a proactive stance towards occupational health and safety. Through our robust governance structure and an effective management system, we stringently monitor risks and implement purpose-fit and project-specific measures to safeguard our employees, business associates, customers and the general public. Beyond mitigating occupational hazards, we strive to maintain healthy and happy workplaces that promote holistic physical and mental wellbeing.

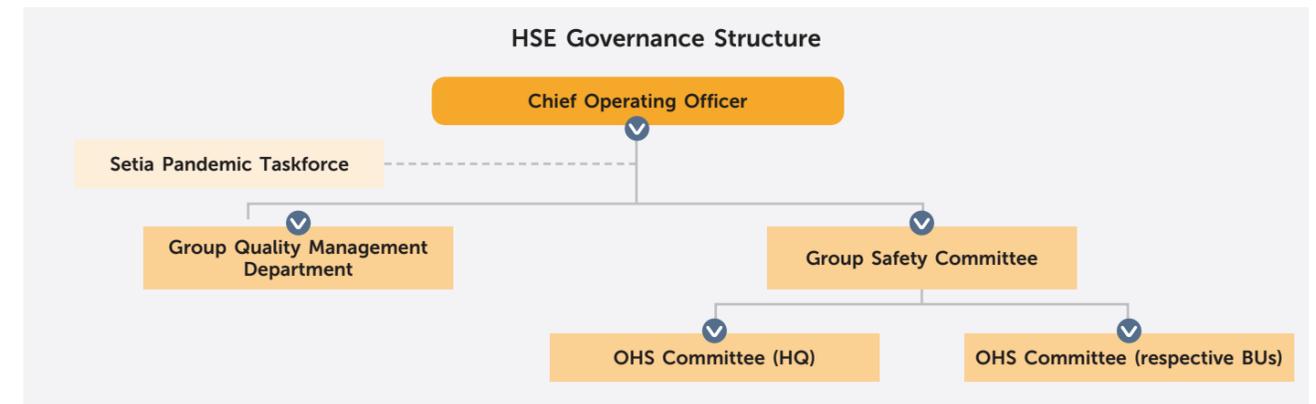
### Our HSE Governance Structure

Our HSE Governance Structure empowers effective oversight and response to health and safety matters that arise at all levels of the Group.

The structure is pillared on OHS Committees at the Group-level and within each of our Business Units, which are responsible for monitoring risks, investigating issues and implementing initiatives across all project sites. In addition, we have established OHS Committees at all our offices and project sites.

Our Business Unit-level committees meet on a monthly basis to remain attuned and responsive to evolving work environments and maintain continuous dialogue with project site managers and employees to drive understanding and adherence to our standards.

All OHS Committees report to the Group's Safety Committee, which is overseen by our Chief Operating Officer and supervised by GQM and HSE representatives. This promotes accountability and ensures the consistent and effective implementation of policies and procedures across our operations.



In addition to the committees detailed above, each of our project sites also has an HSE Committee, as per the regulations of the Department of Occupational Safety and Health and as required by the Occupational Health and Safety Act 1994 ("OSHA 1994"). These committees – which meet once a month to discuss OSH matters – are chaired by the respective project managers of the project site in question, each of whom are supported by a secretary (an HSE officer) and comprise of employer and employee representatives for balanced consideration of risks and actions. In the case of project sites managed by contractors, the HSE Committee also includes representatives from our project implementation team.

### Our Occupational Health and Management System

Our Group-level Occupational Health and Management System ("OHS Management System") is designed to safeguard the health and wellbeing of every individual contributing to our business. It provides detailed guidance on the correct practices to adopt in carrying out all activities conducted within our operations, from routine day-to-day tasks to specialised operational activities, with processes tailored to mitigate against risks that are specific to the activity in question. Further to this, tailored risk management approaches are implemented to complement our existing system in certain situations where our employees conduct highly specialised activities and are thus exposed to unique risks.

The system is certified under ISO 45001:2018 – Occupational Health and Safety Management System and ISO 14001:2015 – Environmental Management System, validating our maintenance of internationally-recognised standards in health and safety. Its coverage extends to all employees within the Group, including permanent, contract and part-time staff, in addition to all employees of our contractors when they carry out work at our project sites.

### Continuous Monitoring and Review

To ensure the optimal performance of our system and foster ongoing enhancements, we regularly engage in comprehensive management reviews to assess the methodologies employed throughout our various project sites. This systematic evaluation encompasses several key aspects, including:

1. Compliance with legal and other requirements
2. The approach of our employees to hazards, risks and opportunities in the project environment
3. Progress against Group-level objectives
4. The efficacy of operational and other controls

# Sustainability Statement

In addition to these ongoing evaluations, HSE audits are performed by our GQM department on a monthly basis at project sites. These audits serve to ensure strict compliance with established standards, practices and policies, and extend to the oversight of contractor compliance. Audit findings are promptly communicated to the manager responsible for the project site or activity in question, who assumes responsibility for implementing corrective actions, with a subsequent follow-up conducted to verify the efficacy of these measures. The manager also communicates relevant information to workers and their representatives, fostering collective understanding and action.

Through our rigorous monitoring and review procedures, we systematically document our HSE performance across project sites. This documentation serves as a foundation for continuous improvement, enabling us to refine health and safety processes and enhance overall outcomes.

Furthermore, we conduct a minimum of one internal audit annually at the Group level. The primary objective of this audit is to assess the effectiveness of our policies and procedures, ensuring alignment with overarching HSE objectives.

To drive continuous improvement in our HSE performance, we have also established HSE Inspection Score, a monthly score issued to each respective project across the Group. In 2023, we achieved 84.52%, far surpassing our target score of 75% for the fourth consecutive year.

## Hazard Identification and Risk Assessment Processes

Each of our project sites present specific risks to employees, contractors and the environment. As such, it is essential that we maintain thorough processes to identify site-specific hazards and risks.

As a basis, we conduct regular inspections of worksites to identify and assess potential hazards. Based on the findings of such inspections, we prioritise hazards using a risk matrix, assessing their importance based on potential impact and likelihood of occurrence, thus enabling us to channel resources to address the most critical issues identified first.

On a day-to-day basis, project site operations teams are responsible for assessing risks and promptly addressing any instances of non-compliance. Our GQM department also conducts monthly audits across all ongoing projects to identify areas for improvement, thus ensuring that our risk controls remain up to date as projects evolve, while regular reviews of risk assessments are undertaken to ensure their continued relevance. Any changes in processes, equipment or work environment triggers an immediate re-evaluation of associated risks.



Monthly HSE audits, contractor oversight and swift corrective actions ensure strict adherence, while Group-level audits align policies with HSE objectives. We achieved a HSE Inspection Score of **84.52%** in 2023, far surpassing our target score of 75% for the fourth consecutive year.

In addition, we carry out Job Hazard Analysis procedures, whereby each job task is analysed to identify specific actions that pose a risk of severe injury. Regular checks on equipment and machinery are also carried out to ensure they are in good working condition.

Across our processes, we take care to ensure that the input of our project teams, consultants and employees is considered. This aids in ensuring a balanced view of project site hazards and risks, empowering more effective risk mitigation efforts.

## Incident Investigation Processes

When workplace incidents occur, we ensure that responsive action is taken immediately by qualified professionals, including on-site safety officers and our Emergency Response Team ("ERT"), to ensure the safety of all individuals involved and mitigate any further risks and dangers caused by the incident. The incident is then meticulously recorded, with the relevant Person in Charge ("PIC"), typically a designated safety officer or supervisor, informed promptly via text. Subsequently, an email is dispatched within 24 hours of the incident to the PIC, the Head of the Group Safety Committee and the Secretary of the Group Safety Committee, providing comprehensive details for further review and necessary follow-up actions.

After this, an investigation is promptly initiated, involving the Group Safety Committee, the ERT and representatives from the Business Unit in question. This investigation involves the use of root cause analysis to identify the underlying factors that contributed to the incident, and may involve reviews of existing procedures, the equipment used at the project site and employee actions leading up to the incident. This enables the formulation of appropriate corrective measures to prevent reoccurrence, with insights shared across other relevant project sites for collective improvement.

## Employee Participation in Workplace Safety

Our project implementation teams have a frontline view of hazards and risks, and we value their input as an essential enabler towards enacting more effective processes and creating safer workplaces.

All project site employees are represented on their project site-specific OHS Committee, which meets monthly, or their office OHS Committee, which meets every quarter. In addition, project site

employees contribute to key HSE processes including safety meetings, hazard and risk assessments and control measure formulation. This provides them the opportunity to express concerns transparently and engage in open, two-way communication. They also take part in weekly toolbox meetings where they can discuss specific safety issues and share experiences in an informal setting.

In addition, we have established Health and Safety Committees at each project site, with these committees having decision-making authority on matters related to health and safety procedures, implementation and initiatives. As part of their committee, project site employees contribute to enhanced safety by working with their management team to identify workplace hazards and conduct regular safety inspections. Their participation also gives them the opportunity to suggest appropriate safety training programmes suited to the unique challenges they face.

## HSE Training and Awareness

In striving to creating a safety-centric culture across the Group, we organise regular training programmes on health and safety for our project site and management-level employees. Programmes offered include:

### Safety Induction

All new employees and workers at project sites are required to attend a full safety and health induction



### Ongoing Safety Training Sessions

Regular sessions to reinforce fundamental safety practices and raise awareness about potential workplace hazards



### Emergency Response Training

In-depth training on emergency response procedures, including evacuation plans, first aid and proper use of emergency equipment



### Job Safety Analysis (JSA) Training

Specific guidance for employees to conduct a Job Safety Analysis for the identification and mitigation of safety risks



### Legal Compliance Training

Up-to-date information on relevant occupational health and safety laws, regulations and compliance requirements



It is compulsory for project site employees to attend trainings in scaffolding, machinery operation, working at height and emergency response procedures. These vital trainings help to ensure that they have the capabilities to minimise safety risks while on the job.

We also strive to encourage excellence in health and safety by rewarding high-performing employees with the opportunity to undertake safety certification programmes. Additionally, supervisors and managers are provided with training on safety leadership, empowering them with the knowledge and skills to further a culture of safety within their workplace.

## Non-occupational and Healthcare Services

Beyond the workplace, we want our employees to lead healthy, happy and balanced lives. To this end, we offer programmes, benefits and other services that promote holistic mental and physical health.

We conduct mental health awareness programmes on a regular basis, including through our partnership with Naluri, providing our employees with information, resources and training to address non-work related mental health risks. These programmes are geared towards helping them develop the tools to combat stress, build resilience and maintain a healthy work-life balance. Furthermore, our employees can access fully sponsored counselling services to confidentially discuss any personal issues they may encounter with a qualified professional.

To promote physical health, we offer our employees comprehensive educational resources across key health and wellness topics, covering healthy lifestyle choices, nutrition and exercise. Voluntary fitness and wellness challenges are also organised on a periodic basis to encourage physical fitness, with these challenges creating a sense of camaraderie amongst employees.

These initiatives are in addition to the comprehensive health insurance coverage that we provide all employees, which covers preventive care, routine check-ups and specialist consultations. We also provide healthcare navigation services, aiding our employees in selecting suitable providers to meet their healthcare needs.

## Contractor Safety

We work with a variety of suppliers and business partners across our projects and understand that any discrepancies in health and safety standards can increase the level of risk faced by employees of both parties and the general public.

The process of managing such risks starts before a contractor is appointed. During the project bidding phase, potential contractors must detail their health and safety management processes, with these processes forming important criteria in the selection process. Specifically, contractors must demonstrate adherence to OSHA 1994, and we encourage building and major infrastructure contractors to obtain ISO 14001:2015 and ISO 45001:2018 certification, validating their commitment to creating a safe working environment.

# Sustainability Statement

Thereafter, once a contract is awarded, the contractor is required to submit a detailed HSE plan for management review, while employees of the contractor undergo induction training on our standards and processes. In addition, a comprehensive risk assessment is undertaken to identify any risks that may arise due to the health and safety processes of the contractor, with appropriate preventive measures and controls put in place to minimise risks identified. This may include engineering controls, administrative controls and the use of personal protective equipment ("PPE") to mitigate identified hazards.

To maintain standards and minimise risks as projects progress, we apply the same practices that we use internally to our contractors. This includes continuous monitoring of practices, regular audits of project sites and ongoing communication of health and safety updates, as well as access to mechanisms to report health and safety incidents or concerns. Further to this, employees of our contractors are availed of ongoing training and awareness sessions, tailored to the specific risks associated with their project.

## Our Performance

### Work-related Fatalities, Lost Time Incident Rate and Employees Trained on Health and Safety Standard

In 2023, we recorded zero number of cases work related fatalities for employees and non-employees. Our Lost Time Incident Rate ("LTIR") was 0.68 for employees and 0.02 for non-employees.

In 2023, 943 of our employees and 2,535 non-employees received training on our health and safety standards, representing a marked increase on the corresponding figures in 2022 and 2021 in line with our commitment to driving continuous improvement in managing occupational hazards and risks.

	2023	2022	2021
Number of work-related fatalities (Employees)	0	0	0
Number of work-related fatalities (Non-employees)	0	0	0
Lost Time Incident Rate ("LTIR") (Employees)	0.68	N/A	N/A
Lost Time Incident Rate ("LTIR") (Non-employees)	0.02	N/A	N/A
Number of employees trained on health and safety standards (Employees)	943	N/A	N/A
Number of employees trained on health and safety standards (Non-employees)	2,535	51	300
Total manhours worked for the reporting period (Employees)	3,217,528	N/A	N/A
Total manhours worked for the reporting period (Non-employees)	18,495,158	17,279,761	15,408,863



## CUSTOMER SATISFACTION

The satisfaction of our customers is central to maintaining our reputation as a trusted and progressive property developer, which in turn impacts our ability to execute our strategies and realise our growth objectives. To keep our customers happy, we adopt a multifaceted approach aimed at achieving excellence in product quality, customer service and business practices, while safeguarding our customers' data privacy through robust controls and measures.

### Establishing Customer Satisfaction KPIs

We aim to make customer satisfaction a priority across our business. To this end, we have set customer service KPIs for our frontline staff and avail them of relevant training modules that are delivered on a regular basis throughout the year.

To ensure our desired standards are upheld, audits are conducted on our customer service levels, with learnings promptly disseminated for improvement measures to be implemented.

### Evaluating Our Performance

To measure our customers' satisfaction level and guide continuous improvement to our customer service, we conduct twice-yearly surveys. These surveys require customers to provide feedback across six key aspects of the customer journey, empowering a holistic assessment of our performance.

### Protecting Customer Data Privacy

The security of our customers' data is paramount to the trust they hold in us as an organisation. With cybersecurity risks evolving fast, we employ leading threat protection technologies to ensure that our customers' data is protected against loss, theft, misuse and unauthorised access, usage, alteration and destruction, while adhering strictly to the requirements of the Personal Data Protection Act ("PDPA"). Customer data is only kept for as long as is necessary to fulfil the requirements of our Privacy Policy, thus further reducing the risk of data breaches occurring.

Customer data privacy is spearheaded by our Group Legal department and the heads of our Business Units, who work collaboratively to monitor and address any potential threats that emerge. At the same time, we recognise that employees stand at the frontline of data protection, and thus invest in initiatives to ensure they embed good data protection practices in their everyday work. This includes:



Talks and roadshows by qualified legal personnel on the criticality of data privacy and the repercussions that may occur in the event of a breach



Reviews of all relevant documents and correspondence involving customers, carried out by Group Legal, to ensure PDPA compliance



Regular communications from Group Legal via email on outcomes and learnings from the reviews carried out

In addition to these touchpoints, our employees are also availed of training in cybersecurity standards and best practices, including our monthly Cybersecurity Awareness eLearning programme.

## Our Performance

Note: All data presented below relates to our Malaysian operations only.

### Customer Data Privacy Complaints:

In 2023, we received no substantiated complaints concerning breaches of customer privacy or losses of customer data, either from outside parties or regulatory bodies.

### Leaks, Thefts or Losses of Customer Data:

In 2023, there were no identified leaks, thefts or losses of customer data across the Group.

# Sustainability Statement

## EMPLOYEE MANAGEMENT

Our people are the fuel behind our progress. They maintain our high quality standards, uphold our culture and drive action towards achieving our strategic objectives.

To bring the best out of our employees and our business, we provide highly competitive remuneration and benefits, invest in impactful training and upskilling initiatives, and strive to build diverse and inclusive workplaces that encourage transparent communication and innovative thought. Doing so drives the retention of our workforce and enhances our reputation as an employer of choice, delivering shared value for our business and our people.

### Providing Competitive Remuneration and Benefits

In line with our goal of driving talent attraction and retention, we provide our employees with competitive remuneration and benefits packages that are commensurate with their capabilities, experience and level of responsibility assumed within the Group.

Employees are remunerated in accordance with their job grade, as reflected in our pay structure, and we adhere to a salary range of 45%. In addition to their base salary, employees are provided with yearly performance-based rewards which are determined based on their achievement of set KPIs and their competencies.

#### All employees receive the following benefits:

- Leave entitlement
- Outpatient and hospitalisation coverage
- Staff purchase discounts
- Study loans
- Professional membership annual subscription fee



To support our employees in balancing work with the need to take care of their loved ones, we provide five days of personal/carer's leave per year, which can be claimed in the following circumstances:

- To care for their legal spouse or child when sick or unwell
- To care for a parent who is ill or has a medical condition



To claim personal/carer's leave, employees are required to submit relevant supporting documentation, such as a doctor's letter that certifies the medical condition of the dependent in question.

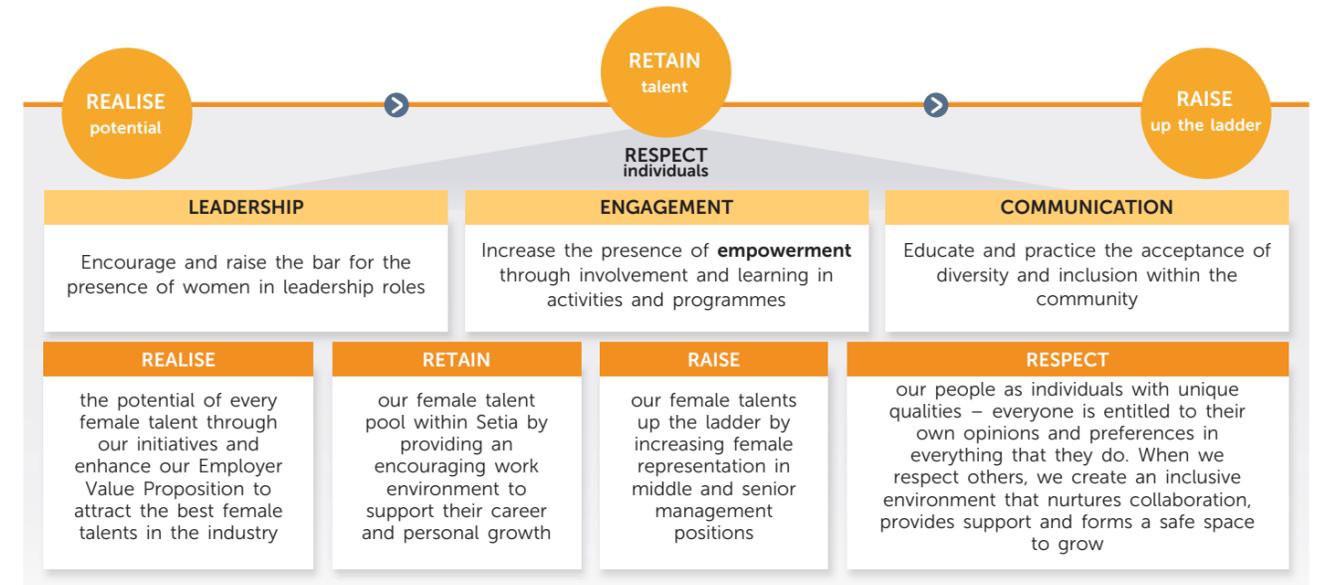
### Building Diverse Workplaces

We believe that diverse work environments lead to a more dynamic, motivated and productive workforce. To this end, we nurture workplaces where everyone feels valued for the unique talents they offer and has an equal opportunity to progress in their career.

As the basis of our approach, we commit to providing equal access, rewards and resources to employees regardless of race, gender or religion, and to eliminating workplace discrimination in all its forms.

A key focus area of our efforts is gender diversity and inclusion. Our Women of Inspiration ("WIN") initiative, established in 2017, hosts programmes and activities throughout the year to create productive dialogue around the challenges and opportunities facing women in the workplace. Organised under the three pillars of Leadership, Engagement and Communication, the initiative provides our women employees with resources to build their skills and leadership competencies while working to break biases and build a gender diverse mindset across our workforce. These outcomes ultimately contribute to our goal of retaining our female talent, realising their potential, raising them up the management ladder and building a respective and inclusive environment – the "4Rs".

Reflecting the importance of gender diversity and inclusion, WIN is led by our Board of Directors, sponsored by our CEO, chaired by our COO and run by our committee of diversity advocates, also known as "DiVas". In 2023, WIN organised a calendar of events to celebrate International Women's Day, focused around the theme of "Embracing Equity". This included story features on female leaders, employees and young talent making an impact across our business, a fun Purple & Pink Day where all employees could show their support, and EmpowHER, a two-hour event open to all employees and Business Associates that celebrated the achievements of women and spotlighted our commitment to driving gender equity in the workplace.



### Nurturing Our Talent

Acknowledging the pivotal role our employees play in our business success, we are committed to driving their continuous growth and professional development through focused, role-specific training programmes.

In line with our commitment, we allocate 2% of our Annual Gross Salary towards comprehensive training programmes. Programmes are developed according to our business needs and competency gaps, in alignment with our strategic development goals, with this process led by our GHR department. The department communicates our development focus through the GHR channel on an ongoing basis, fostering a shared vision among employees, while keeping track of training programmes, their duration and attendance levels via a purpose-fit system.

In 2023, our focus in employee development was on driving alignment to our new vision and mission, fostering stronger and more cohesive teams across our business and continuing our journey in improving service and quality standards within our service and technical teams. Key programmes included:

#### Vision-Mission Roadshow

This roadshow aimed to strengthen our employees' understanding, commitment and alignment to our new corporate vision and mission, thus fostering a shared sense of purpose and collective action towards achieving our aspirations. With 27 sessions held across our business footprint, including outside Malaysia, the roadshow reached a total of 1,650 employees.

#### Corporate Team Building ("Thriving As One")

In support of our new vision and mission, we organised corporate team-building sessions – themed "Thriving As One" – for a total of 1,708 employees. The sessions aided in fostering stronger bonds across our workforce while encouraging openness and flexibility in preparing for change.

#### Sales & Service Pathway and Service Exchange Series

Our Sales & Service Pathway sessions aimed to instill the mindset of a consultant within our sales and marketing team and other frontline employees, encouraging them to approach their work with the objective of delivering customer-centric experiences through partnerships and personalisation. Supporting this, the Service Exchange Series functioned as a platform for knowledge and experience sharing across the different roles that our frontline employees fill (e.g. customer relations, credit administration, property management), empowering better service standards and exceptional customer experiences.

Collectively, these trainings impacted a total of 1,466 employees.

#### Technical Tea Talk and other compulsory technical trainings

Through a series of compulsory trainings, we forged a common understanding amongst our technical team members on our quality and HSE expectations. These employees also had access to insights on various topics related to technical and construction work through our Technical Tea Talk sessions, empowering them to continue learning and growing in their roles. A total of 635 employees attended these sessions.

In our pursuit of excellence in training and development, we measure the effectiveness of our approach through key metrics including employee feedback on training programmes, our Employee Engagement Score (People Pulse Score), our Customer Satisfaction Score and our Succession Index.

# Sustainability Statement

## Developing Future Leaders

In addition to our employee training programmes, we introduced the People4ward@Setia programme to instill the specific skills that our leaders need to make a bigger impact on their teams.

The programme consists of four modules and includes business simulations and brown bag sessions to facilitate understanding and practical application. Key areas covered include talent management and the evolution of leadership skills in the digital realm, with a particular emphasis on agility and talent dexterity. These elements collectively contribute to our goal of nurturing leaders who can use digital tools to their advantage and lead digitally-savvy talent. In 2023, 23 senior managers completed the programme.

Our succession planning efforts also include the Setia Mentorship Programme, which connects up-and-coming future leaders with experienced mentors across the following pairings:

Setia Mentorship Programme (Mentor-Mentee Matching)	
Mentor	Mentee
Executive Vice President/Divisional General Manager	Head of Department ("HOD")/General Manager ("GM") Level
GM/Deputy General Manager	Senior Manager Level
Senior Manager/HOD Level	Manager Level

This six-month programme is open to employees who have been identified as a potential future leader of the Group. Through their mentorship, they get access to valuable insights gained across the career of their mentor, who in turn contributes by mapping out a career development plan that will maximise the potential of their mentee within the Group. After the programme concludes, the mentee is then evaluated and, if successful, selected as a potential successor.

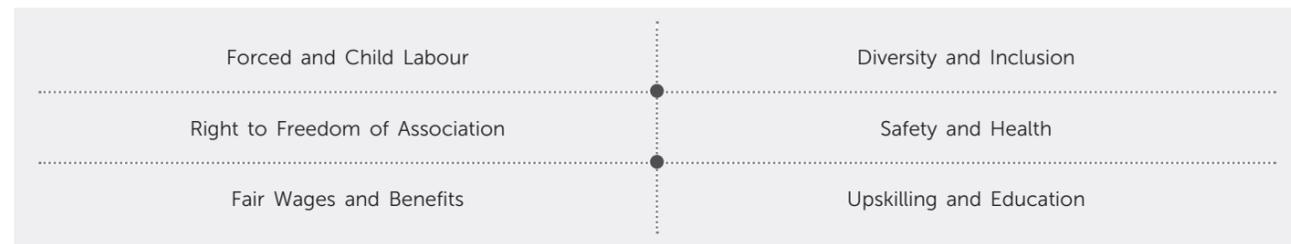
## Enabling Concerns and Issues to be Raised

We want our employees to feel that they can raise any issues or concerns they may have – whether pertaining to suspected wrongdoing by a member of staff, discriminatory treatment at the workplace or any other issue – without fear of reprisal. To this end, we have established a grievance procedure that is open to all employees of the Group, as detailed below.

- To submit a grievance, employees must complete a grievance form and submit it to their performance manager or immediate supervisor within four days
- The manager in question will then take steps to resolve the issue, failing which the grievance is escalated to the GM of the division or Business Unit in question
- Further efforts are taken to resolve the issue, failing which the grievance is escalated to the GHR department
- If further efforts to resolve the issue are unsuccessful, the grievance is escalated to the Deputy President and Chief Operating Officer, or to the President and Chief Executive Officer, who then decides on the necessary steps to resolve the issue

## Upholding Labour Rights

In line with our commitment to fair employment practices, we implemented our Labour Rights Policy on 1 July 2023. The policy is in alignment with the expectations of and the framework provided by PNB and comprises six material matters:



In each of these matters, the policy defines clear commitments and standards that we expect of ourselves, our employees and our Business Associates. Through this, it empowers us to ensure consistency in employment practices across our business footprint and strict adherence to prevailing laws and regulations in our countries of operation.

During 2023, there were no substantiated complaints concerning human rights violations across the Group.

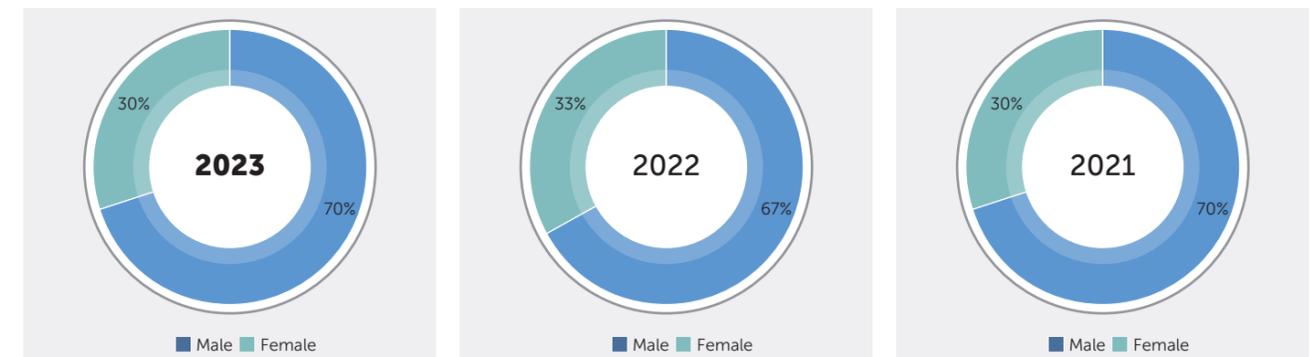
## Our Performance

Note: All data presented below relates to our Malaysian operations only.

### Board of Directors Profile

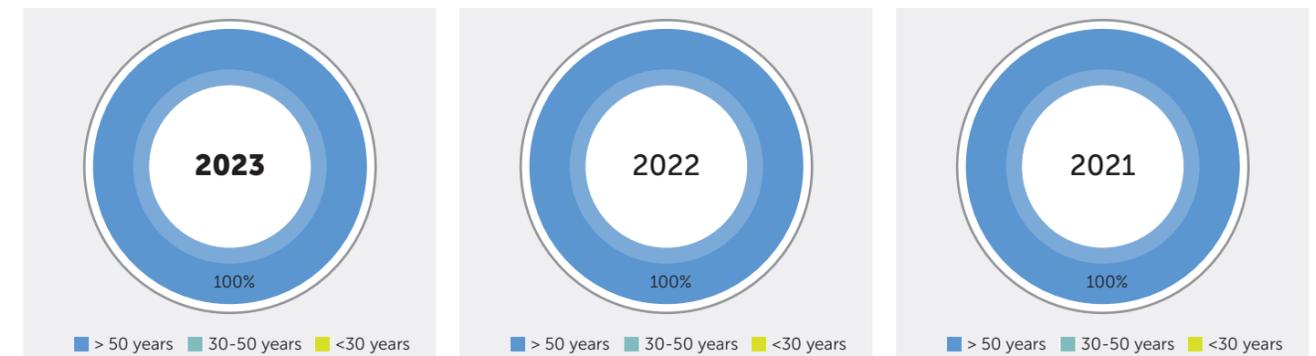
In line with our aim to maintain a Board that offers a diverse mix of perspectives and skills, 30% of the Board was represented by women in 2023.

#### Percentage of Board Members by Gender

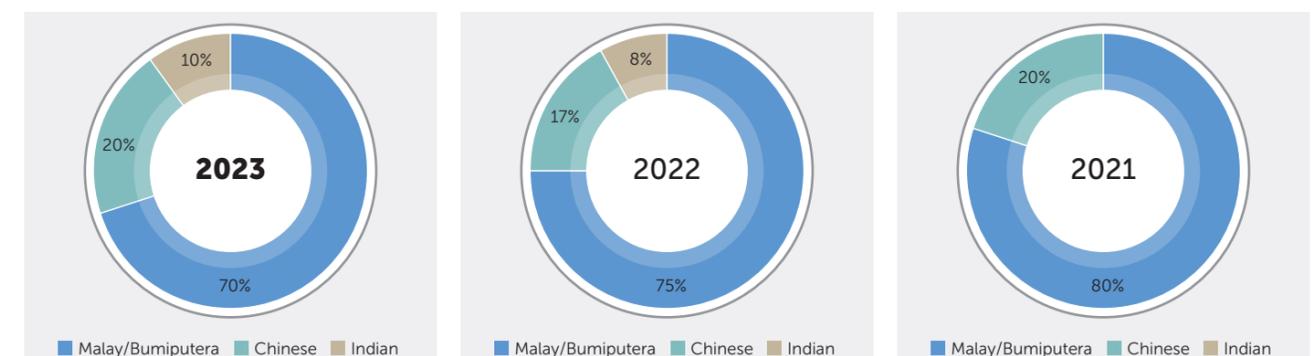


#### Percentage of Board Members by Age

We are honoured that all our Directors are above 50 years of age. We believe that, with their experience and leadership, they are ideally equipped to guide our up-and-coming talents to follow in their footsteps.



#### Percentage of Board Members by Ethnicity



# Sustainability Statement

The following charts illustrate our employee diversity, with employees categorised according to ages and gender. Data for 2022 and 2021 was disclosed according to GRI guidelines, whereas our reporting approach this year follows Bursa's sustainability reporting requirements and GRI secondarily.

Hence, the data shown below for 2021 and 2022 consists of percentages rounded to the first decimal point, as the denominators are based on total number of employees. For 2023, the denominators are based on the total employees within that specific category.

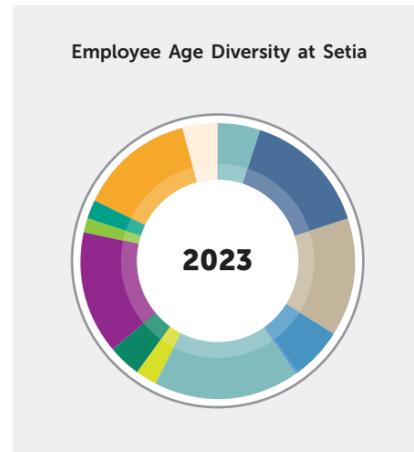
## Gender Diversity by Employee Category

	2023	2022	2021
Senior Management – Male (%)	63.16%	0.70%	0.60%
Senior Management – Female (%)	36.84%	0.30%	0.30%
Management – Male (%)	56.52%	6.20%	6.30%
Management – Female (%)	43.48%	4.30%	4.30%
Junior Management – Male (%)	50.81%	13.40%	12.90%
Junior Management – Female (%)	49.19%	12.20%	11.60%
Executive – Male (%)	49.51%	19.70%	20.30%
Executive – Female (%)	50.49%	19.70%	19.20%
Non-Executive – Male (%)	65.71%	15.00%	16.20%
Non-Executive – Female (%)	34.29%	8.50%	8.30%



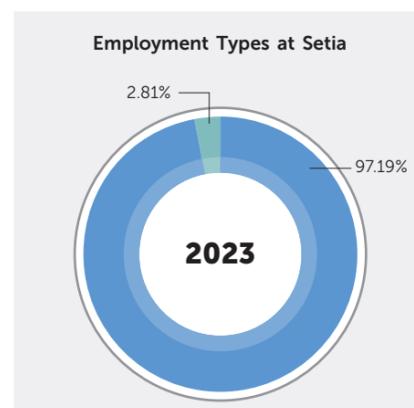
## Age Diversity by Employee Category

	2023	2022	2021
Senior Management – 30-50	26.32%	0.30%	0.29%
Senior Management – Above 50	73.68%	0.66%	0.63%
Management – 30-50	70.53%	7.36%	7.80%
Management – Above 50	29.47%	3.13%	2.86%
Junior Management – Below 30	1.42%	0.55%	0.24%
Junior Management – 30-50	86.44%	22.23%	21.33%
Junior Management – Above 50	12.15%	2.82%	2.96%
Executive – Below 30	19.86%	9.27%	8.92%
Executive – 30-50	71.89%	27.22%	27.82%
Executive – Above 50	8.25%	2.97%	2.67%
Non-Executive – Below 30	11.51%	3.07%	3.49%
Non-Executive – 30-50	68.82%	16.23%	16.92%
Non-Executive – Above 50	19.66%	4.18%	4.07%



## Workforce by Type of Employment

	2023	2022	2021
Permanent (%)	97.19%	96.90%	98.00%
Contract (%)	2.81%	3.00%	2.00%
Part Time (%)	0.00%	0.10%	0.00%



## New Hires and Turnover

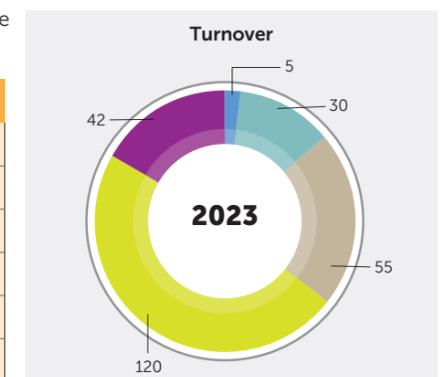
A total of 131 employees were hired in 2023, compared to 215 in 2022.

New hires by employee category	2023
Senior Management	3
Management	13
Junior Management	30
Executive	65
Non-Executive	20



Our employee turnover stood at a total of 252 employees for 2023, as visualised by the infographic.

Total number of employee turnover by employee category	2023
Senior Management	5
Management	30
Junior Management	55
Executive	120
Non-Executive	42
Employee Total Attrition	252



## Parental Leave:

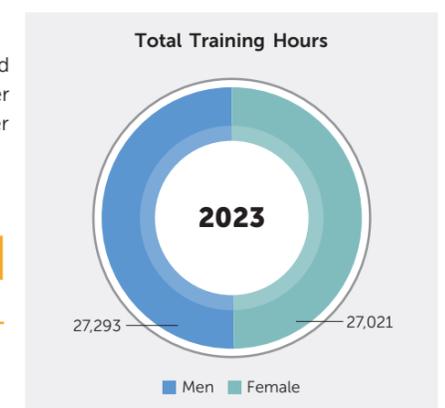
	Men	Women	Total
Number of employees entitled for Maternity Leave/Paternity Leave	969	674	1643
Number of employees who took Maternity Leave/Paternity Leave	80	52	132
Number of employees who returned to work after Maternity Leave/Paternity Leave	80	52	132
Number of employees who returned to work after Maternity Leave/Paternity Leave ended and were still employees 12 months after returning to work	74	46	120
Rate of return of employees who had taken Maternity Leave/Paternity Leave	100%	100%	100%
Retention rate of employees who had taken Maternity Leave/Paternity Leave	93%	88%	91%

## Training and Development

In line with our continuous investment in workforce upskilling, our employees completed a total of 54,314 hours of training in 2023. This equates to 29.3 hours of training per employee, a marked increase compared to the 25.3 hours of training completed per employee in 2022.

## Training by Gender:

	Men	Women
Total No. of Training Hours	27,293	27,021

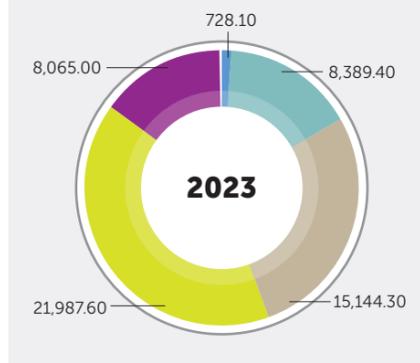


# Sustainability Statement

## Total Hours of Training by Employee Category

Employee Category	2023
Senior Management	728.10
Management	8,389.40
Junior Management	15,144.30
Executive	21,987.60
Non-Executive	8,065.00

Training Hours by Employee Category



## LABOUR MANAGEMENT

Recognising the importance of our employees towards reaching our goals as a business, we have established a wide range of labour management practices covering every aspect of their work with us. Collectively, these practices enable us to engage with our employees more effectively, understand and address their concerns, and ensure their satisfaction at work.

At the same time, we are committed to upholding our employees' right to freedom of association and adopt a similarly stringent approach towards ensuring our workplaces and those of our business associates are free of any form of child labour and forced or compulsory labour.

### Our Established Labour Management Practices

Our approach to labour management is geared towards achieving the following objectives:

Focus Area	Objective
Working Hours	Provide and make available a clear overview of the working days and hours, and the compensation structure for after-hours work, for each employee category
Benefits and Wages	Ensure that our remuneration levels enable us to attract, motivate and retain high quality employees
Employee Contracts	Provide all employees with a written, comprehensible and legally binding employment contract or letter
Labour Rights	Ensure that the rights of our employees and ourselves as the employer are protected at all times
Leave	Ensure that we deliver to the needs of our employees while meeting the productivity requirements of our business
Training and Development	Develop the necessary skills and competencies to empower our employees' career advancement and address competency gaps in our business
Whistleblowing and Investigation	Provide trustworthy channels for our employees to submit any complaints regarding employment practices, health and safety, business ethics or other issues, while keeping their identity confidential and protected against detrimental treatment
Health, Safety and Environment	Maintain rigorous processes that enable us to quickly detect any workplace hazards or unsafe work conditions while promoting holistic physical and mental health across our workforce
Sexual Harassment	Prevent and eradicate sexual harassment at our workplaces

## Fostering Healthy and Happy Workplaces

Understanding the clear link between employee well-being and satisfaction, we have implemented a variety of initiatives that support holistic physical and mental health across our workforce.

In addition to our various mental health campaigns (see "Occupational Health and Safety" on page 156 for more), we have launched the extensive Setia Cares programme in collaboration with Naluri, providing our employees with resources and tools that include:

- Monthly webinars
- A digital coaching programme
- On-site or video-based therapy sessions
- Professional health coaching
- Digital tools and self-monitoring devices
- Physical health screenings
- A 24/7 dedicated careline
- A wellness website where they can access all services centrally

The programme covers all employees across our workforce, empowering them to adopt healthier lifestyle habits and proactively address any issues they may be facing – whether at the workplace or in their everyday lives. As evidence of its impact, the programme achieved the following results during 2023:

1,836 employees recruited on to the Naluri app

863 employee chat sessions completed

341 employees attended customised webinars

921 health screenings completed across a 15-day roadshow

## Providing Flexibility to Employees

Workplace flexibility is another way that we support our employees' holistic wellbeing. Our approach here comprises three policies – Flexible Working Hours ("FWA"), Work From Anywhere ("WFA") and Working From Home ("WFH"). Each empowers our employees to more effectively balance their work commitments with their duties at home such as taking care of their children or parents.

In addition to these policies, we have also introduced Smart Casual Fridays to promote a more informal work environment prior to weekends.

### Flexible Working Hours

The employee is given the flexibility to manage their own working hours provided that:

- He or she is available, in the office, from 10am to 5pm, which are our core hours of work; and
- He or she completes nine working hours at the office, including their lunch break

### Work From Anywhere

This arrangement allows an employee to work in another Setia office, instead of travelling to their base office, in order to avoid heavy traffic jams. The employee may also arrange his or her work schedule to meet their commitments at home and foster greater work-life integration.

Approval is subject to the nature of the employee's work and the availability of office space.

### Working From Home

This arrangement is applicable for employees who are required to be physically away from the office under the following circumstances:

- Office space is unavailable due to the impact of a natural disaster (e.g. flood, earthquake, fire, etc.)
- A pandemic causes the employee's office to be closed
- Any other crisis situation that prevents the employee from coming into the office (e.g. hostage, blackout, etc.)
- Other unavoidable circumstances which are not listed above and which require the employee to work from home. For example:
  - An employee who is infected or who has had close contact with a person infected with a contagious disease
  - An employee who is attending to a personal issue, such as a death in the family

# Sustainability Statement

## Engaging Our Employees

To foster transparent, two-way communication with our employees, we conducted various engagements throughout 2023 including:

- Corporate teambuilding sessions which aimed to foster stronger interpersonal bonds and preparedness for change across our workforce
- Our Vision & Mission Roadshow, which aimed to strengthen employees' understanding and support of our new vision and mission

## Supporting Freedom of Association

We support our employees' right to freedom of association and act fully in compliance with local labour laws pertaining to freedom of association.

## Standing Against Child Labour

We stand firmly against all forms of forced labour and child labour, including modern slavery, bonded labour and human trafficking. To this end, we align our practices and standards with the Core Labour Standards of the International Labour Organisation and the Children & Young Persons (Employment) Act 1966 of Malaysia.

Should any person below the age of 15 be hired, the child or young person must cease work immediately.



Setia Family Day at Setia Alam Impian, Shah Alam

## Eradicating Forced or Compulsory Labour

In line with our CoCBE, we have established clear and comprehensive measures and rules to eradicate any instances of forced or compulsory labour.

As a basis, all employees have the right to leave their workplace premises after completing the standard workday and are free to terminate their employment provided that they provide reasonable notice.

Should any person be found to be in a forced labour situation, be it intentionally or unintentionally, we take immediate steps to remedy the issue and prevent a reoccurrence of the violation. Steps that we may decide to take include:

- Instituting strong disciplinary and/or legal actions on anyone found to be profiteering or taking advantage by employing or introducing persons that may eventually be put under forced labour situations
- Ensuring all persons involved in the recruitment process are trained on social compliance standards
- Implementing additional mechanisms or measures to identify potential forced labour practices and prevent them from taking place
- Putting our labour agents through rigorous screening mechanisms to ensure they recruit workers ethically

Further to this, we provide our employees with training on the CoCBE and social compliance standards to enable them to recognise and report any violations to this rule.

## Our Performance

Note: All data presented below relates to our Malaysian operations only.

### People Pulse Survey

	2023	2022	2021
People Pulse Survey – Engagement Score	72%	75%	86%

### Operations and Suppliers at Significant Risk of Forced or Compulsory Labour

We expect all business associates that we do business with to uphold our firm stance on forced or compulsory labour, as detailed above. Should a pattern of violations become known to the relevant decision-maker(s) within the Group, and this behaviour is not rectified within a reasonable timeframe, the business relationship is discontinued.

## COMMUNITY AND SOCIAL IMPACTS

The advancement of communities is central to our philosophy as a company. Our corporate purpose of Creating Sustainable Communities refers not only to the developments we build and the lifestyles we offer our customers but embodies our entire approach to business, including the positive impacts we create for communities beyond our developments and across Malaysia.

Through our extensive community-based programmes, we aim to meet the needs of the physically or economically disadvantaged, drive improved educational outcomes, promote national unity and social inclusion, and support Malaysians in times of natural disasters or other crises. Collectively, these efforts contribute to the socioeconomic advancement of the nation, build trust between us and our stakeholders and provide us with the social license to undertake our business activities.

### Building a Brighter Future with S P Setia Foundation

Our community-based activities are carried out by S P Setia Foundation ("SPSF"), our dedicated charity arm. Formed in 2000, SPSF is guided by its mission to create a brighter future for communities, achieving this through sustainable social initiatives that align with our overarching ESG agenda.

SPSF's initiatives fall under four focus areas, which are:

#### Disaster Relief

Approaches include:

- Mobilising resources to provide timely assistance during times of natural disasters and other emergencies
- Forging partnerships and building networks for the efficient distribution of emergency supplies to affected communities
- Offering support to communities as they recover from the event

#### Community and Health

Approaches include:

- Providing basic essentials to ease the burden faced by B40 families
- Helping underprivileged communities celebrate festive occasions by supplying festive baskets and providing financial aid
- Building the capacity of communities through skills and knowledge transfer initiatives
- Providing assistance and support to ensure B40 patients receive quality healthcare in times of need

#### Education

Approaches include:

- Bridging educational gaps at underperforming or under-resourced schools by providing learning equipment such as laptops
- Adopting schools and providing comprehensive assistance including back-to-school and annual stipend support while organising activities and initiatives to create a more enjoyable learning environment
- Offering free tuition to students from B40 families

#### Unity

Approaches include:

- Fostering interaction, understanding and harmony amongst youth through sports, arts and cultural initiatives
- Bringing diverse people and entities together to support those in need during festive seasons and through community engagement programmes

In support of SPSF's efforts and to promote a community-focused culture across our workforce, we encourage our employees to volunteer for the various initiatives they carry out. Employees can apply for clearance to participate in initiatives during working hours and our GHR department provides volunteer leave for employees who take part in initiatives during weekends.

## Sustainability Statement

### Managing and Mitigating Community Impacts

Our construction activities involve the clearing of land and the disruption of natural habitats, which may in turn affect local communities by:

- Depleting natural barriers against extreme weather events and natural disasters
- Impacting the ability of local community members to generate a living via agricultural or other nature-dependent economic activities
- Negatively affecting the health of local communities through pollutants released from construction sites

To minimise the likelihood of these negative impacts, we carry out Environmental Impact Assessments at all project sites during the planning stage. This enables us to proactively identify and minimise environmental risks and their potential impacts on communities.

### Local Community Development Programmes

In 2023, we launched "Sincerely, Setia" as SPSF's flagship initiative, with the mission to spread kindness and love to all underserved Malaysians. The initiative represents the true essence of giving and selflessness, serving as a testament to our generosity and commitment, and encompasses four key focus areas: Disaster Relief, Community and Health, Education, and Unity.

At the same time, we have continued to launch further activations under the Setia Caring School Programme, which has been SPSF's main initiative since 2015. The programme aims to bridge educational gaps amongst the underserved, granting equitable opportunities to B40 and disabled students through targeted educational aid and collaborative unity initiatives.

Some of the highlights of our community work in 2023 are spotlighted below.



### Community and Health

#### Sincerely, Setia Healthcare and Well-being Assistance Programme

At an event held at our corporate headquarters, SPSF demonstrated its commitment to supporting underprivileged, poverty-stricken and critically ill Malaysians by presenting mock cheques to Pusat Perubatan Universiti Malaya and Hospital Canselor Tuanku Muhriz, with the funds supporting 559 needy patients and their caregivers.

Under the programme, SPSF also delivered community impact in 2023 by:

- Donating 20 wheelchairs to Majlis Sukan Negara for the use of paralympic athletes and people with disabilities from the local community
- Donating 21 wheelchairs to Hospital Shah Alam for the use of its patients
- Providing 750 basic personal hygiene kits and light food packs to the families of B40 patients staying at hospital transit centres at Hospital Shah Alam and Hospital Serdang in Selangor
- Donating 30 wheelchairs to people with disabilities and elderly individuals through Hospital Bukit Mertajam and five selected NGOs in Penang, in conjunction with Minggu Saham Amanah Malaysia 2023 ("MSAM 2023")

### Community and Health: Festive

#### Sincerely, Setia Chinese New Year Gift Basket Programme

SPSF visited two old folks' homes during Chinese New Year to spread joy during this auspicious season, providing residents at Joy Garden Old Folks' Home in Semenyih and Chik Sin Thong Old Folks' Home in Klang with gift baskets and money packets.

Collectively, the programme touched the lives of 64 residents across the two homes, made possible through a donation drive organised by SPSF, with invaluable contributions from Team Setia.

#### Sincerely, Setia Ramadan Mubarak Programme: Financial Literacy

In collaboration with strategic partners including Lembaga Zakat Selangor, Amanah Saham Nasional Berhad, Agensi Kaunseling dan Pengurusan Kredit and a subsidiary of the Group, Perumahan Kinrara Berhad ("PKB"), SPSF provided essential financial education to 80 *asnaf* individuals, including heads of families and *muallaf*. Attendants also received a zakat contribution from PKB and a *syawal* basket.

#### Sincerely, Setia Ramadan Mubarak with Asnaf Children & Families

SPSF supported *asnaf* children and their families during the month of Ramadan by distributing *syawal* gift baskets, *duit raya*, *baju raya* vouchers and Klothcares upcycled curtains to 162 beneficiaries, with these contributions made possible through a zakat contribution from PKB and an internal donation drive by Team Setia.

#### Sincerely, Setia Syawal Programme: Pusat Jagaan Warga Emas Nur Ehsan Wanita

Conducted in two phases, the Sincerely, Setia Syawal programme at Pusat Jagaan Warga Emas Nur Ehsan Wanita commenced with home rejuvenation activities and a *gotong-royong*. The initiative continued during the second phase with the provision of essential items and physiotherapy sessions facilitated by a physiotherapist from Hospital Sultan Ismail, Johor Bahru, to 42 elderly individuals and people with disabilities. Collectively, these activities significantly contributed to the enhancement of their overall well-being.

#### Sincerely, Setia Deepavali Gift Basket Programme

SPSF brought joy to 35 elderly residents at Pertubuhan Perkhidmatan Sosial dan Pembangunan Komuniti ("PSPK") Daerah Gombak by donating Deepavali gift baskets that comprised of personal hygiene kits and blankets.

To celebrate the festive season, SPSF also gifted 3,000 pots of NFT hydroponics systems, fostering a spirit of growth and well-being within the community.



#### Chinese New Year

- SPSF visited two old folks' homes

#### Hari Raya Celebration

- Programme at Pusat Jagaan Warga Emas Nur Ehsan Wanita

#### Deepavali Celebration

- SPSF brought joy to 35 elderly residents at Pertubuhan Perkhidmatan Sosial dan Pembangunan Komuniti (PSPK)

#### Christmas Celebration

- Setia Christmas Gift Basket programme

### Sincerely, Setia Christmas Gift Basket Programme

In conjunction with the festivities of Christmas, SPSF organised the Sincerely, Setia Christmas Gift Basket programme, which comprised of two activities:

#### Contributing to Grace Old Folks Home Care Centre in Kota Kinabalu, Sabah:

SPSF provided 24 Christmas gift baskets to residents, decorating their homes and organising a musical performance to bring festive cheer. Volunteers also undertook house upgrading work, including the installation of curtain railings and brand new curtains, to improve residents' quality of life.

#### Contributing to Hospital Wanita dan Kanak-Kanak Sabah:

SPSF distributed 120 fun packs, consisting of toys, snacks and Christmas accessories, to the hospital's paediatric patients, while providing sanitary packs to 65 parents of the children staying at the hospital.

### Community and Health: Special Celebration

#### Sincerely, Setia Children's Day Celebration

In celebration of Children's Day, SPSF conducted three impactful initiatives at Pusat Perubatan Universiti Malaya ("PPUM"):

- Setia Reading Corner Project: establishing a comfortable reading space for children at PPUM's paediatric unit, while providing an estimated 100 children from the ward with access to books via a mobile library
- Providing Sekolah Dalam Hospital with four CPU units to support the continuing education of their medical staff
- Collaborating with our internal landscaping team to rejuvenate PPUM's garden and make it more child-friendly

#### Sincerely, Setia Spreading Joy with the Elderly

SPSF collaborated with Ella Rock Queen Team to distribute personal hygiene kits and light food kits to 100 elderly residents at Pusat Jagaan Darul Hanan, Penang.

# Sustainability Statement

## Education

### Setia Caring School Programme

Since its inception in 2015, the Setia Caring School Programme has impacted the lives of B40 students and teachers across the country through donations of educational resources, skills training and other strategic interventions. It also encompasses an annual stipend programme, under which we donate essential schooling items worth up to RM150 to students in need.

In 2023, the programme made a difference for 1,270 students from 12 schools across Selangor, Penang and Johor.

### Sincerely, Setia Tuition Mission in Sabah: Pecutan Akhir SPM

Over the course of five days, SPSF empowered the educational journeys of 120 B40 students from Sabah in collaboration with Jabatan Pendidikan Negeri Sabah by providing:

- Targeted tuition across four core SPM subjects, totalling 26 hours of intensive learning per student
- Daily inspirational talks, which included practical learnings and career advice from our volunteers, and other motivational sessions
- Student aid kits, which included essential stationery supplies such as notebooks, pens and files

### Promoting STEM in Collaboration with MSAM 2023

In conjunction with MSAM 2023, SPSF organised GeoTalk, an exploration of STEM education delivered in collaboration with the Geological Society of Malaysia. A fun STEM learning session was also organised with The Institution of Engineers, Malaysia, which enabled students to enjoy this engaging learning approach outside traditional classroom settings.

These two STEM education programmes collectively reached 51 B40 students and 10 orphans.

## Unity

### Sincerely, Setia Volunteer Weekend with Kaum Orang Asli

In collaboration with Yayasan Sukarelawan Siswa and The Institution of Engineers, Malaysia, SPSF organised a STEM fun learning session, cultural activities and inspirational talks at two of the oldest Orang Asli villages in Dengkil – Kampung Bukit Tampoi and Kampung Kolam Air Bangkong – reaching 70 community members. The event was supported by various sponsors including Kloth Cares Malaysia, Dutch Lady Milk Industries, Yeo's Hiap Seng Ltd and Neutrovis Malaysia.

### Sincerely, Setia Volunteer Weekend in Papar, Sabah

The second Sincerely, Setia Volunteer Weekend empowered B40 community members from Papar, Sabah with nine engaging activities across the themes of Education, Healthcare and Community over two days. The programme was delivered in collaboration with AsmahKadir Empire ("AKE"), Universiti Malaysia Sabah's Faculty of Medicine and Health Sciences and Faculty of Natural Resources, the Institution of Engineers Malaysia (Sabah branch) and Institut Kemahiran Belia Negara ("IKBN") Kinarut, enabling the dissemination of key skills and knowledge to beneficiaries in each of these areas.

250 community members, and 55 teachers and *Persatuan Ibu Bapa Dan Guru Di Sekolah* ("PIBG") members, attended the two-day programme.

## Our Performance

Note: All data presented below relates to our Malaysian operations only.

### Community Investments

In 2023, we invested a total of RM520,000 in community-based initiatives, benefitting 5,044 people.

	2023 (RM)	2022 (RM)	2021 (RM)
Total amount invested in community initiatives	520,000	405,154	1,160,000

Note: 100% of the total amounts stated above went to beneficiaries that are external to the Group.

## ADOPTING THE TCFD RECOMMENDATIONS

In 2023, we adopted the TCFD recommendations. In doing so, we aim to enable more informed decision-making on our business prospects and outlook in light of the risks and opportunities brought about by climate change.

### Governance of Climate-related Risks and Opportunities:

Our governance of climate-related risks and opportunities leverages our established sustainability governance structure, which covers all sustainability issues across the Group.



The governance structure is designed to provide a clear line of reporting, thus ensuring that all climate-related risks and opportunities across the Group are identified in an appropriate and timely fashion.

The Sustainability Working Group is responsible for identifying sustainability matters and implementing solutions across our business. It provides the Management Sustainability Committee with quarterly updates on climate-related matters including but not limited to emissions target setting, the setting of emissions baselines and the preparation of the Setia Green Roadmap. The Management Sustainability Committee, which includes our CEO and members of our senior management team, then reports on these sustainability matters to the Board Sustainability Committee. Sustainability risks, including climate-related risks, are also updated to the Board Sustainability Committee.

In addition to this reporting structure, our Management Risk Team – which is chaired by our CEO and comprises members of our senior management team – reports updates on sustainability risks, including climate-related risks, to our Risk Management Committee on a quarterly basis. The Risk Management Committee is chaired by an Independent Non-Executive Director and comprises other members of the Board, ensuring high-level strategic input on risks identified.

Ultimately, the relevant sustainability matters, including climate change risks, are reported to the Board of Directors. The Board of Directors has ultimate oversight on all sustainability matters, including those related to climate change.

# Sustainability Statement

## Establishing Strategies for Climate-related Risks and Opportunities:

To facilitate effective management of climate-related matters, we undertook an exercise to map our existing Group-level risks against the specific implications on these risks due to climate change. This led to the formulation of specific strategies that will be implemented by the Group under each risk area, as detailed below.

Risk Type	Description of Risks and Opportunities	Mitigation Strategies
<b>Funding and Liquidity Risks</b> Time Horizon (Climate-related Exposure): Short-term (1 to 2 years) to Long-term (>5 years)	<b>Risk:</b> Lack of availability of project financing for project sites that are prone to extreme weather events.  <b>Opportunity:</b> Green financing offers a potential avenue to secure funding, leveraging growing investor interest in sustainable and responsible investment instruments.	<ul style="list-style-type: none"> <li>Progressively minimise our carbon footprint through various sustainable initiatives such as renewable energy adoption in developments</li> <li>Engage with banks to seek opportunities in green financing while ensuring we meet the necessary criteria for such funding mechanisms</li> </ul>
<b>Market Risk</b> Time Horizon (Climate-related Exposure): Short-term (1 to 2 years) to Long-term (>5 years)	<b>Risk:</b> An inability to adapt to the shift in market and consumer preferences towards sustainable product offerings may negatively affect our competitiveness.  <b>Opportunity:</b> We can grow our revenue by proactively developing sustainable product offerings.	<ul style="list-style-type: none"> <li>Incorporate green features that drive carbon emissions reductions, such as the integration of solar panels and electric vehicle charging stations, into our developments</li> </ul>
<b>Project Planning, Feasibility and Development Strategy Risk</b> Time Horizon (Climate-related Exposure): Short-term (1 to 2 years) to Long-term (>5 years)	<b>Risks:</b> <ul style="list-style-type: none"> <li>Extreme weather events may cause delays to project completion</li> <li>Transitioning to green materials may result in cost escalations, impacting the feasibility of certain projects</li> <li>New technologies adopted to reduce carbon emissions may not be suitable for implementation</li> <li>Climate change-related impacts may result in stranded assets which cannot generate revenue</li> </ul> <b>Opportunities:</b> <ul style="list-style-type: none"> <li>By adopting the IBS construction technique, we can reduce wastage from our construction processes and drive faster time-to-completion.</li> <li>By introducing green product offerings, we can increase our revenue.</li> </ul>	<ul style="list-style-type: none"> <li>Adopting environmentally-friendly technologies to reduce carbon emissions, such as solar energy and IBS</li> <li>Procuring green materials such as low-VOC paint for use within our construction processes</li> <li>Adopting innovative green design approaches, such as passive design, to maximise the exposure of our properties to natural sunlight and thus reduce electricity consumption</li> <li>Retrofitting our lights with LED bulbs, which are more energy-efficient</li> </ul>

Risk Type	Description of Risks and Opportunities	Mitigation Strategies
<b>Competition Risk</b> Time Horizon (Climate-related Exposure): Short-term (1 to 2 years) to Long-term (>5 years)	<b>Risk:</b> An inability to adapt to evolving expectations around sustainability could lead to a loss of customers to our competitors, reduced revenue and reputational damage.  <b>Opportunity:</b> By embracing sustainable initiatives and developing sustainable product offerings, we can enhance our brand equity and reputation.	<ul style="list-style-type: none"> <li>Establishing a dedicated Innovation Team to spearhead the innovation of sustainable product offerings</li> <li>Keeping abreast of evolving consumer trends and demands through effective customer engagement processes</li> </ul>
<b>Environmental and Corporate Sustainability Risk</b> Time Horizon (Climate-related Exposure): Short-term (1 to 2 years) to Long-term (>5 years)	<b>Risk:</b> A failure to achieve our approved Setia Green Roadmap milestones would have negative reputational and financial impacts.  <b>Opportunity:</b> By undertaking energy consumption reduction initiatives and continuously assessing our sustainability practices, we can achieve our roadmap goals and position ourselves as a progressive and sustainable business while securing long-term cost savings.	<ul style="list-style-type: none"> <li>Rolled out the Setia Green Roadmap, with the goal of achieving net zero by 2050 and contributing to the mitigation of global climate change impacts</li> </ul>
<b>Political and Regulatory Risk</b> Time Horizon (Climate-related Exposure): Short-term (1 to 2 years) to Long-term (>5 years)	<b>Risks:</b> <ul style="list-style-type: none"> <li>Compliance with regulatory and other government requirements pertaining to sustainability may result in an increase in operational costs.</li> <li>Non-compliance to the requirements of climate-related regulations may result in the forced disposal or write-down of certain assets.</li> </ul> <b>Opportunity:</b> By adopting sustainable initiatives we can achieve significant cost savings.	<ul style="list-style-type: none"> <li>Rolled out the Setia Green Roadmap, which positions us to meet the requirements of upcoming climate-related regulations</li> <li>Continuously assessing our assets to minimise the risk of premature disposal due to non-compliance</li> <li>Continuously monitoring climate-related regulations to ensure ongoing compliance</li> </ul>

These varied strategies, which range from impact reduction initiatives to the longer-term goals under the Setia Green Roadmap, are geared towards mitigating any substantial impact of climate risks on our overall business strategies.

## Sustainability Statement

### Managing Climate-related Risks

Further to the measures we are already taking, our Enterprise Risk Management Framework provides a structure to identify, assess and manage key risks facing the Group as they evolve. Climate change has been identified as one of the key risks under the framework and is continuously monitored. Accordingly, updates on our progress in implementing our action plan for climate-related risks are provided to our Senior Management team and Board of Directors on a quarterly basis.

For more information on our Enterprise Risk Management Framework, please see "Statement of Risk Management and Internal Control" on page 239.

### Establishing Clear Targets

To ensure that we achieve our climate action ambitions and mitigate climate-related risks, we have established clear targets related to emissions and other climate-related metrics within the Setia Green Roadmap.

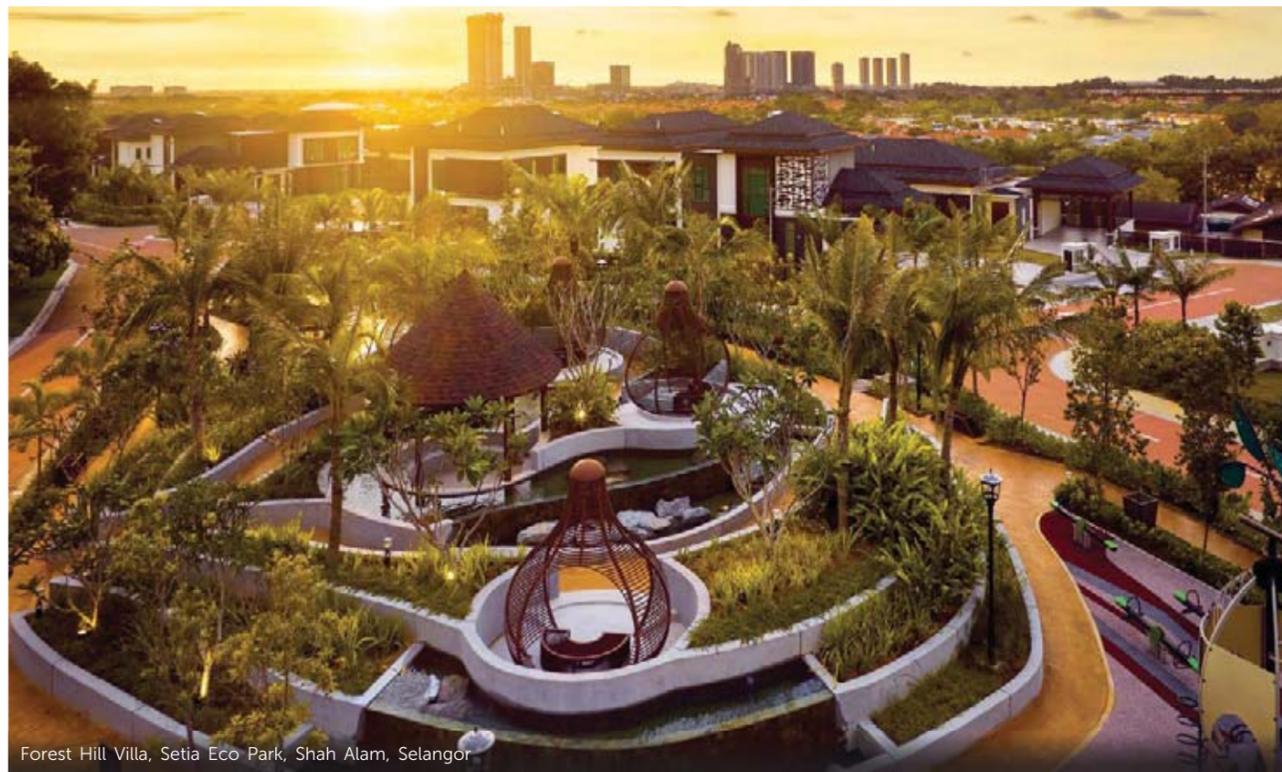
#### Scope 1 Emissions

Achieve a 45% reduction by 2030 and a 70% reduction by 2040, compared to our 2023 baseline

#### Scope 2 Emissions

Achieve a 45% reduction by 2030 and a 70% reduction by 2040, compared to our 2023 baseline

For a full disclosure of our emissions generated in 2023, please refer to "Emissions" on pages 146 and 147.



Forest Hill Villa, Setia Eco Park, Shah Alam, Selangor

### PERFORMANCE DATA TABLE

Note: Economic Value Created (Group)

RM'million	FY2023 RM'000	FY2022 RM'000
<b>VALUE ADDED:</b>		
Revenue	4,373,642	4,454,447
Purchase of goods and services	(3,100,473)	(3,382,692)
Value added by the Group	1,273,169	1,071,755
Other income	249,442	212,741
Share of result of associates	37,273	15,580
Share of result of joint ventures	(83,568)	(36,711)
<b>Total value added available for distribution</b>	<b>1,476,316</b>	<b>1,263,365</b>
<b>DISTRIBUTION:</b>		
To employees		
– Salaries and other staff costs	253,131	217,092
To government & society		
– Income Tax	298,606	200,006
– Zakat & Donation	3,502	2,933
To provider of capital		
– Finance costs	349,080	260,348
– Dividends	161,364	189,306
Retained for future reinvestment & growth		
– Depreciation & amortisation	53,520	35,065
– Retained profits	298,573	304,403
– Minority interest	58,540	54,212
<b>Total Distributed</b>	<b>1,476,316</b>	<b>1,263,365</b>
<b>RECONCILIATION:</b>		
Profit for the year	357,113	358,615
Add: Depreciation & amortisation	53,520	35,065
Finance costs	349,080	260,348
Dividend	161,364	189,306
Staff costs	253,131	217,092
Income Tax	298,606	200,006
Zakat & Donation	3,502	2,933
<b>Total Value Added</b>	<b>1,476,316</b>	<b>1,263,365</b>

## Sustainability Performance Data

Indicator	Measurement Unit	2021	2022	2023
<b>Bursa (Anti-corruption)</b>				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Board Members (including C-Suite)	Percentage	-	-	90.00
Senior Management	Percentage	-	-	94.74
Management	Percentage	-	-	93.72
Junior Management	Percentage	-	-	85.02
Executive	Percentage	-	-	97.76
Non-Executive	Percentage	-	-	99.28
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	70.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
<b>Bursa (Health and safety)</b>				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	-	-	0.68
Bursa C5(c) Number of employees trained on health and safety standards	Number	-	-	943
Bursa C5(a) Number of work-related fatalities (Non-employees)	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR") (Non-employees)	Number	-	-	No Data Provided
Bursa C5(c) Number of employees trained on health and safety standards (Non-employees)	Number	300	51	2,535
Total manhours worked for the reporting period (Employees)	Hours	-	-	3,217,528
Total manhours worked for the reporting period (Non-Employees)	Hours	15,408,863	17,279,761	18,495,158
Bursa C5(b) Lost time incident rate ("LTIR") (Non-employees)	Rate	-	-	0.02
<b>Bursa (Data privacy and security)</b>				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
<b>Bursa (Energy management)</b>				
Bursa C4(a) Total energy consumption	Megawatt	32,600.00	18,150.00	26,715.14 *
Bursa C4(a) Total energy consumption	Megajoules	117,360,000.00	65,340,000.00	96,174,521.00
<b>Bursa (Emissions management)</b>				
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	-	-	457.00
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	-	-	12,429.00
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	-	-
<b>Customer Satisfaction</b>				
Customer satisfaction index	Percentage	-	75.20	75.50
QLASSIC score	Percentage	-	-	-

(\*)Restated

<b>Bursa (Labour practices and standards)</b>				
<b>Bursa C6(a) Total hours of training by employee category</b>				
Senior Management	Hours	No Data Provided	563	728
Management	Hours	No Data Provided	9,242	8,389
Junior Management	Hours	No Data Provided	No Data Provided	15,144
Executive	Hours	No Data Provided	No Data Provided	21,988
Non-Executive	Hours	No Data Provided	No Data Provided	8,065
Non-Management	Hours	31,508	28,687	No Data Provided #
Male	Hours	No Data Provided	No Data Provided	27,293 #
Female	Hours	No Data Provided	No Data Provided	27,021 #
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	2.00	3.00	2.81
<b>Bursa C6(c) Total number of employee turnover by employee category</b>				
Senior Management	Number	-	-	5
Management	Number	-	-	30
Junior Management	Number	-	-	55
Executive	Number	-	-	120
Non-Executive	Number	-	-	42
Employee Total Attrition	Number	-	-	252
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Average training hours per employee	Hours	18	25	29
Total new hires	Number	-	215	131
<b>Bursa (Diversity)</b>				
<b>Bursa C3(a) Percentage of employees by gender and age group, for each employee category</b>				
<b>Age Group by Employee Category</b>				
Senior Management Below 30	Percentage	0.00	0.00	0.00

Internal assurance External assurance No assurance

(\*)Restated

## Sustainability Performance Data

Indicator	Measurement Unit	2021	2022	2023
Senior Management 30-50	Percentage	0.29	0.30	26.32
Senior Management Above 50	Percentage	0.63	0.66	73.68
Management Below 30	Percentage	0.00	0.00	0.00
Management 30-50	Percentage	7.80	7.36	70.53
Management Above 50	Percentage	2.86	3.13	29.47
Junior Management Below 30	Percentage	0.24	0.55	1.42
Junior Management 30-50	Percentage	21.33	22.23	86.44
Junior Management Above 50	Percentage	2.96	2.82	12.15
Executive Below 30	Percentage	8.92	9.27	19.86
Executive 30-50	Percentage	27.82	27.22	71.89
Executive Above 50	Percentage	2.67	2.97	8.25
Non-Executive Below 30	Percentage	3.49	3.07	11.51
Non-Executive 30-50	Percentage	16.92	16.23	68.82
Non-Executive Above 50	Percentage	4.07	4.18	19.66
Gender Group by Employee Category				
Senior Management Male	Percentage	0.60	0.70	63.16
Senior Management Female	Percentage	0.30	0.30	36.84
Management Male	Percentage	6.30	6.20	56.52
Management Female	Percentage	4.30	4.30	43.48
Junior Management Male	Percentage	12.90	13.40	50.81
Junior Management Female	Percentage	11.60	12.20	49.19
Executive Male	Percentage	20.30	19.70	49.51
Executive Female	Percentage	19.20	19.70	50.49
Non-Executive Male	Percentage	16.20 *	15.00	65.71
Non-Executive Female	Percentage	8.30	8.50	34.29
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	70.00	67.00	70.00
Female	Percentage	30.00	33.00	30.00
Below 30	Percentage	0.00	0.00	0.00
30-50	Percentage	0.00	0.00	0.00
Above 50	Percentage	100.00	100.00	100.00
Employees - Types of Employment - Permanent (%)	Percentage	98.00 *	96.90 *	97.19 *
Employees - Types of Employment - Contract (%)	Percentage	2.00 *	3.00 *	2.81 *
Employees - Types of Employment - Part Time (%)	Percentage	0.00	0.10 *	0.00
Employees - Disabilities - Male (%)	Percentage	0.00	0.00	0.00
Employees - Disabilities - Female (%)	Percentage	0.00	0.00	0.00
Employees - Ethnicity - Malay/Bumiputera	Number	1,151 *	1,135 *	1,106 *
Employees - Ethnicity - Chinese	Number	693 *	629 *	544 *
Employees - Ethnicity - Indian	Number	148 *	140 *	128 *
Employees - Ethnicity - Others	Number	71 *	80 *	74 *
Board - Disabilities - Male (%)	Percentage	0.00	0.00	0.00
Board - Disabilities - Female (%)	Percentage	0.00	0.00	0.00
Board - Ethnicities - Malay/Bumiputera	Percentage	80.00 *	75.00 *	70.00 *
Board - Ethnicities - Chinese	Percentage	20.00 *	17.00 *	20.00 *
Board - Ethnicities - Indian	Percentage	0.00	8.00 *	10.00 *
Board - Ethnicities - Others	Percentage	0.00	0.00	0.00

Internal assurance External assurance No assurance

(\*)Restated

Indicator	Measurement Unit	2021	2022	2023
<b>Bursa (Supply chain management)</b>				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	97.60	100.00	100.00
New suppliers that were screened using environmental criteria	Percentage	-	-	No Data Provided
Suppliers assessed for environmental impacts	Number	-	-	No Data Provided
New suppliers that were screened using social criteria	Percentage	-	-	No Data Provided
Suppliers assessed for social impacts	Number	-	-	No Data Provided
<b>Bursa (Waste management)</b>				
Bursa C10(a) Total waste generated	Metric tonnes	-	-	2,730.70
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	-	-	2,001.70
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	-	-	729.00
<b>Bursa (Community/Society)</b>				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	1,160,000.00	405,154.00	520,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	-	-	5,044
Employees that participated in community impact programmes	Number	-	-	391

Indicator	Measurement Unit	2021	2022	2023
Total hours spent on community impact programmes	Hours	-	-	3,898
<b>Bursa (Water)</b>				
Bursa C9(a) Total volume of water used	Megalitres	581.690000	588.520000	501.560000
<b>Materials</b>				
Recycled materials used in ongoing developments	Tonnes	-	-	31.98
Total food waste recycled	Tonnes	-	36.50	24.74

### Disclaimer:

# Items are not externally assured. Unable to change in the ESG Platform due to system limitations.

^ Unable to remove this item due to system limitations.

Internal assurance External assurance No assurance

(\*)Restated

## Independent Assurance Statement

### Statement of Assurance

In strengthening the credibility of this sustainability statement, selected sustainability indicators have been subjected to an independent assurance by KPMG PLT ("KPMG") in accordance with International Standard on Assurance Engagements ("ISAE") 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. The report, as shown below, has been approved by the Board of Directors.



**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants  
Level 10, KPMG Tower  
8, First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388  
Fax +60 (3) 7721 3399  
Website www.kpmg.com.my

**The Board of Directors**  
S P Setia Berhad  
No. 12, Persiaran Setia Dagang  
Setia Alam, Seksyen U13  
40170 Shah Alam  
Selangor Darul Ehsan

Dear Sirs,

#### Independent Limited Assurance Report on Selected Sustainability Information of S P Setia Berhad ("S P Setia") and its subsidiaries (the "Group") for the financial year ended 31 December 2023

We, KPMG PLT ("KPMG"), were engaged to provide limited assurance on the Group's Selected Sustainability Information (the "Subject Matter"), published in S P Setia's Integrated Annual Report for the financial year ended 31 December 2023 (the "Integrated Annual Report"), in the form of an independent limited assurance conclusion as to whether anything has come to our attention that would cause us to believe that the Subject Matter, in all material respects, has not been prepared in accordance with S P Setia's definition and calculation methodologies, including any significant inherent limitations (the "Applicable Criteria").

#### Subject Matter

The Selected Sustainability Information covered by our limited assurance engagement for the financial year ended 31 December 2023 are as follows:

- (i) Percentage of employees who have received training on anti-corruption by employee category (%);
- (ii) Percentage of operations assessed for corruption-related risks (%);
- (iii) Confirmed incidents of corruption and action taken (No.);
- (iv) Percentage of employees by gender and age group, for each employee category (%);
- (v) Percentage of directors by gender and age group (%);
- (vi) Number of work-related fatalities (No.);
- (vii) Lost time incident rate (Rate);
- (viii) Number of employees trained on health and safety standards (No.);
- (ix) Total hours of training by employee category (No. of Hours);
- (x) Percentage of employees that are contractors or temporary staff (%);



Information of S P Setia for the financial year ended 31 December 2023  
1 March 2024

#### Subject Matter (continued)

The Selected Sustainability Information covered by our limited assurance engagement for the financial year ended 31 December 2023 are as follows (continued):

- (xi) Total number of employee turnover by employee category (No.); and
- (xii) Number of substantiated complaints concerning human rights violations (No.).

The boundary of the limited assurance engagement by KPMG on the Selected Sustainability Information covers the Group's operations in Malaysia.

#### Board of Directors and Management's Responsibilities

The Board of Directors of S P Setia (the "Directors") and the management of S P Setia (the "Management") are responsible for the preparation and presentation of the Subject Matter in accordance with the Applicable Criteria, and the information and assertions contained within it; for determining that the criteria is appropriate to meet their needs; and for establishing and maintaining appropriate performance management and internal control systems from which the Subject Matter is derived.

The Directors and the Management are responsible for the prevention and detection of fraud and error mainly through the implementation and continued operation of an adequate system of internal control.

The Directors and the Management are also responsible for ensuring that staff involved with the preparation and presentation of the description of the Subject Matter in the Integrated Annual Report are properly trained, ensuring that information systems are properly updated and that any changes in reporting encompass all significant business units.

The Directors and the Management are responsible for disclosing to us their knowledge of: (i) known, actual or possible non-compliance with laws or regulations that have or may have a material effect on the Subject Matter; and (ii) allegations of or suspected fraud or dishonesty committed against S P Setia.

The Directors and the Management are responsible to make available to us the Subject Matter and any other information timely to facilitate the completion of the engagement within the required time frame.

The Directors and the Management are responsible for disclosing to us facts that may affect the Subject Matter, of which they may become aware up to the date of the independent limited assurance report.

#### Our Responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a limited assurance opinion based on the work performed and evidence obtained.

We conducted our engagement in accordance with Malaysian Approved Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform procedures to obtain limited assurance that nothing has come to our attention to cause us to believe that the Subject Matter is not prepared, in all material respects, in accordance with the Applicable Criteria.

## Independent Assurance Statement



S P Setia Berhad ("S P Setia") and its subsidiaries (the "Group")  
Independent Limited Assurance Report on Selected Sustainability  
Information of S P Setia for the financial year ended 31 December 2023  
1 March 2024

### Procedures Performed

Our limited assurance engagement on the Subject Matter consists of making enquiries, primarily of persons responsible for the preparation of the Subject Matter, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Enquired Management to gain an understanding of the processes established from which the Subject Matter is derived;
- Interviewed with relevant staff responsible for preparing and presenting the Subject Matter in the Integrated Annual Report;
- Compared the Subject Matter presented in the Integrated Annual Report to underlying sources on a sample basis to determine whether all the relevant information has been appropriately disclosed; and
- Read the Subject Matter presented in the Integrated Annual Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of S P Setia.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### Our Quality Management and Independence

Our firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

### Inherent Limitations

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities in the information presented in the Integrated Annual Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Integrated Annual Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

### Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the limited assurance procedures performed and evidence obtained, as described above, nothing has come to our attention that would lead us to believe that the Subject Matter for the financial year ended 31 December 2023 is not prepared, in all material respects, in accordance with the Applicable Criteria.



S P Setia Berhad ("S P Setia") and its subsidiaries (the "Group")  
Independent Limited Assurance Report on Selected Sustainability  
Information of S P Setia for the financial year ended 31 December 2023  
1 March 2024

### Restriction on distribution and use of our report

In accordance with the terms of our engagement, this report on the Subject Matter has been prepared for the Directors for the purpose as described in the first paragraph of this report and for no other purpose. Our report should also not be regarded as suitable to be used or relied on by any party.

We consent to the inclusion of this report in S P Setia's Integrated Annual Report in respect of the financial year ended 31 December 2023, to assist the Directors in responding to their governance responsibilities by obtaining an independent limited assurance report on the Subject Matter. We will not accept any liability or responsibility to any other party to whom our report is shown or into whose hands it may come.

KPMG PLT  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants

Petaling Jaya

Date: 1 March 2024

# 06



# A Force for Change

Setia Family Day at Setia Alam Impian



Setia Bayuemas Lake Park and Setia Alamsari Canal Park received the Honour Awards for the Landscape Development Award



Sustainability & CSR Malaysia Awards 2023



The Edge Malaysia Property Excellence Awards 2023

## LEADERSHIP

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# Corporate Information

## BOARD OF DIRECTORS

**Y.A.M. TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL**  
(Non-Independent Non-Executive Chairman)

**DATUK CHOONG KAI WAI**  
(President and Chief Executive Officer)

**DATO' PHILIP TAN PUAY KOON**  
(Senior Independent Non-Executive Director)

**DATO' AZMI BIN MOHD ALI**  
(Non-Independent Non-Executive Director)

**DATO' MERINA BINTI ABU TAHIR**  
(Independent Non-Executive Director)

**DATO' TENGKU MARINA BINTI TUNKU ANNUAR**  
(Independent Non-Executive Director)

**MR SHERANJIV SAMMANTHAN**  
(Independent Non-Executive Director)

**DATUK IR. KHAIRIL ANWAR BIN AHMAD**  
(Independent Non-Executive Director)

**DATIN WAN DANEENA LIZA BINTI WAN ABDUL RAHMAN**  
(Independent Non-Executive Director)

**MR LIM FU YEN**  
(Non-Independent Non-Executive Director)

**PUAN AIDA HAZRINA BINTI MOHD TAZAAI**  
(Alternate Director to Mr Lim Fu Yen)

## AUDIT COMMITTEE

Dato' Merina Binti Abu Tahir (Chairman)  
Dato' Philip Tan Puay Koon  
Datin Wan Daneena Liza Binti Wan Abdul Rahman

## FINANCE AND INVESTMENT COMMITTEE

Dato' Philip Tan Puay Koon (Chairman)  
Dato' Azmi Bin Mohd Ali  
Mr Sheranjiv Sammanthan  
Datin Wan Daneena Liza Binti Wan Abdul Rahman

## NOMINATION AND REMUNERATION COMMITTEE

Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail (Chairman)  
Dato' Philip Tan Puay Koon  
Dato' Tengku Marina Binti Tunku Annuar  
Datuk Ir. Khairil Anwar Bin Ahmad

## RISK MANAGEMENT COMMITTEE

Mr Sheranjiv Sammanthan (Chairman)  
Dato' Merina Binti Abu Tahir  
Datuk Ir. Khairil Anwar Bin Ahmad  
Mr Lim Fu Yen

## SUSTAINABILITY COMMITTEE

Dato' Tengku Marina Binti Tunku Annuar (Chairman)  
Mr Sheranjiv Sammanthan  
Datuk Ir. Khairil Anwar Bin Ahmad  
Mr Lim Fu Yen

## TENDER AND PROJECTS COMMITTEE

Datuk Ir. Khairil Anwar Bin Ahmad (Chairman)  
Datuk Choong Kai Wai  
Mr Sheranjiv Sammanthan  
Datin Wan Daneena Liza Binti Wan Abdul Rahman

## SECRETARY

Lee Wai Kim  
SSM PC No. 202008001422  
MAICSA 7036446

## REGISTERED OFFICE

S P Setia Berhad Corporate HQ  
12 Persiaran Setia Dagang  
Setia Alam, Seksyen U13  
40170 Shah Alam  
Selangor Darul Ehsan  
Tel: +603-50212525  
Fax: +603-33441568  
Email: corp@spsetia.com

## SHARE REGISTRAR AND PLACE WHERE REGISTER OF SECURITIES IS KEPT

Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01 Level 32 Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8 Jalan Kerinchi  
59200 Kuala Lumpur  
Tel: +603-27839299  
Fax: +603-27839222  
Email: is.enquiry@my.tricorglobal.com

## BANKERS

Affin Bank Berhad  
Affin Hwang Investment Bank Berhad  
Affin Islamic Bank Berhad  
Alliance Bank Malaysia Berhad  
Alliance Islamic Bank Malaysia Berhad  
Ambank (M) Berhad  
AmIslamic Bank Berhad  
Bangkok Bank Berhad  
Bank of China (Malaysia) Berhad  
Bank of China (Hong Kong) Berhad  
Bank Islam Malaysia Berhad  
Bank Muamalat Malaysia Berhad  
Chang Hwa Commercial Bank, Ltd.  
Offshore Banking Branch  
CIMB Bank Berhad  
CIMB Islamic Bank Berhad  
DBS Bank Ltd  
Export-Import Bank of Malaysia Berhad  
Hong Leong Bank Berhad  
Hong Leong Islamic Bank Berhad  
HSBC Amanah Malaysia Berhad  
HSBC Bank Malaysia Berhad  
Industrial and Commercial Bank of China (Malaysia) Berhad

Malayan Banking Berhad  
Maybank Islamic Berhad  
OCBC Bank (Malaysia) Berhad  
Public Bank Berhad  
Public Islamic Bank Berhad  
RHB Bank Berhad  
RHB Islamic Bank Berhad  
Standard Chartered Bank Malaysia Berhad  
Sumitomo Mitsui Banking Corporation  
The Bank of East Asia Ltd  
United Overseas Bank (Malaysia) Berhad

## AUDITORS

Ernst & Young PLT  
202006000003 (LLP0022760-LCA)  
AF 0039  
Level 23A Menara Milenium  
Jalan Damanela  
Pusat Bandar Damansara  
50490 Kuala Lumpur

## SOLICITORS

Lee Hishamuddin Allen Gledhill  
Shearn Delamore & Co  
Skrine & Co  
Rosli Dahlan Saravana Partnership  
Wong & Partners  
Zaid Ibrahim & Co

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

## INDICES

FTSE Bursa Malaysia  
FTSE4Good Bursa Malaysia

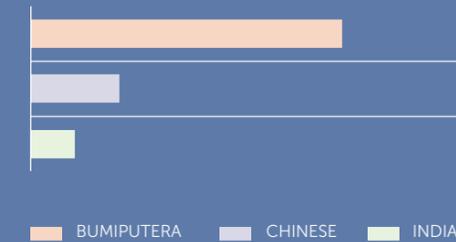
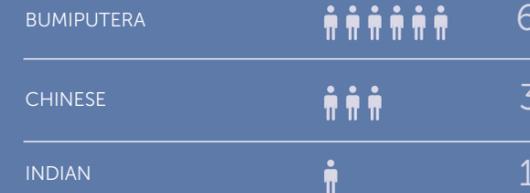
## WEBSITE

www.spsetia.com

# Board at a Glance

(As at 27 March 2024)

## ETHNICITY



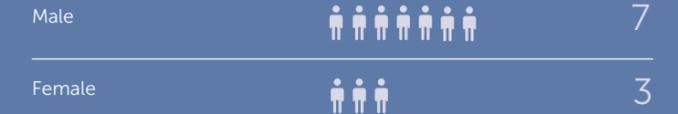
## BOARD COMPOSITION



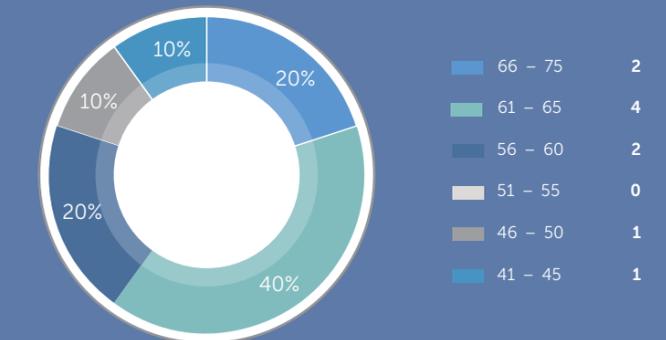
## LENGTH OF DIRECTORSHIP TENURE



## BOARD GENDER DIVERSITY



## AGE



## BOARD NATIONALITY



## Profile of Board of Directors

As At 27 March 2024



**Y.A.M. TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL**  
Non-Independent  
Non-Executive Chairman

Age <b>72</b>	Nationality <b>Malaysian</b>	Gender <b>Male</b>
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Date of Appointment:  
**3 January 2019**

Length of Service:  
**5 years and 2 months**

Membership of Board  
Committee:

**Chairman of Nomination and  
Remuneration Committee**

Number of Board Meetings  
Attended:  
**11/11**

### ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Bachelor of Arts in Accounting, Macquarie University, Sydney, Australia
- Chartered Accountant, Malaysian Institute of Accountants
- Certified Practising Accountant, Australia
- Court of Emeritus Fellows, Malaysian Institute of Management

### SKILLS MATRIX AND INDUSTRY EXPERIENCE:

#### Current Principal Appointments:

- Chairman, Nestle (Malaysia) Berhad
- Chairman, Kenanga Investment Bank Berhad
- Chairman, Lembaga Zakat Selangor
- Chancellor, SEGi University
- Director, Setia (Melbourne) Development Company Pty Ltd
- Director, Setia Australia Limited
- Director, Setia International (Australia) Limited

#### Past Relevant Experiences:

- Chairman, Cahaya Mata Sarawak Berhad
- Chairman, EON Bank Berhad
- Chairman, DRB-Hicom Berhad
- Chairman, Lembaga Tabung Haji Investment Panel
- Chairman, Malakoff Corporation Berhad
- Chairman, Malaysia Airports Holdings Berhad
- Chairman, Malaysian Resources Corporation Berhad
- Chairman, Media Prima Berhad
- Chairman, Radicare (M) Sdn Bhd
- Chairman, Uni Asia General Insurance Berhad
- Chairman, Uni Asia Life Assurance Berhad
- Director, Bangkok Bank Berhad
- Director, Maxis Communications Berhad
- Group Managing Director, Amanah Capital Partners Berhad
- Financial Accountant, Malaysian Airlines Systems Berhad

### DECLARATION:

- Does not have any other conflict of interest or any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad, except by virtue of being a nominee Director of Permodalan Nasional Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2023

Age <b>63</b>	Nationality <b>Malaysian</b>	Gender <b>Male</b>
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Date of Appointment:  
**1 October 2021**

Length of Service:  
**2 years and 5 months**

Membership of Board  
Committee:

**Member of Tender and  
Projects Committee**

Number of Board Meetings  
Attended:  
**11/11**

### ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- BSc (Hons), Mechanical Engineering, The City University London, United Kingdom

### SKILLS MATRIX AND INDUSTRY EXPERIENCE:

#### Current Principal Appointments:

- President and Chief Executive Officer of S P Setia Berhad
- Chairman, Perumahan Kinrara Berhad
- Trustee, S P Setia Foundation

#### Past Relevant Experiences:

- Chief Executive Officer of Setia (Melbourne) Development Company Pty Ltd

### DECLARATION:

- Does not have any other conflict of interest or any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2023



**DATUK CHOONG KAI WAI**  
President and  
Chief Executive Officer

## Profile of Board of Directors



**DATO' PHILIP TAN PUAY KOON**  
Senior Independent  
Non-Executive Director

Age <b>67</b>	Nationality <b>Malaysian</b>	Gender <b>Male</b>
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Date of Appointment: <b>11 September 2015</b>	Length of Service: <b>8 years and 6 months</b>
Membership of Board Committee:	Number of Board Meetings Attended:
<ul style="list-style-type: none"> <li>• <b>Chairman of Finance and Investment Committee</b></li> <li>• <b>Member of Audit Committee</b></li> <li>• <b>Member of Nomination and Remuneration Committee</b></li> </ul>	<b>11/11</b>

### ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- First Class Honours B.A. Degree in Business Studies (Accounting and Finance), North-East London Polytechnic, United Kingdom
- Oxford International Executive Programme
- Stanford-NUS Executive Programme
- IMD-SIDC Advance Business Management Programme
- INSEAD Strategic Management in Banking Programme
- Fellow, Institute of Corporate Directors Malaysia
- Associate Fellow, Asian Institute of Chartered Bankers
- Adjunct Faculty, Iclif Executive Education Center, Asia School of Business (in collaboration with MIT Sloan)

### SKILLS MATRIX AND INDUSTRY EXPERIENCE:

#### Current Principal Appointments:

- Chairman, Corporate Debt Restructuring Committee (established by Bank Negara Malaysia)
- Member, Financial Market Infrastructure Committee, Bank Negara Malaysia
- Director, Citibank Berhad
- Director, Qinzhou Development (Malaysia) Consortium Sdn Bhd
- Director, China-Malaysia Qinzhou Industrial Park (Guangxi) Development Co. Ltd
- Director, AIG Malaysia Insurance Berhad
- Director, Sime Darby Oils International Limited

#### Past Relevant Experiences:

- Managing Director, Chief Financial Officer of Emerging Market Sales & Trading, Asia Pacific, Citibank NA
- Director, Citibank Malaysia (L) Limited
- Director, Risk Treasury, Asia Pacific, Citibank NA
- Country Treasurer & Head of Financial Markets, Citibank Berhad
- Has held various senior management positions in the MUI Group
- Director, Danajamin Nasional Berhad
- Director, MIDF Amanah Investment Bank Berhad
- Director, Cagamas Berhad
- Chairman, MEPS Currency Management Sdn Bhd
- Director, Payments Network Malaysia Sendirian Berhad
- Non-Public Interest Director, Private Pension Administrator Malaysia

#### DECLARATION:

- Does not have any other conflict of interest or any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2023

Age <b>63</b>	Nationality <b>Malaysian</b>	Gender <b>Male</b>
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Date of Appointment: <b>3 March 2016</b>	Length of Service: <b>8 years</b>
Membership of Board Committee:	Number of Board Meetings Attended:
<b>Member of Finance and Investment Committee</b>	<b>11/11</b>

### ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- LLB (Hons), University of Malaya, Malaysia
- LLM in US & Global Business Law, University of Suffolk, Boston, U.S.A.

### SKILLS MATRIX AND INDUSTRY EXPERIENCE:

#### Current Principal Appointments:

- Senior Partner, Azmi & Associates
- Director, Pelaburan Hartanah Berhad
- Director, Sapura Energy Berhad
- Director, Worldwide Holdings Bhd
- Director, TerraLex
- Member, Investment Panel of Lembaga Tabung Angkatan Tentera
- Member, Appeals Committee of Bursa Malaysia Berhad
- Adjunct Professor of Law, Universiti Utara Malaysia

#### Past Relevant Experiences:

- Director, Maybank Islamic Berhad
- Director, UMW Holdings Berhad
- Director, Sime Darby Berhad
- Director, Chemical Company of Malaysia Berhad
- Director, CCM Duopharma Biotech Berhad
- Director, Institute of Corporate Directors Malaysia
- Director, Cliq Energy Berhad
- Director, Seacera Group Berhad
- Director, Perbadanan Nasional Berhad
- Director, Financial Reporting Foundation
- Director, Universiti Malaysia Kelantan
- Director, UiTM Holdings Sdn Bhd
- Director, Pernec Integrated Network Systems Sdn Bhd
- Director, Putra Business School
- Trustee, Endowment Fund, University Technology Malaysia
- Adjunct Professor of Law, Universiti Kebangsaan Malaysia
- Adjunct Professor of Law, International Islamic University Malaysia
- Partner, Hisham, Sobri & Kadir
- Associate, T.Tharu & Associates
- In-house counsel, PETRONAS

#### DECLARATION:

- Does not have any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad except by virtue of being a nominee Director of Permodalan Nasional Berhad
- Does not have any other conflict of interest except which may arise by virtue of him being a Director (but not having any share therein) of Worldwide Holdings Berhad (owned by Perbadanan Kemajuan Negeri Selangor), Pelaburan Hartanah Berhad (owned by Yayasan Amanah Hartanah Bumiputera) and Member of Investment Panel of Lembaga Tabung Angkatan Tentera (a statutory body)
- Has not been convicted of any offences within the past five years
- Has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2023



**DATO' AZMI BIN MOHD ALI**  
Non-Independent  
Non-Executive Director

## Profile of Board of Directors



**DATO' MERINA BINTI ABU TAHIR**  
Independent  
Non-Executive Director

Age <b>58</b>	Nationality <b>Malaysian</b>	Gender <b>Female</b>
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Date of Appointment: <b>17 November 2021</b>	Length of Service: <b>2 years and 4 months</b>
Membership of Board Committee: <ul style="list-style-type: none"> <li>• <b>Chairman of Audit Committee</b></li> <li>• <b>Member of Risk Management Committee</b></li> </ul>	Number of Board Meetings Attended: <b>11/11</b>

### ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Fellow, Association of Chartered Certified Accountants ("ACCA")
- Member, Malaysian Institute of Accountants ("MIA")
- Member, Malaysian Institute of Certified Public Accountants
- Member, ASEAN Chartered Professional Accountant
- Member, Institute of Internal Auditors Malaysia

### SKILLS MATRIX AND INDUSTRY EXPERIENCE:

#### Current Principal Appointments:

- Director, Tenaga Nasional Berhad
- Director, AEON Co. (M) Bhd
- Member, ACCA Council
- Member, ACCA Global Forum on Governance, Risk & Performance
- Member, MIA Education Board

#### Past Relevant Experiences:

- Chief Financial Officer, Lembaga Tabung Haji
- Held various key positions in Malaysia Airlines Berhad/Malaysian Airline System Berhad, Amanah Capital Partners Berhad and Sime Darby Berhad
- Chairperson, ACCA Malaysia Advisory Committee
- Council Member, MIA

### DECLARATION:

- Does not have any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad
- Does not have any other conflict of interest except which may arise by virtue of her being a Director of AEON Co. (M) Bhd
- Has not been convicted of any offences within the past five years
- Has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2023

Age <b>61</b>	Nationality <b>Malaysian</b>	Gender <b>Female</b>
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Date of Appointment: <b>1 June 2022</b>	Length of Service: <b>1 year and 9 months</b>
Membership of Board Committee: <ul style="list-style-type: none"> <li>• <b>Chairman of Sustainability Committee</b></li> <li>• <b>Member of Nomination and Remuneration Committee</b></li> </ul>	Number of Board Meetings Attended: <b>11/11</b>

### ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Bachelor of Arts in International Relations, London University, United Kingdom
- Business Sustainability Management Course, Cambridge Institute for Sustainability Leadership, Cambridge University, United Kingdom
- Nestle Leadership Programme, London Business School, United Kingdom
- Advocacy in International Affairs and Global Health Diplomacy Executive Course, The Graduate Institute, Geneva, Switzerland

### SKILLS MATRIX AND INDUSTRY EXPERIENCE:

#### Current Principal Appointments:

- Director, MISC Berhad
- Director, Westports Holdings Berhad

#### Past Relevant Experiences:

- Retired from Nestle S.A. since 1 November 2022 where previously she held various senior management positions in Nestle (Malaysia) Berhad and Nestle S.A.

### DECLARATION:

- Does not have any other conflict of interest or any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2023



**DATO' TENGGU MARINA BINTI TUNKU ANUAR**  
Independent  
Non-Executive Director

## Profile of Board of Directors



**SHERANJIV SAMMANTHAN**  
Independent  
Non-Executive Director

Age <b>56</b>	Nationality <b>Malaysian</b>	Gender <b>Male</b>
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Date of Appointment: <b>1 June 2022</b>	Length of Service: <b>1 year and 9 months</b>
Membership of Board Committee: <ul style="list-style-type: none"> <li>• <b>Chairman of Risk Management Committee</b></li> <li>• <b>Member of Finance and Investment Committee</b></li> <li>• <b>Member of Sustainability Committee</b></li> <li>• <b>Member of Tender and Projects Committee</b></li> </ul>	Number of Board Meetings Attended: <b>11/11</b>

### ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Bachelor of Commerce, University of Birmingham, United Kingdom
- Fellow, Institute of Chartered Accountants in England and Wales
- Fellow, Institute of Corporate Directors Malaysia

### SKILLS MATRIX AND INDUSTRY EXPERIENCE:

#### Current Principal Appointments:

- Co-Founder and Executive Director, Fitrah Capital Associates LLC
- Director, Battersea Project Holding Company Limited
- Trustee, Yayasan Munarah

#### Past Relevant Experiences:

- Executive Director, Khazanah Nasional Berhad
- Various positions to Partner/Senior Executive Director, PwC Birmingham, London and Kuala Lumpur
- Director, Malaysia Aviation Group
- Shareholders representative and Audit Committee Member – M+S (Pte) Limited, Singapore
- Director, UEM Land Berhad
- Director, Khazanah Europe Investment Limited, United Kingdom
- Executive Director – Taman Tugu Project, Kuala Lumpur
- Trustee – Yayasan Hasanah
- Council Member, Institutional Investors Council Malaysia

### DECLARATION:

- Does not have any other conflict of interest or any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2023

Age <b>61</b>	Nationality <b>Malaysian</b>	Gender <b>Male</b>
------------------	---------------------------------	-----------------------

Date of Appointment: <b>1 June 2023</b>	Length of Service: <b>9 months</b>
Membership of Board Committee: <ul style="list-style-type: none"> <li>• <b>Chairman of Tender and Projects Committee</b></li> <li>• <b>Member of Nomination and Remuneration Committee</b></li> <li>• <b>Member of Risk Management Committee</b></li> <li>• <b>Member of Sustainability Committee</b></li> </ul>	Number of Board Meetings Attended: <b>7/8</b>

### ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Honorary Doctor of Civil Law, University of Newcastle upon Tyne
- Master of Business Administration, Strategic Management, University of Strathclyde, Glasgow
- Degree, BSc Civil & Environmental Engineering, University of Wisconsin-Madison, United States of America
- Professional Engineer, Board of Engineers Malaysia

### SKILLS MATRIX AND INDUSTRY EXPERIENCE:

#### Current Principal Appointments:

- Director, UTM Holdings Sdn Bhd
- Director, Prasarana Integrated Development Sdn Bhd
- Director, Prasarana RTS Operations Sdn Bhd
- Director, RTS Operations Pte Ltd
- Adjunct Professor, School of Civil Engineering, Faculty of Engineering, Universiti Teknologi Malaysia

#### Past Relevant Experiences:

- Advisor, Iskandar Investment Berhad
- President/Chief Executive Officer ("CEO") and Director, Iskandar Investment Berhad
- Managing Director/CEO, Medini Iskandar Malaysia Sdn Bhd
- Chief Operating Officer, Iskandar Investment Berhad
- CEO, Education@Iskandar Sdn Bhd
- Senior Vice President, Education and Healthcare Development, Iskandar Investment Berhad
- Director, RSP Engineers Sdn Bhd

### DECLARATION:

- Does not have any other conflict of interest or any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2023



**DATUK IR. KHAIRIL ANWAR BIN AHMAD**  
Independent  
Non-Executive Director

## Profile of Board of Directors



**DATIN WAN DANEENA LIZA BINTI  
WAN ABDUL RAHMAN**  
Independent  
Non-Executive Director

Age <b>50</b>	Nationality <b>Malaysian</b>	Gender <b>Female</b>
------------------	---------------------------------	-------------------------

Date of Appointment: <b>17 August 2023</b>	Length of Service: <b>7 months</b>
Membership of Board Committee:	Number of Board Meetings Attended:
<ul style="list-style-type: none"> <li>• <b>Member of Audit Committee</b></li> <li>• <b>Member of Finance and Investment Committee</b></li> <li>• <b>Member of Tender and Projects Committee</b></li> </ul>	<b>5/5</b>

### ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Bachelor of Science in Economics and Accounting, University of Bristol, United Kingdom
- Member, Malaysian Institute of Accountants
- Member, Institute of Chartered Accountants in England and Wales

### SKILLS MATRIX AND INDUSTRY EXPERIENCE:

#### Current Principal Appointments:

- Director, WASCO Berhad
- Director, PLUS Malaysia Berhad

#### Past Relevant Experiences:

- Held various positions during her 20-year tenure in Messrs Ernst & Young, Kuala Lumpur before retiring as Senior Partner
- Auditor, KPMG, London

### DECLARATION:

- Does not have any other conflict of interest or any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2023

Age <b>44</b>	Nationality <b>Malaysian</b>	Gender <b>Male</b>
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Date of Appointment: <b>11 January 2024</b>	Length of Service: <b>2 months</b>
Membership of Board Committee:	Number of Board Meetings Attended:
<ul style="list-style-type: none"> <li>• <b>Member of Risk Management Committee</b></li> <li>• <b>Member of Sustainability Committee</b></li> </ul>	<b>N/A</b>

### ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Master of Business Administration, Stanford Graduate School of Business, USA
- B.A. (Honors) in Engineering Science and Honors Economics, Dartmouth College, USA

### SKILLS MATRIX AND INDUSTRY EXPERIENCE:

#### Current Principal Appointments:

- Chairman, Malaysian Transformer Manufacturing Sdn Bhd
- Court Nominated Director, Sapura Energy Berhad
- Director, Malay-Sino Chemical Industries Sdn Bhd

#### Past Relevant Experiences:

- Chief Subsidiary Officer, Tenaga Nasional Berhad
- Senior Director of Investment, Ekuiti Nasional Berhad
- Investment Analyst, Orbis Investment Management

### DECLARATION:

- Does not have any other conflict of interest or any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad except by virtue of being a nominee Director of Permodalan Nasional Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2023



**LIM FU YEN**  
Non-Independent  
Non-Executive Director

## Profile of Board of Directors



**AIDA HAZRINA BINTI  
MOHD TAZAI**  
Alternate  
Director to Lim Fu Yen

 Age <b>40</b>	 Nationality <b>Malaysian</b>	 Gender <b>Female</b>
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Date of Appointment:  
**22 June 2023 and  
11 January 2024**

Length of Service:  
**2 months**

Membership of Board  
Committee:  
**Nil**

Number of Board Meetings  
Attended:  
**6/7**

### ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Bachelor of Science in Accounting and Finance, The London School of Economics & Political Science, UK
- Applied Finance and Investment, Financial Services Institute of Australasia
- Chartered Financial Analyst

### SKILLS MATRIX AND INDUSTRY EXPERIENCE:

#### Current Principal Appointments:

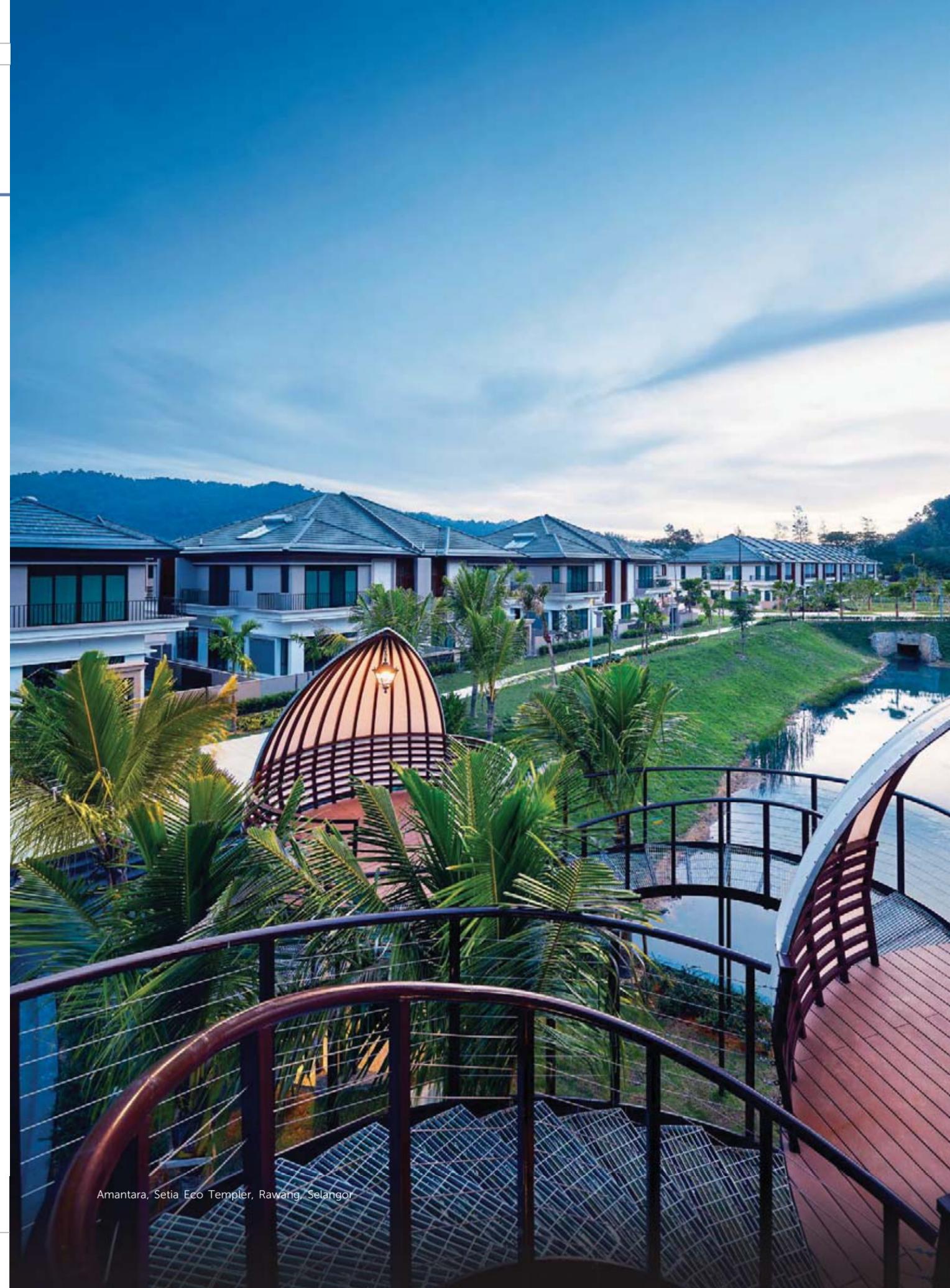
- Vice President at the Strategic Investments Division of Permodalan Nasional Berhad, overseeing selected strategic investments in the Energy, Real Estate and Construction sectors

#### Past Relevant Experiences:

- Has held various positions in Permodalan Nasional Berhad Group of Companies throughout her tenure of 16 years in Permodalan Nasional Berhad

### DECLARATION:

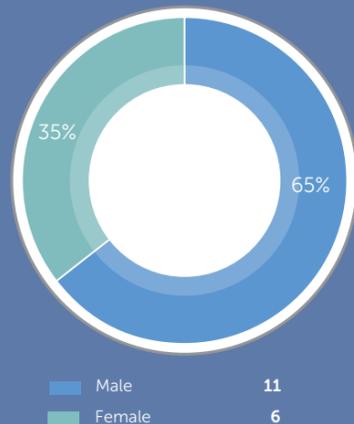
- Does not have any other conflict of interest or any family relationship with any other Director(s) and/or major shareholder(s) of S P Setia Berhad except by virtue of being the Alternate Director of Mr Lim Fu Yen, Nominee Director of Permodalan Nasional Berhad
- Has not been convicted of any offences within the past five years
- Has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2023



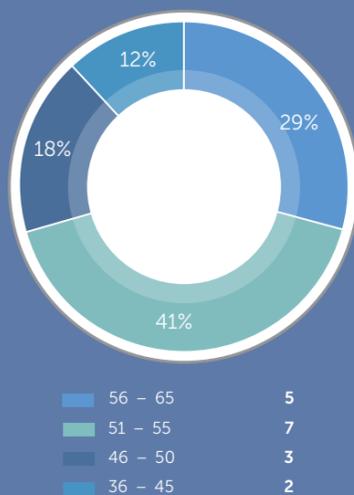
Amantara, Setia Eco Templer, Rawang, Selangor

# Key Management Team

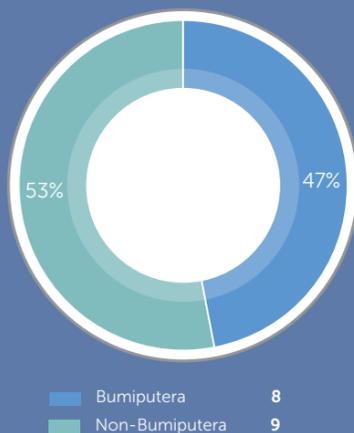
## KEY MANAGEMENT GENDER DIVERSITY



## AGE DIVERSITY



## ETHNICITY



**DATUK ZAINI YUSOFF**  
Chief Operating Officer ("COO")



60 | Male | Malaysian

**Date of Appointment as COO:**  
1 July 2023

**Relevant Experience:**

Datuk Zaini Yusoff was the COO for I&P Group prior to being appointed as S P Setia's Divisional General Manager, before assuming the role of an EVP.

He carries with him 34 years of experience, providing fiscal, strategic and operations leadership in various corporations, namely Penang City Council, Asia Control System Impac and Shimizu Corporation.

A civil engineer, he earned a BSc (Hons) in Civil Engineering from Memphis State University, Tennessee, USA. He is currently the Exco Member of REHDA Malaysia and Chairman of REHDA Selangor (2022-2024). He is also currently being appointed as the Board Member for Lembaga Perumahan dan Hartanah Selangor (LPHS). He also sits on Lembaga Zakat Selangor Head Office Development Monitoring Committee ("MAIS") for the construction of the new Lembaga Zakat Selangor Headquarters.

**DATUK YUSLINA MOHD YUNUS**  
Senior Executive Vice President ("SEVP")



56 | Female | Malaysian

**Date of Appointment as SEVP:**  
1 July 2023

**Relevant Experience:**

Datuk Yuslina Mohd Yunus was Group Managing Director for I&P Group before assuming her role as an EVP of S P Setia.

With her vast experience, Datuk Yuslina currently oversees the Company's Central Region projects, comprising Wilayah Persekutuan/Kuala Lumpur, Shah Alam, and Semenyih/Bangi. She is also part of the Management Committee for S P Setia's charity arm, S P Setia Foundation.

Datuk Yuslina is a member of the MIA. She also has an Advanced Diploma in Accountancy from Institut Teknologi MARA and an Executive Masters of Business Administration ("MBA") from Universiti Teknologi MARA.

**DATUK TAN HON LIM**  
Executive Vice President ("EVP")



61 | Male | Malaysian

**Date of Appointment as EVP:**  
1 July 2015

**Relevant Experience:**

Datuk Tan Hon Lim joined the Company in 1990 as a project engineer and rose up the ranks to become an EVP in 2015.

He was involved in the Bukit Indah, Ampang project development and the Company's first mixed development township, Pusat Bandar Puchong, and S P Setia's first international foray, Vietnam.

Datuk Tan is overseeing the Company's special projects handling the restructuring exercises of Setia Precast Sdn Bhd and Setia-Wood Industries Sdn Bhd, and Setia Readymix Sdn Bhd.

Datuk Tan is leading the Technical Excellence Committee and Customer Experience Committee, driving the Group's technical initiatives and customer experience strategies.

Presently, Datuk Tan is an Exco Member (2022-2024), National Council Member of the Real Estate & Housing Developers' Association ("REHDA") Malaysia and REHDA Selangor Committee. He earned a BSc (Civil Engineering) from Louisiana State University, United States of America ("USA").

**DATUK STANLEY SAW KIM SUAN**  
Executive Vice President ("EVP")



57 | Male | Malaysian

**Date of Appointment as EVP:**  
1 July 2020

**Relevant Experience:**

Datuk Stanley Saw Kim Suan joined S P Setia as a Project Manager in 1997. Among his notable career milestones in S P Setia was his secondment to Vietnam where he managed EcoXuan and EcoLakes.

Subsequently, Datuk Stanley assumed his role as Divisional General Manager for Property Division (South) of S P Setia in May 2016. Four years later, he was promoted to EVP. At present, he is also overseeing the operations of S P Setia's North and East Regions projects, located in Penang and Sabah respectively.

Datuk Stanley has a BEng (Civil), from the University of New South Wales, Australia and an MBA from Nottingham Trent University, UK.

**ANNUAR MARZUKI ABDUL AZIZ**  
FCPA  
Chief Financial Officer ("CFO")



53 | Male | Malaysian

**Date of Appointment as CFO:**  
1 December 2022

**Relevant Experience:**

Annuar Marzuki Abdul Aziz has more than 29 years of experience in audit, treasury, corporate finance, procurement, mergers and acquisitions, investor relations, risk management, corporate communication and general management.

He was appointed as the Head of Corporate Finance of Renong Berhad in 2001 and the General Manager of Office of the Chief Executive Officer, UEM Group Berhad in 2004. He became the CFO of PLUS Expressways Berhad in 2006 and then the Group CFO of UEM Group Berhad in 2009. He was the CFO of KLCC Property Holdings Berhad and the Head of Investment of KLCC REIT Management Sdn Bhd prior to joining S P Setia.

Annuar is a Fellow of the Certified Practising Accountant ("FCPA") Australia and holds a Diploma in Comparative Law from Institute of Islamic Studies, as well as BAcc (Hons) and MBA (Finance) from International Islamic University Malaysia.

## Key Management Team

### NADIAH TAN ABDULLAH

Chartered FCIPD  
Chief Human Resources Officer ("CHRO")



55 | Female | Malaysian

**Date of Appointment as CHRO:**  
1 March 2017

#### Relevant Experience:

Having been in the human resources ("HR") field for more than two decades, Nadiah Tan Abdullah joined S P Setia in October 2016 as Divisional General Manager, Group Human Resources.

She has been directly involved in driving change within the areas of Organisational Development, HR Transformation, Diversity and Inclusion.

Nadiah has accrued experiences from local and global Fortune 500 companies. She is also part of the 30% Club for Malaysia, leading the Talent Pipeline Pillar. She was appointed as Adjunct Professor by UNITAR International University in January 2022.

Nadiah has been a Council Member for Malaysian Employers Federation ("MEF") and is currently serving her third term. She earned a BA (Hons) International Relations, from Staffordshire University, UK.

### NURANISAH MOHD ANIS

Chief Risk, Integrity & Governance Officer ("CRIGO")



51 | Female | Malaysian

**Date of Appointment as CRIGO:**  
3 April 2017

#### Relevant Experience:

Notching more than 27 years of experience, Nuranisah Mohd Anis has run the gamut of Enterprise Risk Management, Business Continuity Management, Investment Management, Business Process Improvement, Integrity and Governance; and Internal and External Audits, covering various public listed companies ("PLCs"), Government-linked Companies ("GLCs") and Government-linked Investment Companies ("GLICs"). Her experience includes both companies in Malaysia and international entities.

She is a Chartered Accountant registered with the MIA, obtained during her employment with KPMG. She is a certified Risk Manager, obtained from the Academy of Risk Management Malaysia ("ARIMM") and she is also a Certified Integrity Officer ("CeIO") under the Malaysia Anti-Corruption Academy ("MACA"); which was facilitated by the Malaysian Anti-Corruption Commission ("MACC").

Her other qualifications include the Certification in Risk Management Assurance ("CRMA") from the Institute of Internal Auditors ("IIA") Global, an associate member of the IIA Malaysia and an Associate Business Continuity Professional ("ABCP") registered with the Disaster Recovery Institute ("DRI"), USA.

She graduated with a Diploma in Accountancy and Advanced Diploma in Accountancy from MARA Institute of Technology; and Masters of Business Administration from Universiti Teknologi MARA, Shah Alam.

### AZLINA BAHAROM

Chief Legal Officer ("CLO")



56 | Female | Malaysian

**Date of Appointment as CLO:**  
1 July 2020

#### Relevant Experience:

Azlina Baharom joined Setia in 2018 as General Counsel and assumed her current position as Chief Legal Officer in 2020, heading the Group Legal and Compliance Division.

Azlina holds a law degree from the National University of Singapore and has been admitted as an advocate and solicitor of both the Supreme Court of Singapore and the High Court of Malaya since 1991.

She practised law for several years handling corporate and commercial transactions in Singapore and was a partner of a law firm in Johor before she joined former plantation based public listed company, Golden Hope Plantation Berhad as Manager, Legal and Secretarial in 1997. This marks her first foray into the corporate world where she was involved in complex corporate exercises and handled the full spectrum of agribusiness related legal work as well as manufacturing and real estate development. Following a short stint as Legal Adviser-cum-Company Secretary in an investment company with its listed construction arm, she joined Island & Peninsular Berhad where she held various portfolios from legal, secretarial and corporate services.

Her last post was as General Manager, Corporate Services and Group secretary of I&P Group of companies before assuming her current position in Setia.

### THEAN YAIN PENG

FCCA  
Chief Internal Auditor ("CIA")



55 | Female | Malaysian

**Date of Appointment as CIA:**  
1 September 2023

#### Relevant Experience:

Thean Yin Peng has accumulated more than 30 years experience in financial reporting, financial accounting and managing company finances throughout her career. During her employment, she specialised in the real estate and construction sectors.

Prior joining S P Setia, she had been attached to property development and construction companies and spearheaded the listing of Sentoria Group Berhad into the Main Market of Bursa Malaysia.

She was the Financial Controller and Executive Director of Sentoria Group Berhad in 2011, before joining Tropicana Corporation Berhad in 2012.

She served Naza TTDI Sdn Bhd in 2015, both as the General Manager of Group Finance and Head of Credit Control department. She is a fellow member of ACCA and a member of the MIA.

### IRFAN HASHIM

Divisional General Manager ("Div GM")



40 | Male | Malaysian

**Date of Appointment as Div GM:**  
6 December 2023

#### Relevant Experience:

Irfan Hashim is a graduate with first class honours in BEng Electrical Engineering from the University of Southampton, United Kingdom. He is also a Chartered Financial Analyst since 2010. Upon graduation with his degree, he joined Permodalan Nasional Berhad (PNB) as a Management Trainee where he was involved in corporate exercises of investee companies ranging from various industries of Banking, Highway Infrastructure, Oil & Gas, Property and Consumer Goods.

He left PNB in 2014 in a managerial role and joined Kumpulan Wang Persaraan (KWAP) where he was part of the Private Equity and Infrastructure team. Subsequently, he was with Lembaga Tabung Angkatan Tentera (LTAT) as the Head of Corporate Finance & Private Equity in 2020 prior to joining S P Setia.

Irfan's experience in several GLCs straddled across public and private markets exposure, both locally and internationally, and his core strengths include Financial Modelling & Analysis, Corporate Finance & Strategy, Business Valuation, Private Equity & Infrastructure Funds' Investments, Mergers & Acquisitions and Restructuring.

### TAN SIOW CHUNG

Divisional General Manager ("Div GM")



50 | Male | Malaysian

**Date of Appointment as Div GM:**  
1 July 2020

#### Relevant Experience:

Prior to joining S P Setia, Tan Siow Chung served as a consultant M&E engineer in Jentrikon Perunding. He then left to join electrical engineering company, ABB Malaysia, as a project engineer.

In 2000, upon joining the Company as Project Engineer, he first worked on the Wawasan Indera project in Pusat Bandar Puchong, one of the first few projects of the Company.

His career in S P Setia spans over 20 years and including spearheading the Company's flagship township, Bandar Setia Alam in Selangor. In 2020, he was promoted to Div GM. Tan currently oversees integrated developments in the Central Region, notably KL Eco City and Setia Federal Hill.

Tan has a first class honours degree in Electrical Engineering from University of Technology Malaysia ("UTM").

## Key Management Team

### YEO CHENG JWAY

Divisional General Manager ("Div GM")



53 | Male | Malaysian

**Date of Appointment as Div GM:**  
1 July 2020

#### Relevant Experience:

Before joining S P Setia, Yeo Cheng Jway was attached to Resorts World Berhad, where he gained experience in finance, sales and marketing. He was then involved in the implementation of a strategic project in Malaysia spearheaded by Dow Corning, a multinational corporation based in the USA.

He then joined S P Setia in 2007 as Finance Manager in Johor. His current role is as the Div GM for the Group's projects in Penang.

Yeo holds a BSc (Computer Science and Statistics) from Campbell University, USA and an MBA (Finance & Business Policy) from Bradford University, UK. He is also an associate member of the Chartered Institute of Management Accountants ("CIMA") and a member of the MIA.

### SANIMAN AMAT YUSOF

Divisional General Manager ("Div GM")



52 | Male | Malaysian

**Date of Appointment as Div GM:**  
1 July 2022

#### Relevant Experience:

Prior to his ventures with S P Setia, Saniman Amat Yusof carries with him extensive experience as an engineer specialising in project planning and implementation from his placements in Chase Perdana Berhad from 1996 to 1998 and Ho Hup Construction Company Berhad from 1998 to 2000.

He joined S P Setia in 2000 as a Project Engineer in the Highway Division before his transfer to the Property Division in 2006. In his current role as Div GM, he oversees the developments of the Property South division in Johor.

Saniman is registered under the Board of Engineers Malaysia as a Professional Engineer with Practising Certificate. He holds a Bachelor of Civil Engineering from UTM.

### RAZLY MOHAMMAD RUS

Divisional General Manager ("Div GM")



47 | Male | Malaysian

**Date of Appointment as Div GM:**  
1 July 2022

#### Relevant Experience:

Upon graduation, Razly Mohammad Rus had a short stint with an engineering consultancy firm before joining a construction company as a project engineer overseeing site supervision and managing construction projects in Subang Jaya.

He then joined I&P Group in 2000 where he gained experience in managing property and township development in Bandar Kinrara, Bayuemas, Temasya Glenmarie and Alam Damai.

At S P Setia (after the merger with I&P Group), he further enhanced developments in Bandar Kinrara, Setia Bayuemas, Alam Damai and Alam Sutera.

Razly holds a Bachelor of Civil Engineering from Universiti Sains Malaysia and a MSc in Integrated Construction Project Management from Universiti Teknologi MARA.

He is also a graduate engineer registered with the Board of Engineers Malaysia.

### KOH SOOI MENG

Divisional General Manager ("Div GM")



52 | Male | Malaysian

**Date of appointment as Div GM:**  
1 July 2023

#### Relevant Experience:

Prior to joining S P Setia in 2002 as Assistant Contract Manager in Setia Alam, Koh Sooi Meng spent 6 years of his earlier career in a consulting firm where he was a Senior Quantity Surveyor and worked on many private and public sector notable projects. He has more than 27 years of experience in the property development industry.

Throughout the years, Koh has accumulated various experiences in managing property and township in Setia Ecohill, Setia Ecohill 2 and Setia Mayuri when he took over a role as Deputy GM in 2013. Apart from the property operations, he gained experience in leasing and marketing activities for the Company's lifestyle mall in Setia Ecohill. In his current role as Div GM, he oversees the township development of the Semenyih and Bangi Corridor.

Koh holds a Bachelor of Science (Hons), Quantity Surveying from University of Greenwich, United Kingdom. He is a registered Chartered Quantity Surveyor with Royal Institution of Chartered Surveyors ("RICS") and Board of Quantity Surveyor Malaysia ("BQSM").

### ALEX CHI CHONG LIM

Chief Information Digital Officer ("CIDO")



44 | Male | Malaysian

**Date of Appointment as CIDO:**  
1 July 2023

#### Relevant Experience:

Alex Chi joined S P Setia in 2019 as Head of Group ICT & Digital Transformation before assuming the role as Chief Information Digital Officer ("CIDO") in 2023.

His career spans over two decades, accumulating valuable experiences at global Fortune 500 MNCs by making significant contributions to enhancing digital capabilities and spearheading technology innovation. His achievements in the digital domain have been celebrated with numerous prestigious awards, notably from World Innovation, Technology and Services Alliance (WITSA), International Data Group (IDG) and The National ICT Association of Malaysia (PIKOM). Alex currently serves on the advisory board of the ASEAN Innovation Business Platform (AIBP).

Alex holds a BSc in Technology Management from Universiti Teknologi Malaysia and has furthered his education with MBA Essentials from The London School of Economics and Political Science, and the Digital Strategies Programme for Business from Columbia Business School.

### LEE WAI KIM

Group Company Secretary ("GCS")  
SSM PC No. 202008001422,  
MAICSA 7036446



47 | Female | Malaysian

**Date of Appointment as GCS:**  
1 July 2016

#### Relevant Experience:

Lee Wai Kim joined S P Setia in August 2014 and was appointed as Company Secretary on 15 April 2016.

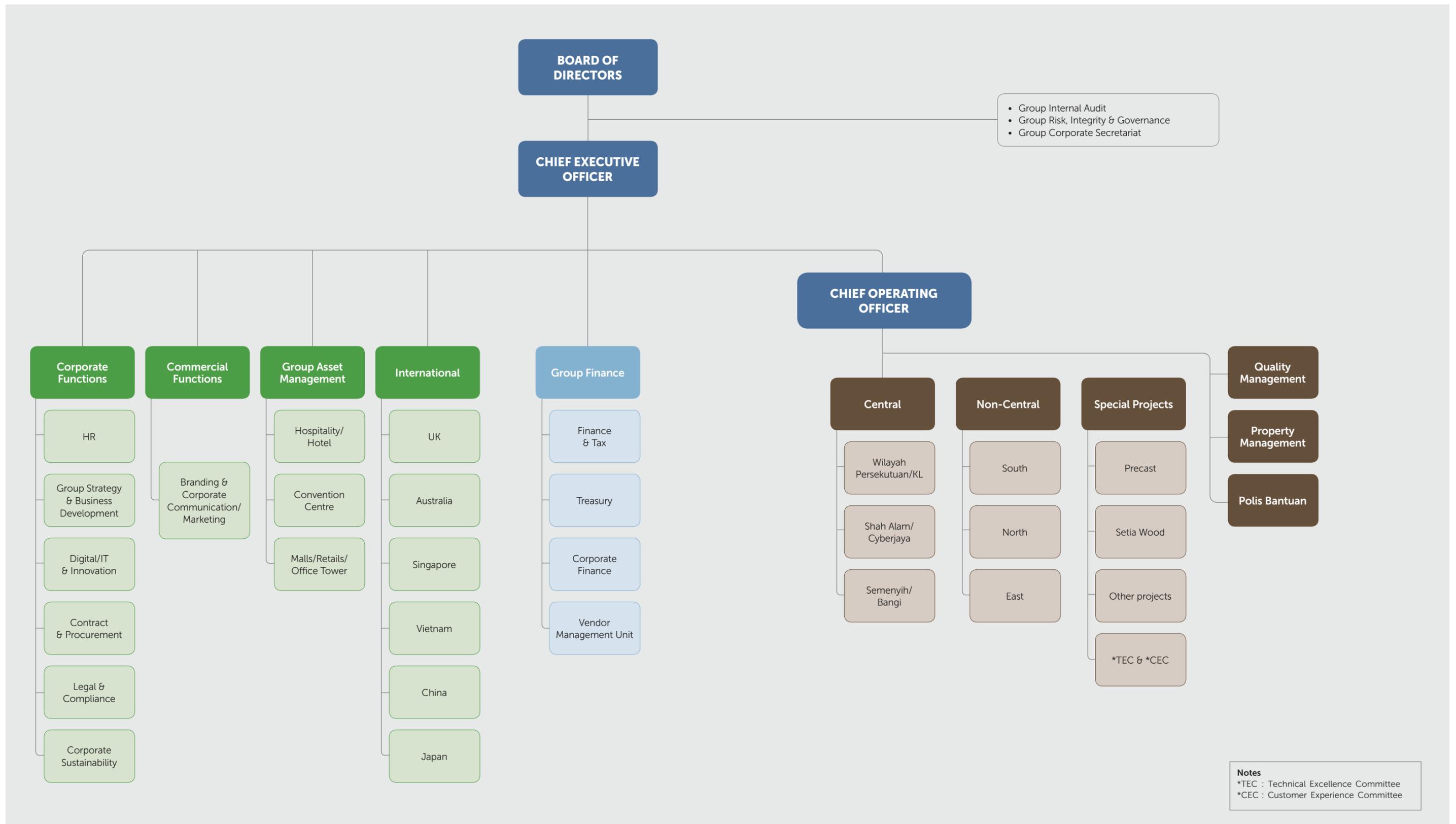
She commands over 20 years of experience in corporate secretarial and governance matters covering private limited companies and public companies listed on Bursa Malaysia Securities Berhad and London Stock Exchange as well as financial institutions and stock exchanges.

She is an Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators and has an MBA from Victoria University, Australia.

#### Notes

- None of the Senior Management hold any directorship in any public companies and listed issuers other than in S P Setia Group.
- None of the Senior Management have any family relationship with any Director and/or any major shareholder of S P Setia, nor any conflict of interest with S P Setia.
- None of the Senior Management have been convicted of any offences over the past five years and there was no public sanction or penalty imposed on any of them by the relevant regulatory bodies during the financial year.

# Organisation Structure



**Notes**  
 \*TEC : Technical Excellence Committee  
 \*CEC : Customer Experience Committee

# Upholding Corporate Governance



## OUR GOVERNANCE

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# Corporate Governance Overview Statement

## CHAIRMAN'S INTRODUCTION



### DEAR VALUED SHAREHOLDERS,

The highest standards of corporate governance are critical for delivering consistent performance as well as creating sustainable value for shareholders. In determining the Company's strategic priorities, we embrace principles of good governance, instil a sense of responsibility in our corporate governance culture and focus on integrity and responsible growth.

**Y.A.M. TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL**  
Chairman

As a values-based organisation, we promote world-class business practices and robust institutional governance and risk frameworks, with strong emphasis on transparency, accountability, effective leadership and sustainable performance.

The Board of Directors ("Board") remains committed to building resilience through the adoption of best corporate governance policies and practices to ensure long-term business sustainability in a challenging and fast-moving business landscape.

On behalf of the Board, I am pleased to report that this Corporate Governance Overview Statement has been prepared in accordance with statutory requirements, guidelines and practices and cover the following areas as required by the Malaysian Code on Corporate Governance ("MCCG"):

- ◆ (A) Board Leadership and Effectiveness
- (B) Effective Audit and Risk Management
- (C) Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

This Statement outlines the governance framework, processes, and control mechanisms in place within the S P Setia Group for the year ended 31 December 2023. ("FY2023"). It seeks to provide stakeholders with an understanding of how the Board and its Committees performed for the year under review and outlines key areas of focus of the Board and its activities undertaken during the year, as we continue to drive long-term value creation for all our stakeholders.

Additionally, other than the MCCG, the following frameworks were applied:

- ◆ Bursa Malaysia's Corporate Governance Guide 4<sup>th</sup> Edition
- Companies Act 2016 ("CA 2016")
- Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities")

The Board's governance oversight is guided by a strong commitment and well-defined responsibilities. It is a conscious

effort by the Board and Management at every level of the organisation to lead by example, embrace corporate values, implement best practices and create an organisational culture that optimises performance, accountability and contribution.

The Board embraces its diversity and leverages on the credentials each member brings to ensure effective stewardship of Management. The Board continues to achieve a balance of skills, knowledge and experience, independent and objective viewpoints through the different perspectives of the Directors. The Board recognises the importance of progressive refreshing of the Board in order to bring new skills and perspectives to further improve the Board's performance. In year 2023, we have seen changes to the Board composition that were in line with the Company's robust Board Succession Plan with reference to nine (9) year limit for all Directors adopted by the Company.

The Board is fully committed to placing sustainability at the heart of the Group's growth strategy. The Group's Sustainability Framework charts our path to sustainable operations and strengthens our commitment to ensuring exemplary environmental, social and governance ("ESG") standards, ensuring that the value we create is not only strategic but also sustainable.

In the year ahead, as we navigate through a business environment fraught with risks, yet also abundant with opportunities, the Board recognises that it has never been more important for the Company to have strong governance fundamentals and to be committed to upholding them to the highest standards. At S P Setia, a substantive checks and balance regime is in place with the Board having oversight of the risk management frameworks and policies within the Group.

Moving forward, I am confident we have the essential ingredients that will allow the Group to remain resilient and operate from a position of strength, ready to leverage on growth opportunities in this challenging business environment.



### COMPLIANCE WITH THE MCCG

The Company was subject to the MCCG in respect of FY2023. The Board is pleased to confirm that the Company has applied a majority of the Practices encapsulated in the MCCG for the year under review which are explained in the Corporate Governance ("CG") Report. The rest of this Statement contains the narrative reporting required by the MCCG and the MMLR, setting out in greater detail the framework and processes that the Company has in place to ensure the highest level of corporate governance.

This Statement is to be read alongside the CG Report which is available on the Company's website at <https://spsetia.com/en-us/investor-relations#reports>

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Board Leadership	Division of Responsibilities	Composition, Evaluation and Training
Page 229 to 233	Page 224 to 228	Page 234 to 238
Audit, Risk and Internal Control	Nomination and Remuneration	Relationship with Stakeholders

### GOVERNANCE FRAMEWORK

The Board views corporate governance as a fundamental process contributing towards achieving long-term shareholder value, taking into account the interests of all other stakeholders.

- The Group believes that a healthy corporate culture and robust governance framework ensures that the organisation continues to run smoothly and efficiently.
- The Governance Framework, its structure and processes are built upon the Terms of Reference (ToR) of the Board Committees which are complemented by Authority Limits and supported by the various management committees, policies and procedures.
- Amidst an increasingly challenging business environment, the Board is committed to strengthening the Group's corporate governance practices and processes to effectively meet growing operating challenges.
- The Board works to ensure that the Group's governance structure continues to remain appropriate and that it keeps abreast with relevant corporate governance and regulatory requirements. The structure and associated practices are reviewed when necessary to reflect the market and the communities within which the Group operates.
- An important role of corporate governance is to ensure long-term sustainable performance, maximise returns for our stakeholders and create long-term economic value and growth.

## Corporate Governance Overview Statement



### BOARD LEADERSHIP AND EFFECTIVENESS

#### ➤ BOARD LEADERSHIP

S P Setia is led by a Board which is responsible for the stewardship of the business and affairs of the Group on behalf of our shareholders and all other stakeholders. The Board's primary role is to determine S P Setia's strategic objectives and policies to deliver sustainable value to its shareholders in ensuring the protection of shareholder value. The Board takes into account the interests of stakeholders including employees, business partners, local communities, regulators and the general public.

Whilst shareholders and the Board jointly provide oversight on the control and management of the Company, the ultimate decision-making authority vests with the shareholders at the Annual General Meeting, where, amongst others, important resolutions such as the re-election and remuneration of the Directors and appointment of External Auditors are considered and approved. The Board on the other hand, is accountable to the shareholders for the performance of the Company. In this regard, the Board directs and monitors the business and affairs of the Company on behalf of the shareholders.

In discharging its duties and responsibilities effectively, the Board is guided by the Board Charter. S P Setia's Board Charter sets out the Board's strategic intent, authority and ToR and serves as a primary source of reference and induction literature. In addition, the Board Charter outlines the requirements, roles and responsibilities of the Board, Board Committees and individual Directors. To ensure that it remains relevant, the Board Charter is reviewed periodically or as change arises to ensure that the Company is at the forefront of best practices in corporate governance. The Board Charter was last updated in 2023. The Board Charter is available on the Company's corporate website, <https://spsetia.com/en-us/governance>.

#### ➤ BOARD COMPOSITION

The composition of the Board exceeds the requirements of Paragraph 15.02 of the MMLR as more than one-third of its members are Independent Non-Executive Directors of the Company ("INEDs"). The Board also took cognisance of Paragraph 5.2 of the MCGG which requires boards of large companies to comprise a majority of independent directors. The Board comprises individuals with diverse backgrounds who bring a range of skills, perspectives and corporate experience to our boardroom. The Directors are selected based on their individual merit and experience. The Board continuously strives to ensure that Directors have a collective mix of skills, experience, expertise and diversity to add value to Board processes and decisions. The Board's size ensures that the purpose, involvement, participation, harmony and sense of responsibility of the Directors are not jeopardised and that it achieves the correct balance to realise the Group's strategic objectives. It also ensures inclusiveness of views as well as to facilitate effective decision-making and constructive deliberation during meetings.

The Board oversees and appraises the overall strategic objectives, strategic direction and performance of the Group with some strategic oversight delegated to Board Committees. The Board ensures that the strategic plan supports long-term value creation and includes strategies on economic and ESG considerations thereby strengthening the integration of sustainability in the Group's operations. Through sustainable practices, the Group becomes more resilient, is able to create durable and sustainable value and maintain simultaneously, the confidence of stakeholders. The Board ensures that it is well positioned to satisfy its oversight responsibility through periodic assessment of Board agenda priorities to make certain that it is well-informed on a timely basis of matters requiring attention. A detailed review of the Group's strategy is conducted by the Board annually (including its purpose and strategic objectives).

Together with Management, the Board promotes good governance culture within the Group ensuring ethical leadership, prudent and professional behaviour in the conduct of its business and in all aspects of its operations. The Board considers each Non-Executive Director ("NED") to be independent in character and judgement. The Board is satisfied that each Director has devoted sufficient time to effectively discharge his/her responsibilities during the year under review.

The current composition of the Board has a blend of skills, experience and knowledge enabling them to provide effective oversight, strategic guidance and constructive challenge, examine, review and decide on Management's proposals and empower the President and Chief Executive Officer ("PCEO") to implement strategies approved by the Board. In delegating its authority to Board Committees, the Board does not abdicate its responsibility and ensures that its delegation does not hinder or reduce its ability to discharge its functions.

#### ➤ BOARD CONDUCT

All Directors commit themselves to ethical business and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members. All Directors discharge their duties and responsibilities at all times as fiduciaries in the best interest of the Company. They are expected to act with integrity, lead by example, keep abreast of their responsibilities as Directors and the conduct of business and development of the Company. In directing or managing the Company's business and affairs, they exercise reasonable care, skill and diligence by applying their knowledge and experience.

#### ➤ BOARD MEETINGS

The Board has a schedule of matters reserved specifically for its decision, which includes among others, approval of the annual business plans and budgets, material acquisitions and disposal of assets, major capital projects, financial results and dividend recommendations.

The Company utilises a secured application to disseminate meeting papers to the Directors electronically. This serves to ensure that the Directors are able to have access to meeting materials more efficiently and expeditiously.

Aside from the Board meetings, urgent matters are decided via written circular resolutions. Deliberations and decisions arrived at during Board meetings are clearly minuted in a timely manner and action items for Management will be communicated to the relevant parties after the Board and Board Committee meetings so that actions could be taken expeditiously. The draft minutes are then tabled at the following meeting for confirmation and thereafter signed by the Chairman as a correct record of the

#### ➤ BOARD DIVERSITY

The Board believes that a truly diverse and inclusive Board will leverage differences in thought, perspective, knowledge, skill and industry experience in order to ensure that the Company retains its competitive advantage. The Board recognises that diversity and inclusiveness are key drivers to enhance its effectiveness and providing the Board the benefits of different perspectives to bear on issues that are aligned to the interest of stakeholders.

Diversity is also important to ensure the Company remains relevant and sustainable in the rapidly evolving business.

The Board strives to ensure a mix of member profiles in terms of age, ethnicity, gender, academic and professional qualifications and skills that will provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship, thereby creating value.

Accordingly, the Board continues to focus on diversity when assessing new candidates for Board membership or the re-election of Directors according to the Company's Constitution. The Board considers a diverse range of qualified candidates with

proceedings thereat. The Board ensures that key transactions or critical decisions are deliberated and decided on by the Board in a meeting. The Board also ensures that decisions and basis for those decisions, including any dissenting views are made known and properly minuted by the Company Secretary. To ensure there is sufficient time for discussion, deliberation and decision, the Board utilises its six principal Committees. At each Board meeting, the agenda ensures that there is sufficient time for the Chairman of each Board Committee to report on contents of discussions, any recommendations to the Board which require approval and the actions taken. Members of Senior Management attend Board meetings to present their proposals and support the Board with further and additional information on the matters being deliberated and to report on matters pertinent to their areas of responsibility.

All Directors have access to the services of the Company Secretary and any Director may initiate an agreed procedure whereby independent professional advice may be sought at the Company's expense.

no conscious or unconscious biasness against the candidate to ensure a fair assessment is conducted on the suitability of the qualified candidate in the best interest of the Group.

To create and maintain a diverse Board, the Board would amongst others,

- ◆ a Identify specific factors for consideration in the recruitment and selection process;
- ◆ b Adhere to the recruitment and sourcing process that seeks to include diverse candidates;
- ◆ c Assess the appropriate mix of diversity including gender, age, skills, experience and expertise required on the Board and address gaps, if any.

The NRC and Board undertake an annual review of the composition of the Board and Board Committees, having regard to the mix of business and industry skills, experience, age, culture and gender of the existing Directors.

## Corporate Governance Overview Statement



### BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### ► DIRECTORS' INDEPENDENCE

The Board recognises the important contributions that INEDs make to good corporate governance. All Directors, regardless of their independent status are required to act in the best interests of the Company and to exercise unfettered and independent judgement.

Board decisions are made taking into account the views of INEDs which carry substantial weight. They fulfil their roles in ensuring that strategies proposed by Management and deliberated are examined taking into account the interests of the shareholders and stakeholders. Their role is particularly critical for related party transactions as these require independence of judgement and objective impartiality to protect the interests of minority shareholders.

For FY2023, the Board was satisfied with the mix of INEDs and Non-INEDs, the composition being diverse in demographics, skills and experience.

The Board practices robust, open and active discussions at Board meetings so as to ensure that opportunities are given to all Directors to participate and contribute to the decision-making process.

During FY2023, the NRC assessed the independence of the INEDs as part of the Board Effectiveness Evaluation (BEE) process. The Board was satisfied with the level of independence demonstrated by the INEDs, their sound and objective judgement to Board deliberations and their ability to act in the best interests of the Group, manifested through active participation in Board discussions and decision-making.

The Board Charter specifies that the tenure of NEDs shall not exceed a cumulative term of nine years from the date of the first appointment. As at the date of this Statement, none of the Directors has served the Board for more than nine years.

Aside from the annual assessment, a potential candidate shall, prior to the appointment as a NED, submit his/her declaration of independence, where applicable, and fit and proper in compliance with the criteria set out in the MMLR, to the Board for consideration.

#### ► DIVISION OF RESPONSIBILITIES

The positions of the Chairman and the PCEO are held separately by Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail and Datuk Choong Kai Wai respectively. This segregation ensures a clear distinction between the Chairman's responsibility to manage the Board and the PCEO's responsibility to manage the Company's business.

There is clear division between executive and non-executive responsibilities which ensures accountability and oversight. The roles of Chairman, PCEO, Senior INED and INEDs are clearly defined, set out in the Board Charter and regularly reviewed by the Board and are available on our website under Corporate Governance.

##### Chairman

- Leads the Board in setting the Group's key policies and direction.
- Chairs and conducts meetings of the Board and shareholders and ensures that they are properly briefed at their respective meetings.
- Facilitates meetings of the Board and ensures that no Board member, whether Executive or Non-Executive, dominates the discussion, and that healthy debate takes place.
- Instils good corporate governance practices, leadership and effectiveness of the Board.
- Ensures the provision of information to Directors in a timely manner.

##### PCEO

- Manages the day-to-day business affairs.
- Responsible for the overall management of the Group, ensuring that strategies, policies and matters set by the Board are effectively implemented in line with the Board's direction.
- Regularly reviews the performance of the heads of divisions and departments who are responsible for all functions contributing to the success of the Group.
- Serves as the conduit between the Board and Management in ensuring the success of the Group's governance and management functions.

##### INED/NON-INED

- Ensures that business and investment proposals presented by Management, key transactions or critical decisions are fully deliberated, examined and decided on by the Board in a meeting.
- Plays a key role by providing unbiased and independent views, advice and judgement, which take into account the interests of the Group and all its stakeholders including shareholders, employees, customers, business associates and the community as a whole.

##### Senior INED

- Designated contact to whom concerns pertaining to the Group may be conveyed to by shareholders and other stakeholders.
- Chairs meetings of the Board and shareholders in the absence of the Chairman.
- All queries which require SID's attention can be emailed to [philip.tan@spsetia.com](mailto:philip.tan@spsetia.com)

##### Company Secretary

- Plays an advisory role to the Board, particularly with regard to the Company's Constitution and Board policies and procedures as well as compliance with relevant rules and regulations.
- Ensures that the discussions and deliberations at Board and Board Committee meetings are well documented and subsequently communicated to the relevant Management for appropriate action.
- Updates the Board and Board Committees on the follow-up of their decisions and recommendations by Management.
- Supports the Board in maintaining the highest standards of probity and corporate governance.
- Primary point of contact for institutional and other shareholders, especially with regard to matters of corporate governance.

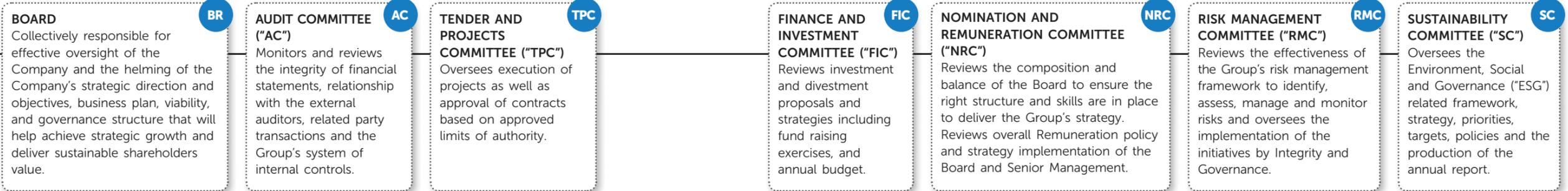
# Corporate Governance Overview Statement



## BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### GOVERNANCE STRUCTURE

We pride ourselves on conducting our business in an open and transparent manner. Our well-established culture ensures that our governance framework remains flexible, allowing for fast decision making and effective oversight.



### BOARD AND BOARD COMMITTEE MEETING ATTENDANCE FOR 2023

Board of Directors	Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail	Datuk Choong Kai Wai	Dato' Philip Tan Puay Koon	Tengku Dato' Ab. Aziz Bin Tengku Mahmud	Dato' Azmi Bin Mohd Ali	Dato' Merina Binti Abu Tahir	Dato' Tengku Marina Binti Tunku Annuar	Sheranjiv Sammanthan	Datuk Ir. Khairil Anwar Bin Ahmad <sup>(1)</sup>	Datin Wan Daneena Liza Binti Wan Abdul Rahman <sup>(2)</sup>	Dato' Ahmad Pardas Bin Senin <sup>(3)</sup>	Dato' Seri Ir Hj Mohd Noor Bin Yaacob <sup>(3)</sup>	Dato' Zuraidah Bin Atan <sup>(4)</sup>	Dato' Halipah Binti Esa <sup>(5)</sup>	Notes:
Total Meetings Attended	100% 11/11	100% 11/11	100% 11/11	91% 10/11	100% 11/11	100% 11/11	100% 11/11	100% 11/11	88% 7/8	100% 5/5	100% 2/2	100% 2/2	100% 6/6	100% 6/6	<sup>(1)</sup> Appointed on 1 June 2023 <sup>(2)</sup> Appointed on 17 August 2023 <sup>(3)</sup> Retired upon conclusion of the 48 <sup>th</sup> Annual General Meeting held on 27 April 2023 <sup>(4)</sup> Resigned on 17 August 2023 <sup>(5)</sup> Resigned on 28 August 2023

#### AC Meetings Attended

Dato' Merina Binti Abu Tahir ("C")	10/10	100%
Dato' Philip Tan Puay Koon	10/10	100%
Datin Wan Daneena Liza Binti Wan Abdul Rahman	4/4	100%
Dato' Zuraidah Binti Atan <sup>(1)</sup>	6/6	100%

<sup>(1)</sup> Resigned on 17 August 2023

#### NRC Meetings Attended

Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail ("C")	10/10	100%
Dato' Philip Tan Puay Koon	10/10	100%
Tengku Dato' Ab. Aziz Bin Tengku Mahmud	10/10	100%
Dato' Tengku Marina Binti Tunku Annuar	10/10	100%
Datuk Ir. Khairil Anwar Bin Ahmad <sup>(1)</sup>	6/6	100%
Dato' Ahmad Pardas Bin Senin <sup>(2)</sup>	3/3	100%

<sup>(1)</sup> Appointed on 1 June 2023  
<sup>(2)</sup> Ceased on 27 April 2023

#### FIC Meetings Attended

Dato' Philip Tan Puay Koon ("C")	8/8	100%
Dato' Azmi Bin Mohd Ali	8/8	100%
Sheranjiv Sammanthan	8/8	100%
Datin Wan Daneena Liza Binti Wan Abdul Rahman <sup>(1)</sup>	4/4	100%
Dato' Ahmad Pardas Bin Senin <sup>(2)</sup>	1/1	100%
Dato' Merina Binti Abu Tahir <sup>(3)</sup>	4/4	100%

<sup>(1)</sup> Appointed on 17 August 2023  
<sup>(2)</sup> Ceased on 27 April 2023  
<sup>(3)</sup> Resigned on 17 August 2023

#### TPC Meetings Attended

Datuk Ir. Khairil Anwar Bin Ahmad ("C") <sup>(1)</sup>	11/11	100%
Datuk Choong Kai Wai	11/11	100%
Sheranjiv Sammanthan	11/11	100%
Datin Wan Daneena Liza Binti Wan Abdul Rahman <sup>(2)</sup>	3/4	75%
Dato' Seri Ir Hj Mohd Noor Bin Yaacob <sup>(3)</sup>	4/4	100%
Dato' Halipah Binti Esa <sup>(4)</sup>	7/7	100%
Dato' Merina Binti Abu Tahir <sup>(4)</sup>	7/7	100%

<sup>(1)</sup> Appointed on 1 June 2023  
<sup>(2)</sup> Appointed on 17 August 2023  
<sup>(3)</sup> Ceased on 27 April 2023  
<sup>(4)</sup> Resigned on 17 August 2023

#### RMC Meetings Attended

Sheranjiv Sammanthan ("C")	4/4	100%
Tengku Dato' Ab. Aziz bin Tengku Mahmud	4/4	100%
Datuk Ir. Khairil Anwar Bin Ahmad <sup>(1)</sup>	1/1	100%
Dato' Merina Binti Abu Tahir <sup>(1)</sup>	1/1	100%
Dato' Ahmad Pardas Bin Senin <sup>(2)</sup>	2/2	100%
Dato' Zuraidah Binti Atan <sup>(3)</sup>	3/3	100%
Dato' Halipah Binti Esa <sup>(3)</sup>	2/3	67%

<sup>(1)</sup> Appointed on 17 August 2023  
<sup>(2)</sup> Ceased on 27 April 2023  
<sup>(3)</sup> Resigned on 17 August 2023

#### SC Meetings Attended

Dato' Tengku Marina Binti Tunku Annuar ("C")	6/6	100%
Sheranjiv Sammanthan	6/6	100%
Tengku Dato' Ab. Aziz Bin Tengku Mahmud	6/6	100%
Datuk Ir. Khairil Anwar Bin Ahmad <sup>(1)</sup>	2/2	100%
Dato' Seri Ir Hj Mohd Noor Bin Yaacob <sup>(2)</sup>	2/2	100%
Dato' Merina Binti Abu Tahir <sup>(3)</sup>	4/4	100%

<sup>(1)</sup> Appointed on 17 August 2023  
<sup>(2)</sup> Ceased on 27 April 2023  
<sup>(3)</sup> Resigned on 17 August 2023

("C") : Chairman

# Corporate Governance Overview Statement



## BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### SUSTAINABILITY GOVERNANCE

The Company drives sustainability practices across its business activities, the environment and the wider community. Our sustainability framework outlines the Group's sustainability effort to better respond to changing stakeholder concerns, market conditions and will be continuously reviewed. Sustainability at S P Setia is about investing for the long-term growth and future of our organisation and stakeholders and ensuring that what we do makes a lasting impact on our community, economy and the nation. Since embarking on our sustainability journey, we have institutionalised our approach to sustainability and continue to take steps to embed ESG practices or considerations into our businesses and operations as part of our overall sustainability journey. This is done via recognition of ESG aspects through the sustainable products and solutions the Company offers.

Our sustainability strategy draws guidance from MMLR and global reporting initiative standards, the United Nations Sustainable Development Goals. The Board, through the Board Sustainability Committee, together with Management takes responsibility for the governance responsibility in the Group, including setting the Group's sustainability strategies, priorities and targets.

### DIRECTORS' INDEMNITY

S P Setia continues to provide and maintain indemnification for its Directors throughout the year under review as allowed under the CA 2016 to the extent it is insurable, under the Directors' and Officers' Liability Insurance ("D&O") procured by the Company. Directors and Officers are indemnified against any liability incurred by them in discharging their duties as Directors and Officers of the Group.

### PRINCIPAL BOARD ACTIVITIES IN 2023

At every scheduled Board meeting, the Board receives an update from the Senior Management and the Company Secretary on financial matters, operational and strategic activities and governance. The table below provides examples of significant matters discussed in FY2023.

TOPIC	ACTIVITY AND OUTCOME
<b>Strategic Growth and Sustainability Agenda</b>	<ul style="list-style-type: none"> <li>Approved the Group's 5-year strategic plan (from year 2024 to 2028), presented by all the Heads of BUs locally and abroad and received updates on Support Functions relating to People Plan, Digital &amp; IT Innovation, Sustainability and Risk Outlook</li> <li>Kept abreast of updates of the Group's Sustainability Roadmap</li> <li>Kept abreast of achievement of Material Matters via Performance Scorecard on a quarterly basis</li> <li>Approved the Group's Green Roadmap towards Net Zero Carbon Emissions by 2050</li> </ul>
<b>Financial and Business Performance</b>	<ul style="list-style-type: none"> <li>Approved the Audited Financial Statements for FY2022</li> <li>Approved the Quarterly Results and Quarterly Press Releases for announcement to Bursa Securities</li> <li>Approved the Group's Business Plan and Budget for FY2024</li> <li>Approved dividends paid in FY2023</li> <li>Approved report/contents of the Integrated Report for FY2022</li> <li>Approved the Group's funding plan and fund raising exercise</li> <li>Approved disposal and acquisition of lands as part of land bank management</li> </ul>
<b>Governance, Integrity and Risks</b>	<ul style="list-style-type: none"> <li>Received the Group's quarterly risk reports as well as updates on whistleblowing cases</li> <li>Approved half-yearly reports for submission to MACC</li> <li>Approved the approach for the annual BEE for FY2023 and discussed the findings arising from the exercise</li> <li>Approved amendments and updates to the Board Charter</li> <li>Approved amendments and updates to ToR of Board Committees</li> <li>Noted Minutes of Board Committee Meetings and received updates from Chairman of respective Board Committees</li> <li>Noted quarterly declaration of interest by Directors and time commitment</li> </ul>
<b>Board and Management Succession Planning</b>	<ul style="list-style-type: none"> <li>Received updates on Management transition as well as approved the Organisational Restructuring based on Management Succession Plan</li> <li>Kept abreast of the progress of executing Board Succession Plan</li> </ul>

TOPIC	ACTIVITY AND OUTCOME (CONT'D)
<b>People and Leadership</b>	<ul style="list-style-type: none"> <li>Reviewed the retirement of Directors by rotation and eligibility for re-election and recommended their re-election at the 48<sup>th</sup> AGM</li> <li>Reviewed the trainings attended by Directors on a half yearly basis and identified training needs for the Board for FY2023</li> <li>Approved appointment of new Directors as part of the Board Succession Plan</li> <li>Approved re-composition of Board Committees arising from changes to the composition of the Board</li> <li>Received report on People Pulse Survey for FY2023</li> <li>Approved KPIs for FY2024 for the Group Company Secretary, Chief Internal Auditor ("CIA") and Chief Risk, Integrity &amp; Governance Officer ("CRIGO")</li> <li>Approved KPIs for FY2024 for Group and PCEO and gave feedback for the KPIs for FY2024 of Senior Management Team</li> <li>Approved appointment of key senior management including the appointment of Chief Operating Officer as well as monitoring the execution of the Management Succession Plan</li> </ul>
<b>Remuneration Matters</b>	<ul style="list-style-type: none"> <li>Reviewed and recommended the Directors' Fees and Other Remuneration and Benefits for shareholders' approval at the 48<sup>th</sup> AGM</li> <li>Reviewed the Non-Executive Directors Remuneration Framework benchmarked against peers and other public listed companies</li> <li>Approved bonus, salary increment and promotions for the Group's employees</li> <li>Reviewed the Group's Total Reward Framework and approved the revisions to the benefits of the Group's employees</li> </ul>

### CONTINUING DEVELOPMENT AND TRAINING

All new Directors appointed to the Board are given a comprehensive onboarding programme, covering areas of the business, including among others, the Company's strategies, business segments and operations, the corporate governance framework within the Group and key risks.

programmes and seminars in order to keep themselves abreast of the development and changes in the industry the Group operates as well as being updated on new regulatory and statutory requirements.

In line with Paragraph 15.08 of the MMLR, the Directors recognise the importance and value of attending conferences, training

The trainings/seminars/conferences attended by the Directors during FY2023, among others, are set out below. For full details of the list of trainings, please refer to the CG Report.

	KEY AREAS OF FOCUS						
	SGS	RIC	IAG	FAT	LR	PDR	RR
Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail	✓	✓	✓	✓	✓	✓	
Datuk Choong Kai Wai	✓	✓	✓	✓	✓	✓	
Dato' Philip Tan Puay Koon	✓			✓	✓	✓	
Tengku Dato' Ab. Aziz Bin Tengku Mahmud	✓	✓			✓	✓	
Dato' Azmi Bin Mohd Ali	✓	✓			✓	✓	
Dato' Merina Binti Abu Tahir	✓	✓	✓	✓	✓	✓	✓
Dato' Tengku Marina Binti Tunku Annuar	✓	✓	✓	✓	✓	✓	✓
Sheranjiv Sammanthan	✓	✓	✓	✓	✓	✓	
Datuk Ir. Khairil Anwar Bin Ahmad	✓			✓	✓	✓	
Datin Wan Daneena Liza Binti Wan Abdul Rahman	✓	✓	✓		✓	✓	

SGS Strategic Growth, Sustainability Agenda and Digital Transformation
RIC Risks and Internal Control
IAG Integrity and Governance
FAT Finance, Accounting and/or Tax Related
LR Legal/Regulatory
PDR Property Development Related
RR Remuneration Related

# Corporate Governance Overview Statement



## BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### NOMINATION AND REMUNERATION COMMITTEE REPORT



#### DEAR SHAREHOLDERS,

The Board places importance on succession management at the Board and Management. The concerted and conscious efforts implemented thus far facilitated a smooth transition at the strategic and operating levels that had enabled the Group to achieve sustainable performance. The Company will continue to build on its talent pipeline to ensure that the Group is future-ready to deliver its long term objectives.

**Y.A.M. TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL**  
Chairman

#### OVERVIEW

The primary objective of the Nomination and Remuneration Committee ("NRC") is to assist the Board in proposing new nominees for the Board and Board Committees, as well as evaluating performance of the Board and Directors and key management personnel on an on-going basis. The NRC also reviews the Board composition and ensures that any Board appointment brings with it the right balance and mix of skills, experience and diversity to the Board. The NRC is additionally entrusted with the responsibility of developing and establishing competitive remuneration policies and packages as well as administering the Group Employees' Long Term Incentive Plan ("LTIP") comprising the Employee Share Option Scheme ("ESOS") and the Employee Share Grant Plan ("ESGP") in such manner as it shall in its discretion deem fit within such powers and duties as are conferred upon it by the Board as defined in the By-Laws of the LTIP.

In addition to the above, the NRC plays an oversight role of monitoring the status of the Company's application of the Practices under each of the Principles set out in the MCCG to ensure that the Company upholds best governance practices throughout the Group.

#### TERMS OF REFERENCE

The Terms of Reference ("TOR") of the NRC are available online for reference in the Board of Directors' section of the Company's website at [www.spsetia.com](http://www.spsetia.com).

#### MEMBERS OF THE NRC

During FY2023, the NRC comprises solely Non-Executive Directors ("NEDs") with a majority being Independent Directors and includes a Senior Independent NED. Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail, a Non-Independent Non-Executive Chairman, has been appointed by the Board as Chairman of the NRC since 31 May 2019 after taking into consideration his vast experience, knowledge and exemplary leadership needed in setting, driving and realising the objectives of the NRC.

The President and Chief Executive Officer ("PCEO") attends the meetings of the NRC upon invitation. Other members of Senior Management are invited to meetings of the NRC when necessary to provide support to the discussion on matters related to the agenda of the meeting. The Company Secretary of the Company is the secretary of the NRC who is in attendance at all NRC Meetings and records the proceedings thereat.

The NRC has direct and unrestricted access to the advice and services of the Company Secretary and Senior Management. The NRC may, either collectively or as individual members seek independent professional advice, at the Company's expense, if required, in furtherance of their duties.



The members of the NRC as at the date of this report are as follows:

**Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail**  
(Chairman & Non-Independent Non-Executive Director)  
(Appointed on 31 May 2019)  
(Tenure: 4 years and 9 months)

**Dato' Philip Tan Puay Koon**  
(Senior Independent Non-Executive Director)  
(Appointed on 3 March 2016)  
(Tenure: 8 years)

**Dato' Tengku Marina Binti Tunku Annuar**  
(Independent Non-Executive Director)  
(Appointed on 1 September 2022)  
(Tenure: 1 year and 6 months)

**Datuk Ir. Khairil Anwar Bin Ahmad**  
(Independent Non-Executive Director)  
(Appointed on 1 June 2023)  
(Tenure: 9 months)

#### APPOINTMENT/RE-ELECTION OF DIRECTORS

S P Setia practises a formal and transparent process on the appointment of new Directors. In its selection of suitable candidates, the NRC has a selection criteria based on competencies and attributes required to further strengthen the Board's composition. All nominees to the Board are first considered by the NRC, taking into consideration among others the diversity in terms of mix of skills, competencies, experience, age and gender guided by the Diversity Policy adopted by the Board and time commitment required to effectively fulfil his or her role as a Director.

The NRC is responsible for recommending to the Board, Directors who are standing for re-election at the AGM pursuant to the Company's Constitution.

The NRC will consider the Directors who are due for re-election/re-appointment in the same manner as other Directors, taking into consideration the Director's performance during his/her term.

#### SUMMARY OF ACTIVITIES OF THE NRC DURING THE YEAR

The NRC met ten (10) times during FY2023, as follows:



Details of the NRC members' attendance at the NRC meetings held during FY2023 are disclosed on page 220 of the Integrated Report 2023. The summary of activities of the NRC during FY2023 is as follows:

#### With regard to nomination and related matters

(1) Reviewed the performance of the Directors who were subject to re-election at the 48<sup>th</sup> Annual General Meeting of the Company held on 27 April 2023 ("48<sup>th</sup> AGM") pursuant to Clauses 102 and 107 of the Company's Constitution, and recommended to the Board, the re-election/re-appointment of Dato' Zuraidah Bint Atan, Dato' Tengku Marina Binti Tunku Annuar and Mr Sheranjiv Sammanthan. The Directors had met the Board's expectations of high performance based on the performance and contribution of each Director as assessed through the Board Effectiveness Evaluation ("BEE") where applicable.

Dato' Ahmad Pardas Bin Senin and Dato' Seri Ir Hj Mohd Noor Bin Yaacob retired by rotation at the 48<sup>th</sup> AGM in accordance with Clause 102 of the Company's Constitution in view that they would be reaching their 9th year as Directors of the Company in September 2023 and October 2023 respectively.

(2) Kept abreast of progress of management succession plan and updated on the changes to organisation structure to further improve operational efficiency. The NRC was further kept abreast of manpower resources for the S P Setia Group.

(3) Reviewed the composition of the Board as part of the Board Succession Plan. The NRC reviewed the curriculum vitae of 34 potential candidates with strong credentials and of different ethnicities nominated by Directors and independent sources. The Board had identified the required skillsets, expertise and experience of the potential candidates in the recruitment process that would further complement the existing Directors namely in areas of sustainability, property development and finance, that was mapped against the Board Succession Plan and Board Diversity Policy approved and adopted by the Board.

After having considered the qualification, skillsets, expertise and experience of all the potential candidates and the time commitment to discharge their duties and responsibilities, upon recommendation of the NRC, the appointments of Datuk Ir. Khairil Anwar Bin Ahmad and Datin Wan Daneena Liza Binti Wan Abdul Rahman as Independent Non-Executive Directors of the Company ("INEDs"), were approved by the Board to take effect from 1 June 2023 and 17 August 2023, respectively.

Prior to the effective date of their respective appointments, Datuk Ir. Khairil Anwar Bin Ahmad and Datin Wan Daneena Liza Binti Wan Abdul Rahman had also confirmed that they satisfied the requirements of independence and Fit and Proper Policy for Directors of the Company.

(4) The effectiveness of the Board is imperative to the success of the Company and the Group. The Board conducts a rigorous evaluation process each year through the BEE to assess how well the Board, its Committees and each individual Director are performing. For the BEE 2023, the NRC reviewed the approach for the BEE and recommended the same to the Board for approval. The BEE exercise was internally facilitated. The areas of coverage of the BEE 2023 were on the Board, Board Skills Matrix, Directors' and Self Peer Assessment, Fit and Proper Assessment, Independence Assessment on INEDs, and Board Committees.

# Corporate Governance Overview Statement



## BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

The results of the BEE together with suggested action plans were presented to the NRC and thereafter, to the Board. The BEE results indicated that the Directors were satisfied that the Board was effective in discharging their responsibilities, had an effective composition and was enabled by current process/administration. The Directors were of the view that the composition of the Board was well-balanced, taking into consideration the diversity of gender, mix of skills, qualifications, experiences and the level of contribution from each of the members to the respective committees. Outcome of the BEE 2023 had suggested some areas to further improve the Board's administration and processes, composition and management reporting. The Board Improvement Plan for year 2024 was built upon these constructive feedbacks to further strengthen the Board's activities in governing S P Setia Group.

The Directors were also satisfied that the Board Committees provided added value to the Company's governance system and that the Company's business was being conducted in an effective and efficient manner.

Meanwhile, the progress of actions identified as set out in the Board Improvement Plan for FY2023 were monitored by the NRC and Board with variations duly highlighted accordingly.

(5) Received report on the results of the People Pulse Survey and the management action plans to address the gaps identified. The Company undertakes this annual survey which serves as a barometer to measure the overall climate of the Company and to identify key issues and concerns of employees in order for the Management to construct action plans to address issues and concerns.

(6) Took cognisance of trainings attended by the Directors on a half-yearly basis including and recommending suitable areas of topics, if any.

During FY2023, all Directors attended the necessary training programmes and seminars to further broaden their perspectives, skills, knowledge and were kept abreast of the relevant changes in the law, regulations and the business environment. Summary of the trainings attended by the Directors is set out on page 223 of this Integrated Report 2023.

(7) Performed annual assessment of the composition of the Board Committees, having regard to the mix of skills, experience, tenure of service, and the practices set out in the MCCG, to ensure that they remain effective and relevant in order for them to carry out the roles and responsibilities as delegated by the Board in an effective and efficient manner. The NRC recommended the changes to the composition of the NRC, Tender and Projects Committee, Finance and Investment Committee, Risk Management Committee and Sustainability Committee following the resignations and appointments of Directors during the year.

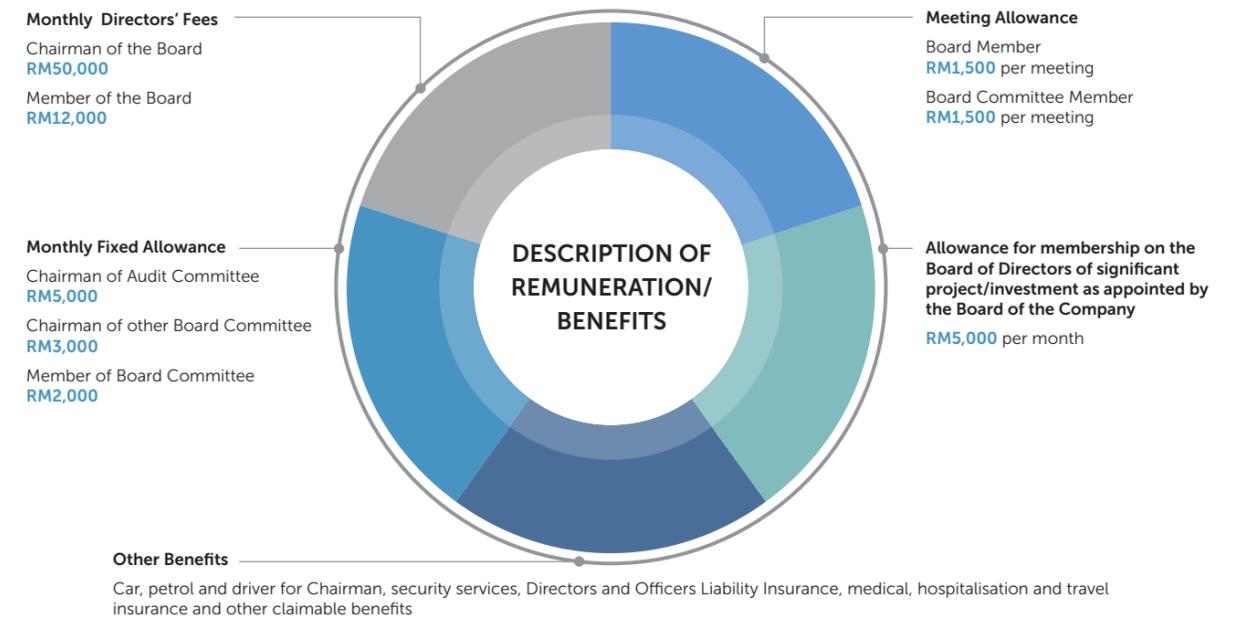
(8) Reviewed the Key Performance Indicators ("KPIs") for FY2024 of the President and CEO ("PCEO"), the Chief Internal Auditor, Chief Risk, Integrity and Governance Officer and Group Company Secretary, and made its recommendations to the Board for approval. The NRC also reviewed the KPIs of other Senior Management team.

(9) Involved in the selection and interview of shortlisted candidates for the certain key positions and made its recommendation, where applicable, to the Board for approval.

### With regard to remuneration and related matters

- 1 Reviewed and recommended to the Board, the payment of bonus and salary increment for the PCEO and eligible employees with reference to their KPIs and the Group's performance.
- 2 Reviewed the Group's Total Reward Framework against market practices and recommended certain changes to the Board for approval. This was to ensure that the Group's remuneration policy remained updated and relevant in order to attract, retain, motivate and drive employee performance.
- 3 Benchmarked the remuneration practices of peers in the industry so as to ensure that the remuneration policy for the NEDs of the Company remains competitive to attract, retain and motivate Directors and to commensurate with the level of responsibility expected of the Directors.

The Remuneration Framework of the NEDs for FY2023, as approved by the shareholders at the 48<sup>th</sup> AGM of the Company was as follows:



## Corporate Governance Overview Statement



### BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

The details of the remuneration (excluding Sales and Services Tax) of each Director of the Company who served during the FY2023 are as follows:

	Basic Salary (RM'000)	Bonus (RM'000)	Fees* (RM'000)	Other Emoluments (RM'000)	Benefits -in-Kind (RM'000)	Total (RM'000)
<b>President and CEO</b>						
1) Datuk Choong Kai Wai	2,463	605		360	159	3,587
<b>Non-Executive Directors</b>						
1) Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail	–	–	600	135	240	974
2) Dato' Philip Tan Puay Koon	–	–	144	200	25	368
3) Tengku Dato' Ab. Aziz Bin Tengku Mahmud	–	–	144	114	13	271
4) Dato' Azmi bin Mohd Ali	–	–	144	51	15	210
5) Dato' Merina Binti Abu Tahir	–	–	144	146	7	296
6) Dato' Tengku Marina Binti Tunku Annuar	–	–	144	94	8	246
7) Sheranjiv Sammanthan	–	–	144	227	5	376
8) Datuk Ir. Khairil Anwar Bin Ahmad <sup>(1)</sup>	–	–	84	80	5	169
9) Datin Wan Daneena Liza Binti Wan Abdul Rahman <sup>(2)</sup>	–	–	54	49	3	106
10) Aida Hazrina Binti Mohd Tazaai	–	–	–	–	–	–
11) Dato' Ahmad Pardas Bin Senin <sup>(3)</sup>	–	–	47	49	3	99
12) Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob <sup>(3)</sup>	–	–	47	46	8	100
13) Dato' Zuraidah Binti Atan <sup>(4)</sup>	–	–	91	107	9	206
14) Dato' Halipah Binti Esa <sup>(5)</sup>	–	–	95	60	10	165

<sup>(1)</sup> Appointed on 1 June 2023

<sup>(2)</sup> Appointed on 17 August 2023

<sup>(3)</sup> Retired upon conclusion of the 48<sup>th</sup> AGM

<sup>(4)</sup> Resigned on 17 August 2023

<sup>(5)</sup> Resigned on 28 August 2023

Going forward for year 2024, the Company would maintain the existing Remuneration Framework of the NEDs except for an increase in the Board and Board Committee meeting allowance from RM1,500 to RM2,000 per meeting. The Board had taken cognisance of the fact that the Remuneration Framework of the NEDs had not changed since 2017 and the proposed increase in meeting allowance commensurates with the man-hours spent by the Directors at their respective meetings. The proposal was arrived at after undertaking the annual review of the Remuneration Framework of the NEDs in December 2023 against other companies in the property sector.

The Company did not disclose the remuneration of the top five (5) Senior Management for FY2023 in the Integrated Report 2023. The Board will consider the appropriateness of such disclosure in the future.



### EFFECTIVE AUDIT AND RISK MANAGEMENT

#### RISK MANAGEMENT FRAMEWORK

The Board is responsible for determining both the nature and extent of the Group's risk management framework and the risk appetite that is acceptable in seeking to achieve its strategic objectives. The framework and the ongoing process in place for identifying, evaluating and managing the principal risks faced by the Group are described on pages 81 to 85 of this Integrated Report. These are regularly reviewed by the Board.

Primary responsibility for operation of the Group's internal control and risk management systems, which are extended to include financial, operational and compliance controls has been delegated to the Management. These systems have been designed to manage, rather than eliminate, the risk of failure to achieve the Group's business goals and can provide only reasonable, not absolute, assurance against material misstatement or loss.

#### INTERNAL CONTROL

In delivering the Board's commitment to maintain and implement a strong control structure and environment for the proper conduct of the Group's business operations, the key elements of the Group's Internal control are as follows:

1. An established organisational structure with clear lines of responsibility, approval levels and delegated authorities	2. A disciplined management and committee structure which facilitates regular performance review and decision-making	3. Undertaking review of the Group's financial performance at monthly Group Action Committee ("GAC") meetings	4. Having in place various policies, procedures and guidelines underpinning the development, asset management, financing and main operations of the business, together with professional support services including legal, human resources, information services, tax, Group secretarial and health, safety and security	5. A risk management and internal audit function whose work spans the whole group	6. A financial and property information management system
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#### RISK MANAGEMENT

The oversight role of risk management is carried out by the RMC and the Board. The RMC and the Board set the strategic direction for risk roles, responsibilities and reporting structure.

The periodic reporting to both the RMC and the Board on risk management activities is undertaken by the Management Risk Team ("MRT").

The MRT and RMC receive and discuss on a quarterly basis the following matters:

1. the Group's risk register, including significant and emerging risks, and how exposures have changed during the period	2. summary reports and progress of the agreed action plans
--	--

The Group has in place policies to promote good business conduct and a healthy corporate culture that reflects integrity, transparency and fairness, namely the COCBE and Whistleblowing Policy. Additionally, decision-making by the Board and Management is guided by the Group's Discretionary Authority Limits ("DAL").

# Corporate Governance Overview Statement



## EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

### AUDIT COMMITTEE REPORT



#### DEAR SHAREHOLDERS,

The AC takes cognisance of the importance of strengthening financial and business controls and practices to uphold the Group's operational excellence in different business segments as well as integrity in financial and regulatory reporting. The AC would also ensure there is robust control environment to disclose, resolve, eliminate and mitigate conflicts of interest in order to ensure integrity in decision making by relevant delegated authority throughout the organisation.

#### DATO' MERINA BINTI ABU TAHIR

Chairman, Audit Committee

### SUMMARY OF ACTIVITIES OF THE AC DURING THE YEAR

The AC met ten (10) times during FY2023, as follows:



Details of the AC members' attendance at the AC meetings held during FY2023 are disclosed on page 220 of the Integrated Report 2023. The summary of activities of the AC during the FY2023 is as follows:

### FINANCIAL REPORTING

- Reviewed the quarterly unaudited financial results, including its related Bursa Securities' announcements and other key accounting matters. Also, reviewed the audited financial statements of the Group and the Company for FY2023 to ensure it was prepared in accordance with relevant standards and regulatory requirements so as to give a true and fair view of the Group's financial performance prior to recommending the same to the Board for approval.
- Discussed significant accounting and audit issues in respect of the financial statements for FY2023 with the External Auditors and assessed the actions and procedures taken by the External Auditors in respect of those areas.
- Reviewed the External Auditors management observations/points about assessment of the Group's internal control environment and other significant issues arising from the External Auditors substantive procedures. Subsequently, the AC assessed the management responses vide the Management Letter issued by the External Auditors.
- Review and kept informed of the periodic corporate tax status update on the Group's tax matters, transfer pricing, e-invoicing and the action plans undertaken by the Management.
- Kept abreast of development and changes to the accounting standards with the External Auditors and updated on new regulatory and statutory requirements affecting the industry via in-house training programmes, discussions with External Auditors, and attending relevant conferences and seminars.

### EXTERNAL AUDIT

- Reviewed the External Auditors' performances and their independence, guided by the Group External Auditor's Policy. Areas of performance review included the quality of service rendered, sufficiency of resources, level of communication, interaction by the audit team, independence, objectivity, and professionalism vide the report of the yearly audit results submitted to the AC and the External Auditors' Annual Transparency Report which set out the steps undertaken by the External Auditors to uphold audit quality and manage risks.
- Recommended to the Board for the reappointment of the External Auditors. The Board had recommended the re-appointment of Messrs. Ernst & Young PLT as the External Auditors of the Company for FY2023 at the Company's 48<sup>th</sup> Annual General Meeting held on 27 April 2023, which was approved by the shareholders.
- Reviewed and approved the External Auditors' scope of work and the audit planning memorandum for FY2023.
- Reviewed the amount of audit and non-audit fees paid or payable by the Group and its subsidiaries to the External Auditors for FY2023. The accumulated fees quoted for non-audit services were within the allowable limit defined under the External Auditor's Policy.
- Reviewed the proposed amendments to the External Auditor's Policy for recommendation to the Board for approval. The amendments were made in line with the adoption of the recent updates to the Revised By-Laws (On Professional Ethics, Conduct and Practice) of the MIA issued by Council of MIA on 1 July 2022 which came into effect on 15 December 2022.
- Held two (2) private sessions with the External Auditors on 24 February 2023 and 22 November 2023 without the presence of the President and Chief Executive Officer ("PCEO") and Management to discuss relevant issues and obtain feedback for improvements. Material issues arose from the private sessions were brought to the Board's attention.



### MEMBERSHIP

The members of the AC as at the date of this report are as follows:

#### Dato' Merina Binti Abu Tahir

(Chairman & Independent Non-Executive Director)  
(Appointed as Chairman on 17 August 2023),  
(Tenure: 7 months)  
(Appointed on 17 November 2021),  
(Tenure: 2 years and 4 months)

#### Dato' Philip Tan Puay Koon

(Senior Independent Non-Executive Director)  
(Appointed on 11 September 2015),  
(Tenure: 8 years and 6 months)

#### Datin Wan Daneena Liza Binti Abdul Rahman

(Independent Non-Executive Director)  
(Appointed on 17 August 2023),  
(Tenure: 7 months)

The composition of the AC is in compliance with Paragraph 15.09 of the MMLR and Step-up Practice 9.4 of the MCCG.

The AC is currently chaired by Dato' Merina Binti Abu Tahir, who is not the Chairman of the Board of S P Setia, and took office effective on 17 August 2023. She possesses the necessary skills, capabilities, and attributes in ensuring AC Meetings are efficiently conducted by fostering open discussions with all members of the AC on the agenda items during meetings so as to facilitate thorough considerations to be given to all the subject matters presented to the AC. The AC Chairman together with the AC members play an active role in engaging with the Management, Chief Financial Officer, Chief Internal Auditor ("CIA"), Group Financial Controller ("GFC") and the External Auditors.

Dato' Merina Binti Abu Tahir is a member of the Malaysian Institute of Accountants ("MIA"), Association of Chartered Certified Accountants ("ACCA"), Malaysian Institute of Certified Public Accountants and Institute of Internal Auditors Malaysia ("IIAM").

### TERMS OF REFERENCE ("TOR")



The AC's objectives, authorisations and functions are governed by the ToR which is reviewed periodically. The latest review conducted in 2023 was to incorporate the regulatory updates.

The ToR of the AC are available online for reference in the Board of Directors' section of the Company's website at: [www.spsetia.com](http://www.spsetia.com).

### MAIN RESPONSIBILITIES

- Compliance with financial reporting standards and relevant financial reporting requirements.
- Oversight of the financial, internal control environment and conflict of interest.
- Consideration of the internal and external audit programme and results.
- Review of the external audit relationship and provision of audit and non-audit services.

## Corporate Governance Overview Statement



### EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

#### INTERNAL AUDIT

- (1) Reviewed the internal audit reports prepared by Group Internal Audit ("GIA") and provided constructive feedback in ensuring the adequacy and effectiveness of governance, risk management and internal control systems of the Group. Where appropriate, the AC directed the Management to rectify and improve internal control procedures.

The AC also monitored the progress of follow-up audit on the implementation of agreed recommended action plans taken by Management.

- (2) Reviewed and approved the internal audit framework to further improve the reporting and rating of the state of internal controls through six (6) special additional meetings in addition to the quarterly AC meetings to focus on assessing, evaluating, and strengthening system of internal controls, to ensure soundness of the Group's system of internal controls and that appropriate action plans are taken to address audit findings.

This includes review on scheduled and special internal audit engagements on areas of concern and assessed the outcome of the review on the effectiveness of internal controls and recommending improvements.

- (3) Assessed the performance of the CIA against the approved KPIs for year 2023 and approved the KPIs of the CIA for year 2024.
- (4) Reviewed the Audit Committee Report and Statement of Risk Management and Internal Control for inclusion in the Integrated Report 2022.
- (5) Reviewed and approved the Internal Audit Plan Memorandum for 2024 including the resource requirement, manpower sufficiency, department budget and adequacy of internal audit scoping. Approved GIA's revised Annual Plan 2023 in view of the changes of risk arising from the business and regulatory requirements.
- (6) Approved the 3-year Strategic Plan which was developed based on International Professional Practice Framework ("IPPF") Practice Guide.
- (7) Evaluated and approved the recommendations proposed by IIAM based on Quality Assessment Review ("QAR") performed as part of GIA transformation initiatives.

#### RELATED PARTY TRANSACTIONS & CONFLICT OF INTERESTS

- (8) Ensured that the Management established a comprehensive framework for the purposes of identifying, evaluating, approving, reporting and monitoring for Conflict of Interest ("COI") and Related Party Transactions ("RPT"). Reviewed the COI and RPT, considering:-
- i) the nature and underlying details of the transactions, to establish that the transactions were on normal commercial terms and not to the detriment of the minority shareholders.
  - ii) reasonableness of the COI situations to ensure that certain parties do not abuse powers.
- (9) Reviewed the procedures for recurrent related party transactions for purposes of ensuring that the processes and controls were in place to ensure that recurrent related party transactions were not more favourable to the related parties than those generally available to the public and were not to the detriment of the minority shareholders.

#### OTHERS

- (10) Reviewed and verified the share option allocations for the ESOS and ESGP under the Company's LTIP for the FY2022 award that was confirmed by the External Auditors. The AC was satisfied that the allocation of the share option complied with the LTIP By-Laws.
- (11) Reviewed the report of special reviews or investigations and monitoring the progress of implementation of recommendations as mandated by the Board.
- (12) Reviewed the internal audit reports of the audit conducted on associate companies of the Group.

GIA which is the Group's independent in-house internal audit function carried out all internal audit functions. GIA provides the Board, through the AC, reasonable assurance on the effectiveness and adequacy of risk management, internal control, and governance processes within the Group.

GIA is headed by Thean Yain Peng, who was appointed as CIA on 1 September 2023. She was previously the GFC of S P Setia since 2017. She is a fellow member of the ACCA and a member of the MIA. Prior to this, Jennifer Mok led the GIA team.

GIA carries out risk-based audit and objective assurance, which are governed by IPPF. Key summary of internal audit activities carried out during the FY2023 are as follows:

- (1) Performed internal audit engagements in accordance with the approved plan and carried out additional assignments that covered reviews of internal control systems, policies and processes, observations, improvement opportunities, management information systems, risk management and governance compliances.
- (2) Internal audit reports were issued and tabled to the AC where significant risks and key areas of concerns were identified together with recommendations for improvements.
- (3) Performed follow up procedures on the implementation of agreed upon action plans to ensure that necessary actions had been taken/were being timely and adequately implemented as recommended.
- (4) Reported to the AC on review of the adequacy, appropriateness and compliance with the procedures established in relation to recurring related party transactions in accordance with the guidelines set out in the Circular to Shareholders dated 29 March 2023.
- (5) Assisted Integrity and Governance Unit ("IGU") and performed specific review on allegations received through the WB channel.
- (6) Attended COI trainings conducted by external parties to determine how to address and manage the reasonableness of the COI situations to ensure that affected parties do not abuse their authorities to gain unfair advantage.
- (7) Participated in the Environmental, Social and Governance ("ESG") related activities and attended trainings to review the accuracy of the data collected, in accordance with the Bursa Securities disclosure requirements.
- (8) Reviewed key concern areas that affected financial reporting, internal controls, and governance. To provide value added services, GIA also performed additional assurance and gave advisory services to Business Units upon request by the AC and/or Management in relation to compliance, governance, risk management and internal controls.

- (9) Jointly organised the Setia Group Risk and Audit Forum ("SGRAF") with Group Risk, Integrity and Governance Department to create awareness on risk and internal controls to the stakeholders.
- (10) As part of continuous improvement, GIA considered the recommendations based on the QAR performed and is currently in the process of implementing the recommendations with conformance to the IPPF guidelines.

GIA is resourced with a total of 15 internal auditors and assisted by a senior office executive. All internal auditors are equipped with diverse range of experience and qualifications. To perform their functions effectively, GIA underwent continuous internal and external learning and development programmes to equip themselves with the required skills, competencies, and business acumen.

Discipline	No. of auditors
Accounting and Finance (5 auditors possesses professional qualifications (ACCA, CPA, CIA etc)	13
Engineering/Technical experience	1
Information Technology/System Analyst	1
<b>Total</b>	<b>15</b>

The total cost incurred for the internal audit function for the FY2023 was approximately RM3.2 million, comprising mainly staff cost and other related audit work expenditure.

## Corporate Governance Overview Statement



### INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### STAKEHOLDER ENGAGEMENT

As a leading property developer, we are aware of how our business decisions affect our stakeholders, which include shareholders, customers, regulators, employees and the local communities. Throughout the year under review, we diligently considered feedbacks and comments gathered and through these encounters gained valuable input on our economic, environmental and social performance. Based on this information, we continuously improved our business processes and created products that our customers appreciated. We continuously engage with our stakeholders to understand their concerns and areas of interest and to obtain feedback through various channels of engagements.

See the Stakeholder Engagement and Value Creation section on pages 58 to 66 to find out more about our stakeholder engagement activities

#### INVESTOR RELATIONS

S P Setia undertakes proactive engagement with its shareholders, analysts, fund managers and the investment community, providing consistent and vital information on the Group's financial performance, operations, corporate developments and business strategies. This empowers our stakeholders to make well-informed investment recommendations and decisions.

Our Investor Relations ("IR") team serves as a vital conduit to our investment community, driving engagement beyond mere disclosures through frequent engagement activities that foster transparent, accurate, timely and clear access to information. These activities also provide support to the Group's Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and other Senior Management leaders, enabling them to effectively keep investors abreast of S P Setia's strategic direction, business updates and key developments.

The following is a list of engagement activities carried out by the IR team during 2023.

#### S P Setia's 48<sup>th</sup>



##### Annual General Meeting (AGM)

- S P Setia's 48<sup>th</sup> AGM was held on **27 April 2023**
- The AGM serves as a platform for shareholders to interact with the Management and seek clarification on the Group's strategy and financial performance
- Meeting platform:** Live-streaming from the broadcast venue at S P Setia's corporate headquarters office, Setia Alam

#### Investor briefings

- Investor briefings are held following the announcement of quarterly earnings on Bursa Malaysia. In 2023, these briefings were held on:
  - Q4 FY2022: 28 February 2023
  - Q1 FY2023: 17 May 2023
  - Q2 FY2023: 16 August 2023
  - Q3 FY2023: 23 November 2023
- Primary target audience: Analysts and fund managers
- Meeting platform: Virtual
- S P Setia management in attendance: Group CFO, Group Investor Relations, Group Finance, Group Corporate Finance and Group Treasury
- Presentation materials were provided to attendees and made available on S P Setia's corporate website (IR page)



#### Conference calls and virtual and physical meetings

- Small group and one-on-one investor physical meetings with Senior Management provide institutional investors and analysts with a more focused setting to gain insights into the Management's perspectives on strategy and outlook
- Ad hoc requests for virtual meetings and conference calls were accommodated over the year



Number of conference calls and virtual and physical meetings in 2023:

30

#### Site visits

- Site visits provide our analysts and fund managers the opportunity to engage with company management, tour S P Setia's projects (both existing and planned) and acquire a deeper understanding of the Group's operations
- After these site visits, analysts provide write-ups in research reports that summarise their views on our projects, how they contribute to the Group's overarching strategy and align with their investment thesis on S P Setia
- Crucially, such site visits factor into the decision-making and stock selection process for our institutional investors



Number of site visits in 2023:

8

#### Other Communication Channels

- Corporate website (IR page) (<https://spsetia.com/en-us/investor-relations>)
- IR e-mail ([ir@spsetia.com](mailto:ir@spsetia.com))
- Social Media [LinkedIn, Facebook, Instagram and X (formerly Twitter)]

Follow us on [linkedin.com/company/s-p-setia-berhad](https://www.linkedin.com/company/s-p-setia-berhad)

Follow us on [facebook.com/spsetia](https://www.facebook.com/spsetia)

Follow us on [instagram.com/spsetiabhd](https://www.instagram.com/spsetiabhd)

Follow us on [twitter.com/spsetiabhd](https://twitter.com/spsetiabhd)



## Corporate Governance Overview Statement



### INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

#### ➤ BROAD RESEARCH COVERAGE

Being a leading property developer in Malaysia, S P Setia Berhad is well covered by 15 local and foreign research houses. As of the announcement of our Q4 FY2023 financial results, there are 10 Buy/Outperform recommendations, 3 Hold/Market Perform recommendations and 2 Sell recommendations on S P Setia with an average target price of RM1.01.

Below, we provide a summary of analyst recommendations and target prices.

No.	Financial Institution	Target Price (RM)	Recommendation	RNAV (RM)	Discount to RNAV
1	UBS Securities	1.29	Buy	2.15	40%
2	Maybank Investment Bank	1.28	Buy	NA	NA
3	RHB Investment Bank	1.24	Buy	3.11	60%
4	UOB Kay Hian	1.18	Buy	3.38	65%
5	MIDF	1.16	Buy	4.30	73%
6	TA Securities	1.10	Buy	NA	NA
7	AmlInvestment	1.09	Buy	1.99	45%
8	Hong Leong Investment Bank	1.07	Buy	4.26	75%
9	Public Investment Bank	1.00	Outperform	2.86	65%
10	CLSA Securities	1.00	Outperform	4.93	80%
11	CGS-CIMB	0.90	Hold	NA	NA
12	Affin Hwang Investment Bank	0.88	Hold	2.24	60%
13	Kenanga Investment Bank	0.80	Market Perform	3.19	75%
14	KAF Equities	0.72	Sell	3.64	80%
15	Citigroup	0.46	Sell	2.30	80%
	<b>Average</b>	<b>1.01</b>		<b>3.20</b>	<b>67%</b>

#### ➤ EFFECTIVE SHAREHOLDER COMMUNICATION

We value the importance of having effective communication with our shareholders and investors.

Information disseminated is clear, relevant and comprehensive, and is timely and readily accessible by all stakeholders. Effective communication channels with our shareholders, stakeholders and the public are maintained through the dissemination of press releases, press conferences, timely announcements and disclosures made to Bursa Securities.

Group Investor Relations plays an important role in providing ongoing updates on S P Setia's development activities and conducting regular dialogues, discussions as well as site visits with fund managers, financial analysts, shareholders and the media. These meetings provide a vital avenue and direct channel of communication where financial analysts and fund managers can gain a better understanding of the businesses and direction of the Group; enter into constructive engagements based on mutual understanding of objectives; and where relevant, feedback is factored into the Group's business decisions.

Currently the S P Setia is covered by 15 local and foreign research houses and brokerages. We will continue to participate in investor conferences/roadshows as a key player in the property market.

Analyst briefings are conducted quarterly after the press release issuance with the objective of updating the fund managers of the Group's performance for the year under review. The analyst briefings are attended by the Senior Management of the Group. The Company continued to engage with the press and analysts leveraging digital platforms.

These are the few initiatives carried out by the Management as part of the continuous engagement programme to keep the relevant stakeholders apprised on the business development and financial performance of the Group.

Apart from the Company's website, enquiries on Investor Relations can be sent to the IR mailbox: [ir@spsetia.com](mailto:ir@spsetia.com)

#### ➤ GENERAL MEETING

The Company's AGM and EGM remain the principal forum for dialogue and communication with shareholders, in particular private investors. Shareholders are encouraged to attend each AGM and EGM and given sufficient time and opportunity to participate in the proceedings, ask questions about the resolutions being proposed and the operations of the Group, and communicate their expectations and possible concerns. At the Company's AGM, presentations will also be given by the PCEO to brief shareholders on project updates or proposals for which the approval of shareholders is being sought. All Board members, Senior Management and the Group's external auditors as well as the Company's adviser are available to respond to shareholders' questions during the AGM/EGM as the case may be.

The Integrated Report 2022, together with the Notice of 48<sup>th</sup> AGM, was published on 29 March 2023 in accordance with the Company's Constitution and MMLR. Where necessary, explanatory notes were provided in the notice with the objective of providing shareholders with the relevant background information pertaining to the resolutions tabled for approval.

The Company's 48<sup>th</sup> AGM was conducted entirely through live streaming from the Broadcast Venue as part of the Company's effort to curb the spread of COVID-19 as well as to leverage on technology to facilitate engagement with shareholders. Only shareholders whose names appeared in the Record of Depositors as at the date determined by the Company in accordance with the Company's Constitution were entitled to attend, speak and vote (collectively referred to as "participate") at the 48<sup>th</sup> AGM. Shareholders who were unable to participate were entitled to appoint proxy/ies to participate at the 48<sup>th</sup> AGM.

The Directors' attendance at General Meeting is set out below:

Director	48 <sup>th</sup> AGM
Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail	✓
Datuk Choong Kai Wai	✓
Dato' Ahmad Pardas Bin Senin	✓
Dato' Halipah Binti Esa	✓
Dato' Seri Ir Hj Mohd Noor Bin Yaacob	✓
Dato' Zuraidah Binti Atan	✓
Tengku Dato' Ab. Aziz Bin Tengku Mahmud	✓
Dato' Philip Tan Puay Koon	✓
Dato' Azmi Bin Mohd Ali	✓
Dato' Merina Binti Abu Tahir	✓
Dato' Tengku Marina Binti Tunku Annuar	✓
Sheranjiv Sammanthan	✓

# Corporate Governance Overview Statement



## INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

### CORPORATE DISCLOSURE

#### Corporate Disclosure Policy

The Company is committed to ensuring that all information such as corporate announcements, circulars to shareholders and financial results are disseminated to the general public in a timely and accurate manner. The Board is responsible for presenting a balanced, clear and meaningful assessment of the Group's financial position to the shareholders, investors, stakeholders and regulatory authorities.

The Company's quarterly interim and full-year audited financial results are released within two (2) months from the end of each quarter/financial year, and the Integrated Report, which remains a key channel of communication, is published within four (4) months after the financial year-end. The Integrated Report is not merely a factual statement of financial information and performance of the Group; it provides an insightful interpretation of the Group's performance, operations, and other matters affecting shareholders' interest. It is hoped that such insights will allow shareholders and investors to make more informed investment decisions based not only on past performance but also premised on the future direction of the Group.

### INFORMATION TECHNOLOGY

#### Leverage Information Technology for Effective Dissemination of Information

The Company maintains a website that serves as a forum for the general public to have access to information on the latest developments taking place in the Group. Corporate presentations, annual reports, corporate announcements and financial information utilised during analyst and fund manager briefings are also available on the Company's website at [www.spsetia.com](http://www.spsetia.com).

### SUSTAINABILITY

#### Strategies that Promote Sustainability

The Company is committed to imbuing corporate responsibility practices into our business activities. Sustainability is embedded in the organisation's mission, vision and values and is manifested in our products. The scope of the Our Sustainability Review covers the Group's operations in Malaysia during the reporting period from January 2023 to December 2023.

Our Sustainability Review is set out from pages 118 to 187 of the Integrated Report 2023 and explains the Group's practices and activities carried out during the FY2023.

### COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Statement and is satisfied that the Company has substantially complied with and applied the three key Principles of the MCCG for the FY2023.

Details of how the Company has applied the MCCG Principles and complied with its Practices are set out in the CG Report. Departures are further explained in the CG Report which is available on the Company's website at [www.spsetia.com](http://www.spsetia.com).

The Board is further satisfied that the Company has fulfilled its obligations under the relevant paragraphs of the MMLR, MCCG, CA 2016 and other applicable laws and regulations throughout the FY2023.

# Statement on Risk Management and Internal Control

"S P Setia continues to monitor and evaluate the changing business landscape and monitors changes to the legal and regulatory requirements to proactively mitigate risks and explore potential opportunities to enhance competitiveness.

The Board of Directors ("Board") of S P Setia is dedicated to upholding a robust internal control and risk management system. Each business unit has implemented its own control processes under the stewardship and oversight of the Chief Executive Officer (CEO), who bears responsibility for ensuring both sound business practices and regulatory governance.

The Statement on Risk Management and Internal Control was prepared pursuant to paragraph 15.26(b) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR") and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

### BOARD RESPONSIBILITY

The Board upholds its commitment and responsibility for the Group's risk management and internal control systems. This oversight extends beyond financial controls, to encompass strategic, operational and regulatory compliance aspects, as well as ensuring the adequacy and effectiveness of these systems to uphold S P Setia's performance and integrity.

The implementation of these control systems is undertaken by the Management, which regularly reports on key risks identified and actions taken to mitigate and/or minimise such risks. The oversight of these critical areas is carried out by the Sub-Board Committees, namely, the Risk Management Committee ("RMC") and the Audit Committee ("AC").

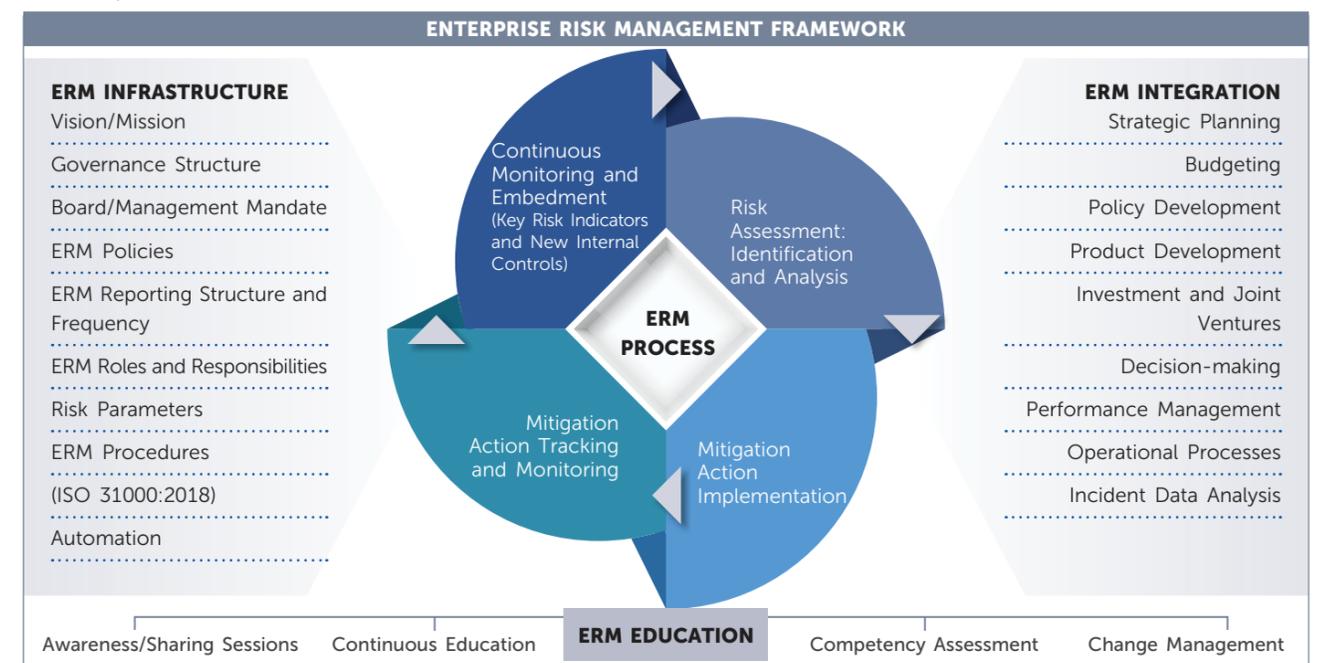
The Group's risk management and internal control systems are designed to efficiently and effectively manage risks within acceptable parameters, to ensure the achievement of the Group's business objectives, furnishing accurate information for reporting, decision-making, and ensuring compliance with regulatory and statutory requirements.

The Board also ensures the presence of a robust framework of ongoing risk management processes encompassing the identification, evaluation, and management of significant risks faced by the Group to foster the long-term success of the Company. The design of these systems primarily focuses on the management and mitigation of identified risks, rather than their complete elimination, a strategy which is consistently reviewed and reassessed by the Management.

### Enterprise Risk Management (ERM)

The Group Risk, Integrity and Governance ("GRIG") has established an Enterprise Risk Management ("ERM") Framework to proactively and systematically identify, evaluate, and control key risks to acceptable parameters. Aligned with the Group's commitment to deliver sustainable value, this ERM framework strives for a comprehensive and structured approach across the entire Group. It outlines the ERM methodology in accordance with the Principles and Guidelines of ISO31000:2018 Risk Management, with primary emphasis on fostering risk ownership and continuous monitoring of identified key risks.

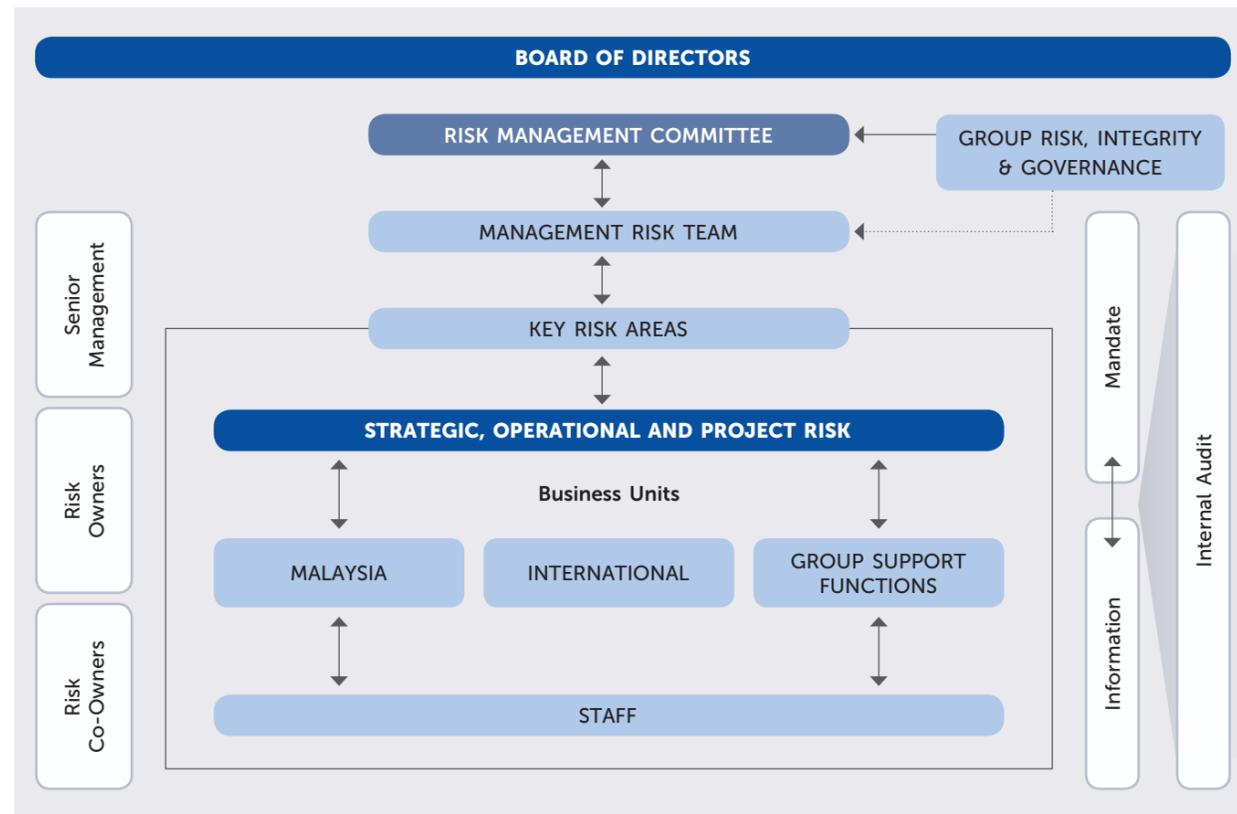
The Group's ERM Framework is summarised as follows:



# Statement on Risk Management and Internal Control

## A. ENTERPRISE RISK MANAGEMENT OVERSIGHT

The oversight role of risk management is carried out by the Risk Management Committee (“RMC”) and the Board. The success of implementing ERM programmes relies significantly on the mandate and commitment from RMC and the Board. These entities set the strategic direction for risk policies, define roles and responsibilities, and establish the structure for risk reporting. Periodic reporting on risk management initiatives is carried out by the Management Risk Team (“MRT”) to both the RMC and Board which keeps the RMC and the Board apprised on the Group’s key risk areas, progress of risk action plans and emerging risk and trends.



The MRT is supported by GRIG, which plays a crucial role in ensuring the successful and effective implementation of ERM and BCM framework, programmes, and facilitates continuous education and awareness throughout the Group. Furthermore, GRIG provides independent and objective assessment of key risks, along with timely reporting to the MRT, RMC and the Board. This collaborative effort contributes to a comprehensive and effective risk management and business continuity approach across the organisation.

## B. ENTERPRISE RISK MANAGEMENT POLICY

The Board acknowledges risks inherent in the normal course of the Group’s core businesses, which present both threats and opportunities. The ERM policy has been developed to facilitate the effective implementation of ERM framework, which aligns with the Group’s overarching aspiration in achieving its corporate objectives and meeting shareholders’ expectations. The outlined risk policy serves as a guiding principle for the management of risks and is applicable across all Business Units within the Group:

- To manage risk proactively;
- To manage both adverse and favourable risks;
- To manage risks pragmatically to acceptable parameters, tailoring responses to each situation while maintaining acceptable risk levels;
- To ensure that the process of risk assessment is systematically integrated into the organisational system;
- To manage risk consistently in an integrated and transparent way in accordance with good governance practices; and
- To mandate the creation and upkeep of an effective, formalised risk management framework within S P Setia.

## C. RISK REPORTING

The Group’s ERM Framework incorporates periodic reviews and reporting practices. The reports encompass comprehensive information such as the risk profiles, action plans, and status updates. Throughout the reviewed year, these reports were systematically presented on a quarterly basis and deliberated upon by the MRT, RMC and the Board.

## D. RISK MANAGEMENT INITIATIVES

As part of the Group’s effort to infuse a proactive risk management culture and encourage ownership, the following initiatives were undertaken during the year under review:

- Series of continuous ERM Culture and Education Programmes which includes ERM technical briefings/ trainings, awareness and refresher sessions.
- On 21 March 2023, GRIG, in collaboration with Group Internal Audit (“GIA”) co-organised the “Sembang Nasi Lemak 2.0” titled, *Effective Leadership for Good Governance*. This hybrid (physical and online) forum is for members of the Board Management, and Team Setia. The session featured an insightful and engaging discussion with the Chairman of S P Setia, YAM Tan Sri Dato’ Seri Syed Anwar Jamalullail who shared his invaluable experience on Board leadership, which he effectively managed and practiced good governance, whilst navigating business challenges in a competitive business landscape.



# Statement on Risk Management and Internal Control

- On 27 November 2023, Setia Governance, Risk and Audit Forum took place at Setia City Convention Centre. The half-day session, titled "Accelerating Transformation, Navigating the Future – A Governance Perspective," was attended by S P Setia's Board, Senior Management, Risk Officers, Business Continuity Officers, and Integrity & Governance Champions. Industry and thought leaders were invited to share invaluable insights on emerging megatrends, such as digitalisation, ESG, and gig economy. During the session, the panellists discussed insights on risks and governance, which can be incorporated into overall business strategies.



- Engaged in periodic discussions with Heads of Business Units to obtain endorsement on critical risk areas, seeking concurrence for upward reporting to MRT and RMC.
- Provided risk advisory and independent assessment as well as facilitated workshops and discussions across the Group.

## INTEGRITY AND GOVERNANCE

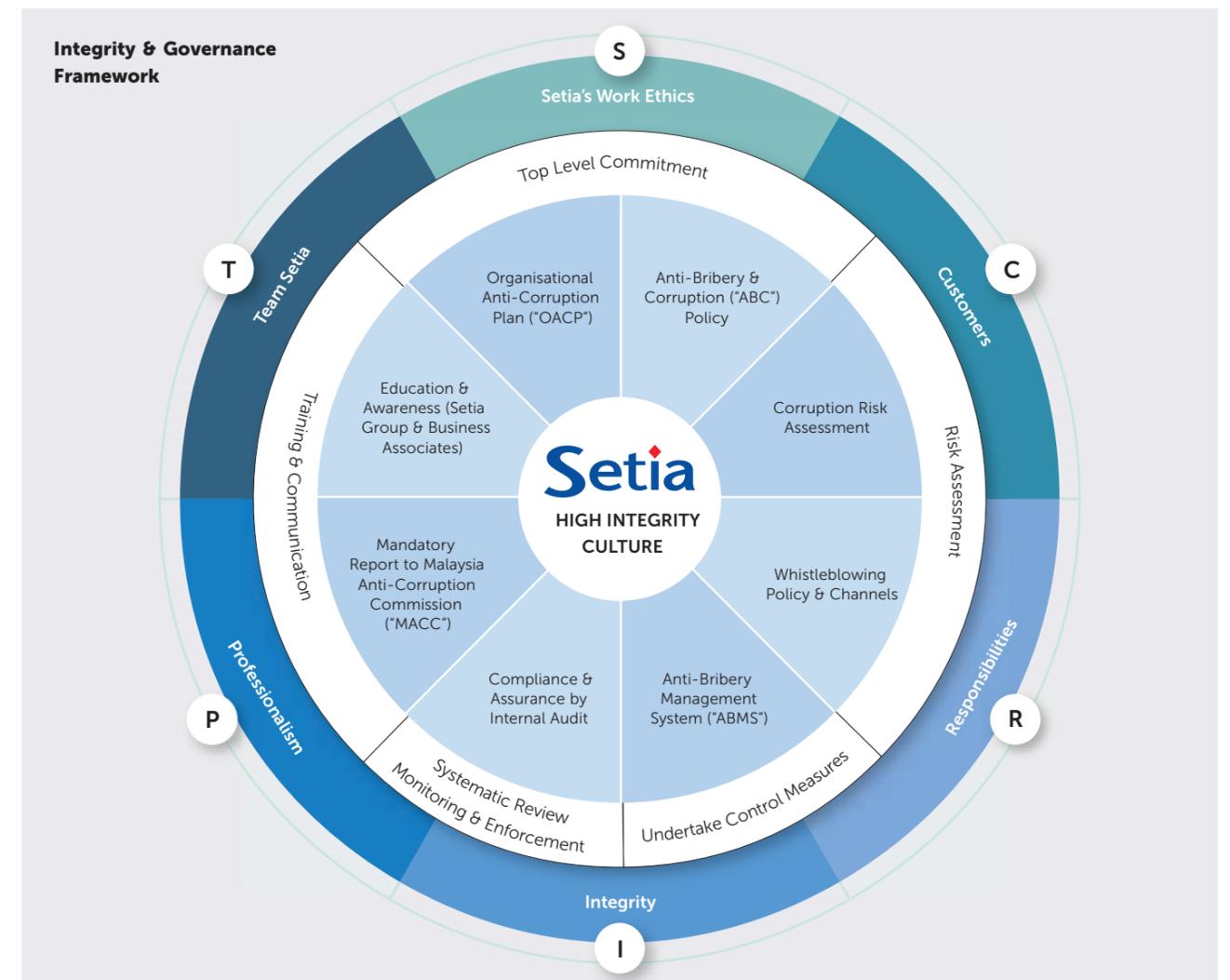
In line with the Government of Malaysia's aspiration in embarking on a journey to promote good ethical practices and good governance, S P Setia has also established its framework and initiatives for the embedment of high integrity culture and effective management of integrity and governance matters in S P Setia.

The Group Integrity & Governance Unit ("IGU") of S P Setia Berhad had been established to be in-line with the Prime Minister's directive to ("the Directive") all Government Linked Companies ("GLCs") in October 2018. The IGU will facilitate the compliance to the Corporate Liability provision under Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act, 2018 (Amendment), which has been enforced since 1 June 2020.

Based on the Directive and Guideline for the Management of Integrity and Governance Unit issued by the MACC in 2019, the IGU is responsible for the execution of the following four (4) core functions:

- Complaints Management** – To receive and respond to all complaints and information concerning violation of possible criminal, improper conduct and ethics of S P Setia Berhad.
- Detection and Verification** – To identify and verify complaints with regard to possible criminal, improper conduct and the violation of the Code of Conduct and Business Ethics of S P Setia Berhad and ensure appropriate actions are taken. To report criminal and corruption related offences to the relevant enforcement agencies.
- Strengthening Integrity** – To inculcate, institutionalise and implement the concept of integrity in organisation.
- Governance** – To strengthen integrity among the staff in addition to dealing with issues related to integrity, particularly bribery, corruption, abuse of power or other malpractices.

The IGU has a direct reporting line to the RMC and ultimately, the Board.



## Statement on Risk Management and Internal Control

S P Setia's integrity and governance framework has been established and endorsed by the Board of Directors with specific references to:

- i. The National Anti-Corruption Plan 2019;
- ii. The Guidelines on Adequate Procedures by the Prime Minister's Department;
- iii. ISO 37001:2016 on Anti-Bribery Management System ("ABMS");
- iv. Setia's core values "SCRIPT"; and
- v. ISO 37002:2021 on Whistleblowing Management Systems – Guidelines.

The framework took into consideration S P Setia's readiness and preparedness in facing the possible challenges and impact of the enforcement of the Corporate Liability provision. S P Setia is continuously embarking on initiatives to ensure that adequate measures are in place as a defence mechanism based on the TRUST principle under the Guidelines on Adequate Procedures, issued by the Minister of the Prime Minister's Department. The existing Organisational Anti-Corruption Plan (OACP) implemented by S P Setia expired in December 2023. In line with the continuous improvement initiatives, the Board has also approved S P Setia Anti-Corruption Plan covering the period of 2024 – 2026. This is a clear manifestation on the Top-Level Commitment (the first capital 'T' of the TRUST principle) in Setia, in ensuring our aspiration to uphold 'Zero Tolerance' to bribery and corruption is well prepared and implemented.

The following policies have been approved by the Board for implementation and compliance by Team Setia and Setia's Business Associates:

- i. Anti-Bribery and Corruption ("ABC") Policy;
- ii. Code of Conduct and Business Ethics;
- iii. Whistleblowing Policy;
- iv. Gifts and Hospitality Policy;
- v. Donations and Sponsorship Policy; and
- vi. Third Party Engagement Policy.

As per the Bursa Securities' Main LR, these policies are accessible by the Public, Business Associates and Team Setia either via Setia's corporate website or Setia Intranet platforms. The IGU has the responsibility to facilitate and oversee the enforcement of these policies, ensure awareness and effectiveness of its implementation.

The IGU also facilitates the Corruption Risk Assessment (CRA) workshops which are being conducted at both Setia Group and Business Unit levels. The Corruption Risk Profiles will be re-assessed and reported to the RMC on a periodic basis.

During the year under review, various initiatives were implemented to accomplish the objectives which covers Team Setia, active Business Associates (BAs) and relevant authorities. A series of structured integrity and governance roadshows were conducted targeting Team Setia and BAs in Malaysia as well as in Vietnam. We continued our engagements with the relevant authorities in areas where our BUs operates to strengthen ties and to facilitate effective communication on any potential corruption and bribery issues.

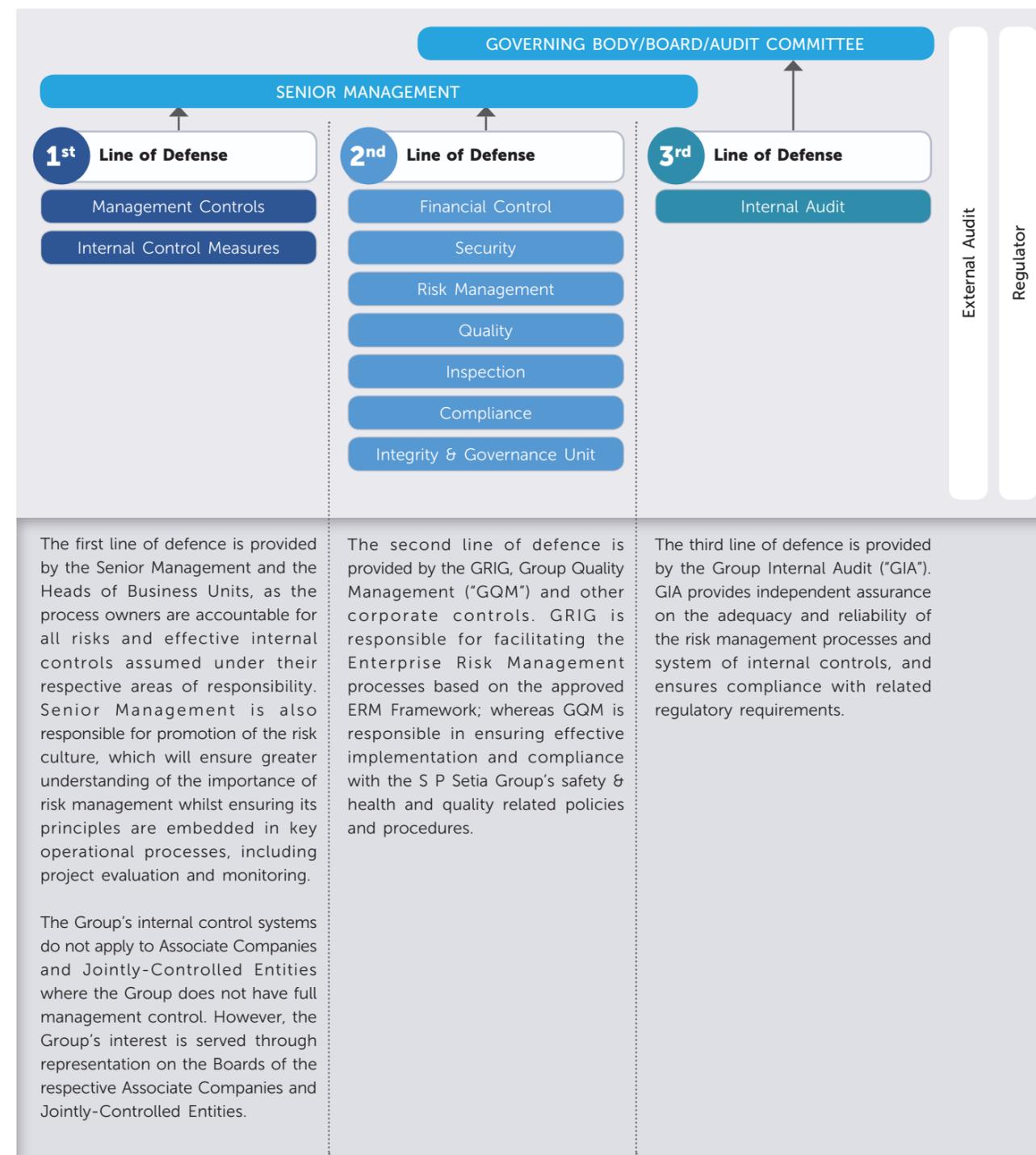


IGU Round Table Discussion



### FEATURES OF KEY INTERNAL CONTROLS IN S P SETIA

In S P Setia, the "Three Lines of Defence" model as depicted below guides our practice of effective internal controls:



# Statement on Risk Management and Internal Control

Key Internal Control System	Assurance Mechanism/Enabler
<b>Policies, Guidelines and Procedures</b>	<p><b>Group Quality Management (GQM)</b></p> <p>Facilitates the establishment and maintenance of the S P Setia Group’s approved policies and standard operating procedures.</p> <p>Establishes and manages an integrated quality, health &amp; safety and environment management system for the Property Division, manufacturing and construction arms. The integrated system is progressively reviewed to ensure its relevance.</p> <p>GQM supports the Group in accomplishing its objectives by performing regular audits and assisting the Group to progressively improve its business processes relating to product and service quality as well as regulatory compliance.</p> <p><i>(The details of GQM’s initiatives i.e. HSE Governance and quality commitment) have been described in the Sustainability Statement under Social section)</i></p> <hr/> <p><b>Group Finance</b></p> <p><b>Discretionary Authority Limits (“DAL”)</b></p> <p>The DAL document is crucial to ensure there is an optimal balance between strong corporate governance practices and operational efficiency. It is a written delegation of authority by the Board to the respective Board Committees and Management within the S P Setia Group. Its key objectives are to provide a holistic view of the authority limits set, to encourage delegation, empowerment and accountability, and to eliminate guesswork, confusion and to provide clarity.</p> <p>The DAL document is subject to periodical review to incorporate any changes that affect the authority limits.</p>
<b>Financial Performance Tracking and Monitoring</b>	<p><b>Group Finance</b></p> <p>Group financial planning and budgeting, monitoring, reviewing, and reporting of the Group financial performance via periodic reviews of actual performance versus targets, and ensures initiatives and mitigating action are taken.</p> <p>The review and deliberation of financial performance of the Group are conducted on a monthly basis during the Group Action Committee (“GAC”) meeting. Quarterly updates will be made in the Audit Committee, Finance &amp; Investment Committee (FIC) and the Board of Directors meeting.</p>
<b>ICT and Digital Transformation</b>	<p><b>Group Digital</b></p> <p>The core roles are to plan, develop, implement, support, and improve IT and digital services to enable the business to:</p> <ul style="list-style-type: none"> <li>• Increase revenue and workplace productivity</li> <li>• Improve operational excellence and cost optimisation</li> <li>• Mitigate cyber risk to ensure business continuity</li> <li>• Adopt emerging technologies to enable value creation</li> <li>• Innovatively leverage data and technology to enhance community living and drive smart, sustainable development.</li> </ul> <p><i>(The details of Digital Transformation initiatives have been described in the Sustainability Statement under Digital Transformation section)</i></p>
<b>Manpower &amp; Talent Management</b>	<p><b>Group Human Resources (GHR)</b></p> <p>GHR plays a strategic role in ensuring that our People Plans are aligned to the Business. GHR is responsible for the formulation, implementation, monitoring, and review of the overall Human Resources Strategy. The scope covers the entire employee life cycle from Talent Acquisition, Performance Management, and Talent Development and drives Organisational Change in building organisational capabilities.</p> <p><i>(The details of GHR initiatives i.e. employee engagement, development focus, etc) have been described in the Sustainability Statement under Social section)</i></p>

Key Internal Control System	Assurance Mechanism/Enabler
<b>Governance &amp; Compliance</b>	<p><b>Group Internal Audit (GIA)</b></p> <p>GIA is an independent internal audit function which provides independent and objective assurance on the adequacy and effectiveness of the internal control systems implemented by the Group.</p> <p>GIA plays an integral part of the Group’s governance process, internal controls system and risk management, and is headed by a Chief Internal Auditor who reports to the AC at least, on a quarterly basis. The internal audit reviews are performed based on the risk-based annual audit planning approved by the AC. The internal audit reports highlight observations, recommendations and action plans to improve the Group’s internal controls.</p> <p>GIA proactively engages and contribute to the Group’s effort to create awareness on the importance of upholding high standards of governance culture within the Group.</p>
<b>Corporate Investment &amp; Divestment</b>	<p><b>Group Strategy &amp; Business Development (GSBD)</b></p> <p>GSBD oversees the Group’s corporate investment and divestment policy, framework, requirements and practices to achieve the desired investment returns and goals, thus achievements of the overall corporate objectives as per the approved business plan. The corporate investment and divestment framework reinforces S P Setia’s commitment to comply with the continuous investment disciplines imposed by the Malaysian securities law and regulations and the Main LR of Bursa Securities.</p>

## MONITORING, REPORTING AND REVIEWING

The Group’s system of risk management and internal controls are monitored via periodic management review of financial and operational results, business processes, the state of internal controls and business risk profile by the respective Heads of BUs and reported to the GAC.

In addition, the Board is updated on the Group’s performance on a quarterly basis and reviews are undertaken by GIA on the effectiveness of controls implementation at each individual business unit. Reports on the reviews carried out by GIA are submitted on a regular basis to Management and the AC. In addition, updates on the risk profiles and key mitigations are also tabled to the RMC and the Board on a quarterly basis.

## BOARD COMMENTARY AND OPINION

For the year under review, the Board has received a written assurance from the President and CEO, Deputy President and COO as well as CFO that the Group’s enterprise risk management and internal control systems, in all material aspects, are operating adequately and effectively. There were no material control failures or adverse compliance events that directly resulted in any material loss to the Group. Taking into consideration the information and assurance given by the President and CEO, Deputy President and COO and CFO, the Board is satisfied that the enterprise risk management and internal control systems in place for the year under review and up to the date of approval of this Statement are sound and effective to safeguard the interest of all shareholders, the Group’s assets, and other stakeholders. The Board has deliberated and approved the recommendations brought forth by the RMC and the AC.

## REVIEW OF THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY THE EXTERNAL AUDITORS

The External Auditors, Messrs. Ernst & Young PLT have performed limited assurance procedures on the Statement in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagement Other Than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide (“AAPG”) 3 – Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control as issued by the Malaysia Institute of Accountants, included in this Annual Report of the Group for the year ended 31 December 2023. Messrs. Ernst & Young PLT have reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control included in this annual report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate. AAPG 3 does not require the External Auditors to consider whether the Directors’ Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group’s risk management and internal control system including the assessment and opinion by the Directors and management thereon. This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 1 March 2024.

# Additional Compliance Information

## AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable by the Company and its subsidiaries to the external auditors and their affiliated companies for financial year ended 31 December 2023 are as follows:

	Group (RM'000)	Company (RM'000)
Fees for statutory audits – current year		
– Ernst & Young Malaysia	2,057	185
– Member firms of Ernst & Young Global	620	–
Other non-audit services		
– Ernst & Young Malaysia	554	12

The amount of non-audit fees incurred for the services rendered to the Company and the Group by its external auditors, Messrs Ernst & Young and its member firms of Ernst & Young Global for the financial year ended 31 December 2023 are RM11,500 and RM554,245 respectively.

Services rendered by Messrs Ernst & Young were not prohibited by regulatory and other professional requirements, and are based on globally practised guidelines on auditors independence. Messrs Ernst & Young was engaged in these non-audit services based on their expertise and experience on the subject matter.

## MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial year except as disclosed in note 39 of the financial statements.

## RECURRENT RELATED PARTY TRANSACTIONS

At the 48<sup>th</sup> AGM of the Company held on 27 April 2023, the Company had obtained the approval from its shareholders for the renewal of the shareholders' mandate to enter into recurrent related party transactions of a revenue or trading nature, which are necessary for its day-to-day operations and in the ordinary course of its business, with related parties.

The said mandate took effect on 27 April 2023 and will continue until the conclusion of the forthcoming AGM of the Company.

At the forthcoming AGM to be held on 25 April 2024, the Company intends to seek its shareholders' approval to renew the existing mandate for recurrent related party transactions of a revenue or trading nature. The details of the shareholders' mandate to be sought will be furnished in the Circular to Shareholders dated 27 March 2024 issued together with the Integrated Report 2023.

The details of Recurrent Related Party Transactions entered into during the financial year ended 31 December 2023 pursuant to Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are as follows:

No.	Related Party	Nature of Recurrent Transactions	Value of Transactions (RM'000)	Nature of relationship between SP Setia Berhad Group and the Related Party
1	Dato' Azmi Bin Mohd Ali	Purchase of properties	2,273	Dato' Azmi Bin Mohd Ali is the director of S P Setia Berhad
2	Dato' Ahmad Pardas Bin Senin  Azizah Binti Satari	Purchase of properties	1,459	Dato' Ahmad Pardas Bin Senin was the director of S P Setia Berhad  Azizah Binti Satari is the spouse of Dato' Ahmad Pardas Bin Senin
3	Datuk Zaini Bin Yusoff	Purchase of properties	1,734	Datuk Zaini Bin Yusoff is the director of subsidiary companies of S P Setia Berhad
4	Datuk Yuslina Binti Mohd Yunus	Purchase of properties	2,024	Datuk Yuslina Binti Mohd Yunus is the director of subsidiary companies of S P Setia Berhad
5	Alysha Nurina binti Muhammad Din Fikri	Purchase of properties	562	Alysha Nurina binti Muhammad Din Fikri is the daughter of Datuk Yuslina Binti Mohd Yunus
6	Muhammad Danial Iman bin Muhammad Din Fikri	Purchase of properties	562	Muhammad Danial Iman bin Muhammad Din Fikri is the son of Datuk Yuslina Binti Mohd Yunus
7	Selina Binti Mohd Yunus	Purchase of properties	562	Selina Binti Mohd Yunus is the sister of Datuk Yuslina Binti Mohd Yunus
8	Datuk Stanley Saw Kim Suan	Purchase of properties	1,854	Datuk Stanley Saw Kim Suan is the director of subsidiary companies of S P Setia Berhad
9	Yeo Cheng Jway	Purchase of properties	1,774	Yeo Cheng Jway is the director of subsidiary companies of S P Setia Berhad
10	Mohd Salem Bin Kailany	Purchase of properties	1,878	Mohd Salem Bin Kailany is the director of subsidiary company of S P Setia Berhad
11	Annuar Marzuki Bin Abdul Aziz	Purchase of properties	1,932	Annuar Marzuki Bin Abdul Aziz is the director of subsidiary companies of S P Setia Berhad



Setia

# Financial Statements

For The Financial Year Ended 31 December 2023

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# Directors' Report

For The Financial Year Ended 31 December 2023

The Directors have pleasure in presenting their report and the audited financial statements of the Group and of S P Setia Berhad ("the Company" or "S P Setia") for the financial year ended 31 December 2023.

## PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities and other information relating to the subsidiary companies are provided in Note 8 to the financial statements.

## RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	357,113	55,692
Attributable to:		
Owners of the Company	298,573	55,692
Non-controlling interests	58,540	—
	357,113	55,692

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

## DIVIDENDS

At the Extraordinary General Meeting of the Company held on 20 March 2014, the shareholders of the Company resolved to approve the Company's Dividend Reinvestment Plan ("DRP"). The authority granted to the Company to allot and issue new shares of the Company pursuant to the DRP was renewed by the shareholders at the 48th Annual General Meeting ("AGM") of the Company held on 27 April 2023.

The DRP provides an option to the shareholders to reinvest either all or a portion of the declared dividends in new shares in lieu of receiving cash. Shareholders who elect not to participate in the option to reinvest, will receive the entire dividend wholly in cash.

During the financial year, the Company paid a single-tier dividend of 1.47 sen per ordinary share each amounting to RM59,909,656 in respect of the financial year ended 31 December 2022 on 20 April 2023. The Company did not offer the DRP for this single-tier ordinary dividend.

Subsequent to 31 December 2023, the Directors declared a single-tier dividend of 1.34 sen per share for the financial year ended 31 December 2023. The financial statements for the current financial year do not reflect this proposed dividend. It will be accounted for in equity as an appropriation of retained earnings for the financial year ending 31 December 2024.

## PREFERENTIAL DIVIDENDS

During the financial year, the Company paid the following preferential dividends:

- a semi-annual preferential dividend of 6.49% per annum in respect of the Islamic Redeemable Convertible Preference Shares ("RCPS-i A") for financial period from 1 July 2022 to 31 December 2022. A total of RM35,326,945 was paid in cash on 20 April 2023;
- a semi-annual preferential dividend of 5.43% per annum in respect of the Class C Islamic Redeemable Convertible Preference Shares ("RCPS-i C") for financial period from 24 November 2022 to 31 December 2022. A total of RM5,309,870 was paid in cash on 20 April 2023; and
- a semi-annual preferential dividend of 6.49% per annum in respect of the RCPS-i A and 5.43% per annum in respect of the RCPS-i C for financial period from 1 January 2023 to 30 June 2023. A total of RM60,817,186 was paid in cash on 29 September 2023.

Subsequent to 31 December 2023, the Directors declared a semi-annual preferential dividend of 6.49% per annum in respect of the RCPS-i A and 5.43% per annum in respect of the RCPS-i C for financial period from 1 July 2023 to 31 December 2023. The financial statements for the current financial year do not reflect this proposed dividend. It will be accounted for in equity as an appropriation of retained earnings for the financial year ending 31 December 2024.

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital by way of following:

- Allotment of 4,781,049 new ordinary shares pursuant to the vesting of Employee Share Grant Plan ("ESGP") at the price of RM0.61 per share;
- Issuance of the following tranches of Sukuk Wakalah from the Islamic Medium Term Notes Programme with the programme limit of up to RM3.0 billion in nominal value under the Shariah principle of Wakalah Bi Al-Istithmar ("Sukuk Wakalah Programme"):

Tranche	Issuance Date	Amount (RM Million)	Tenure	Periodic Distribution Rate (per annum)
6	23 June 2023	150	3 Years	4.30%
7	23 June 2023	450	5 Years	4.41%
8	23 June 2023	400	7 Years	4.56%
		1,000		

- Conversion of 574,876,281 RCPS-i C to 274,567,771 ordinary shares with the conversion ratio of thirty-two (32) new S P Setia Berhad shares for sixty-seven (67) RCPS-i C held.

## EMPLOYEE SHARE GRANT PLAN AND EMPLOYEE SHARE OPTION SCHEME

The Company's Long Term Incentive Plan ("LTIP" or "Scheme") is governed by the By-Laws which was approved by the shareholders on 28 February 2013 and is administered by the Nomination and Remuneration Committee ("NRC") which is appointed by the Board of Directors, in accordance with the By-Laws of LTIP.

On 23 February 2017, the Board of Directors approved the extension of the LTIP for another 5 years pursuant to By-Laws 18.2 of the By-Laws of LTIP and as such the LTIP shall be in force for a period of 10 years up to 9 April 2023.

The final vesting LTIP was completed on 3 April 2023 and the scheme lapsed on 9 April 2023 as disclosed in Note 22 to the financial statements.

# Directors' Report

For The Financial Year Ended 31 December 2023

## DIRECTORS

The Directors in office since the beginning of the financial year to the date of this report are:

Y.A.M Tan Sri Dato' Seri Syed Anwar Jamalullail  
 Datuk Choong Kai Wai  
 Dato' Philip Tan Puay Koon  
 Dato' Azmi Bin Mohd Ali  
 Dato' Merina Binti Abu Tahir  
 Sheranjiv A/L M Sammanthan  
 Dato' Tengku Dato' Marina Binti Tunku Annuar  
 Datuk Khairil Anwar Bin Ahmad (appointed on 1 June 2023)  
 Datin Wan Daneena Liza Binti Wan Abdul Rahman (appointed on 17 August 2023)  
 Lim Fu Yen (appointed on 11 January 2024)  
 Aida Hazrina Binti Mohd Tazaai (Alternate Director to Lim Fu Yen (appointed on 11 January 2024)  
 Dato' Ahmad Pardas Bin Senin (retired upon the conclusion of 48th Annual General Meeting)  
 Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob (retired upon the conclusion of 48th Annual General Meeting)  
 Dato' Zuraidah Binti Atan (resigned on 17 August 2023)  
 Dato' Halipah Binti Esa (resigned on 28 August 2023)  
 Tengku Dato' Ab. Aziz Bin Tengku Mahmud (resigned on 11 January 2024)  
 Aida Hazrina Binti Mohd Tazaai (Alternate Director to Tengku Dato' Ab. Aziz Bin Tengku Mahmud)  
 (appointed on 22 June 2023 and ceased on 11 January 2024)

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Datuk Zaini Bin Yusoff  
 Datuk Yuslina Binti Mohd. Yunus  
 Datuk Tan Hon Lim  
 Datuk Saw Kim Suan  
 Datuk Soh Hee Pin (resigned on 4 September 2023)  
 Ng Han Seong (resigned on 1 July 2023)  
 Neo Keng Hoe  
 Yeo Cheng Jway  
 Sha'ari Bin Hanapi  
 Tan Mui Hiang  
 Saniman Bin Amat Yusof  
 Goh Tzen Sernz (resigned on 15 September 2023)  
 Datuk Ling Thou Lung (resigned on 1 March 2023)  
 Tan Siow Chung  
 See Hunt Soon  
 Razly Bin Mohammad Rus  
 Lindayani Binti Tajudin (resigned on 1 July 2023)  
 Thean Yain Peng (resigned on 1 June 2023)  
 Chan Ching Hiong (appointed on 1 March 2023)  
 Annuar Marzuki Bin Abdul Aziz (appointed on 1 June 2023)  
 Chew Eu Sern (appointed on 1 July 2023)  
 Chow Yin See (appointed on 1 June 2023)  
 Koh Sooi Meng (appointed on 1 July 2023)  
 Liong Kok Kit  
 Li Wai Chee  
 Tuan Hj Ahmad Khalif Bin Tan Sri Datuk (Dr) Hj Mustapha Kamal  
 Gan Hwa Leong  
 Gan Hua Tiong  
 Mohamad Azhar Bin Aripin  
 Nasleena Binti Mohamad Shariff

## DIRECTORS (CONT'D.)

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are (cont'd.):

Mohd. Salem Bin Kailany  
 Iszad Jeffri Bin Ismail (resigned on 8 January 2024)  
 Zizi Binti Alias (appointed on 9 January 2024)  
 Dato' Beh Hang Kong  
 Dr Shahril Bin Simon (resigned on 23 October 2023)  
 Datin Paduka Kartini Binti Hj. Abdul Manaf  
 Ahmad Shahrman Bin Johari  
 Tan Sri Dato' Sri Rodzali bin Daud  
 Lt. Gen. (retired) Datuk Dr. William Rangit Stevenson (appointed on 23 October 2023)  
 Zahrin Bin Zakaria

## DIRECTORS' INTEREST IN SHARES AND LTIP

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiary companies during the financial year except for the following:

	<----- No. of ordinary shares ----->			
	At 1.1.2023	Addition	Disposal	At 31.12.2023
Datuk Choong Kai Wai – direct	470,500	8,500	–	479,000

	<----- No. of RCPS-i C ----->			
	At 1.1.2023	Addition	Disposal	At 31.12.2023
Datuk Choong Kai Wai – direct	315,235	–	–	315,235

The following Director had an interest in LTIP during the financial year:

	<----- No. of shares under the ESGP ----->				
	At 1.1.2023	Granted	Vested	Lapsed	At 31.12.2023
Datuk Choong Kai Wai – direct	8,500	–	(8,500)	–	–

	<----- No. of shares options under the ESOS ----->				
	At 1.1.2023	Granted	Exercised	Lapsed	At 31.12.2023
Datuk Choong Kai Wai – direct	14,463,777	–	–	(14,463,777)	–

## Directors' Report

For The Financial Year Ended 31 December 2023

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown below by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefit which may be deemed to have arisen from the transactions disclosed in Note 39 to the financial statements.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Directors</b>				
Fees, salaries, bonuses and other emoluments	6,262	6,556	6,262	6,556
Estimated monetary value of benefits-in-kind	154	272	154	272
Share-based payment under the LTIP	1	127	1	127
Total short-term employee benefits	6,417	6,955	6,417	6,955
Post-employment benefits				
– EPF	392	395	392	395
	6,809	7,350	6,809	7,350

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from the shares or share options granted under the LTIP.

The Directors and officers of the Group and of the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties while holding office. During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and officers of the Group and the Company are RM30,000,000 and RM70,000 respectively. The Directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

### OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
  - to ensure that any current assets which were unlikely to realise their values in the ordinary course of business as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
  - which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

### OTHER STATUTORY INFORMATION (CONT'D.)

- (c) At the date of this report, there does not exist:
- any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.
- (e) In the opinion of the Directors:
- no contingent or other liability of the Group or of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
  - no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

### AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Total statutory audit fees	3,480	185

This report is approved by the Board of Directors on 29 February 2024.

Signed on behalf of the Board of Directors

**Y.A.M TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL**  
Chairman

**DATUK CHOONG KAI WAI**  
Director

Shah Alam, Malaysia

# Statements of Financial Position

31 December 2023

	Note	Group			Company	
		2023 RM'000	2022 RM'000 Restated	1.1.2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	2	808,271	789,465	725,965	3,938	4,140
Right-of-use – property, plant and equipment	3	3,860	1,415	1,852	–	–
Investment properties	4	1,979,668	1,972,456	1,966,881	3,438	3,438
Right-of-use – investment properties	5	46,755	60,372	46,940	–	–
Inventories – land held for property development	6	12,356,946	12,522,729	12,534,255	–	–
Intangible assets	7	14,285	12,954	13,488	1,866	–
Investments in subsidiary companies	8	–	–	–	11,851,900	11,743,683
Investments in joint ventures	9	3,138,074	3,022,189	3,502,851	35,251	35,251
Investments in associated companies	10	583,116	555,383	565,362	91,058	92,193
Other investments	11	96	96	96	–	–
Amounts owing by subsidiary companies	12	–	–	–	3,280,388	2,888,523
Amounts owing by joint ventures	13	69,785	69,785	69,785	–	–
Trade receivables	16	26,015	61,634	64,891	–	–
Other receivables, deposits and prepayments	18	90,258	85,105	79,606	–	–
Deferred tax assets	15	361,997	364,910	315,812	2,515	1,940
		<b>19,479,126</b>	19,518,493	19,887,784	<b>15,270,354</b>	14,769,168
<b>Current assets</b>						
Trade receivables	16	926,137	613,491	738,641	–	–
Contract assets	17	971,601	1,506,744	1,290,160	–	–
Other receivables, deposits and prepayments	18	220,386	208,964	233,651	3,259	2,034
Inventories – land held for sales	6	340,303	144,600	139,670	–	–
Inventories – property development costs	6	2,159,019	2,676,654	2,895,419	–	–
Inventories – completed properties and others	6	1,766,143	1,238,554	1,049,646	–	–
Contract cost assets	19	480,770	1,096,668	1,708,206	–	–
Amounts owing by subsidiary companies	12	–	–	–	1,525,124	1,824,549
Amounts owing by joint ventures	13	133,732	94,722	84,514	59,773	60,122
Amounts owing by associated companies		–	–	2,464	–	–
Amounts owing by related parties	14	579	319	276	–	–
Current tax assets		32,943	49,631	50,793	134	4,775
Short-term funds		–	–	1,401,604	–	–
Short-term deposits	20	441,237	774,206	206,190	55,675	101,029
Cash and bank balances	21	2,054,402	1,858,702	1,463,422	131,310	173,106
		<b>9,527,252</b>	10,263,255	11,264,656	<b>1,775,275</b>	2,165,615
<b>TOTAL ASSETS</b>		<b>29,006,378</b>	29,781,748	31,152,440	<b>17,045,629</b>	16,934,783

The accompanying notes form an integral part of the financial statements.

	Note	Group			Company	
		2023 RM'000	2022 RM'000 Restated	1.1.2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Share capital	22	8,722,775	8,499,642	8,490,225	8,722,775	8,499,642
Share capital – RCPS-i A	23	1,087,363	1,087,363	1,087,363	1,087,363	1,087,363
Share capital – RCPS-i B	23	–	–	1,035,218	–	–
Share capital – RCPS-i C	23	718,748	937,201	–	718,748	937,201
Share-based payment reserve	24	–	57,888	86,927	–	57,888
Reserve on acquisition arising from common control	24	(1,295,884)	(1,295,884)	(1,295,884)	–	–
Exchange translation reserve	24	222,158	(11,649)	107,157	–	–
Retained earnings		4,994,999	4,803,896	4,664,156	506,022	610,367
Equity attributable to owners of the Company		<b>14,450,159</b>	14,078,457	14,175,162	<b>11,034,908</b>	11,192,461
Non-controlling interests		<b>1,212,622</b>	1,239,044	1,432,597	–	–
<b>Total equity</b>		<b>15,662,781</b>	15,317,501	15,607,759	<b>11,034,908</b>	11,192,461
<b>Non-current liabilities</b>						
Redeemable cumulative preference shares	25	38,268	17,113	37,965	–	–
Other payables and accruals	26	73,698	68,078	61,850	–	–
Long-term borrowings	27	7,101,911	6,959,185	9,308,641	3,729,311	3,256,774
Lease liabilities	28	2,962	302	823	–	–
Deferred tax liabilities	15	473,794	497,506	438,144	–	–
Amounts owing to subsidiary companies	12	–	–	–	705,893	343,827
		<b>7,690,633</b>	7,542,184	9,847,423	<b>4,435,204</b>	3,600,601
<b>Current liabilities</b>						
Redeemable cumulative preference shares	25	–	21,000	–	–	–
Trade payables	29	1,452,286	1,423,286	1,495,050	–	–
Contract liabilities	17	112,083	118,807	119,275	–	–
Other payables and accruals	26	939,268	886,592	804,019	31,540	34,639
Short-term borrowings	27	3,043,226	4,420,411	3,247,231	1,475,794	1,683,795
Lease liabilities	28	963	1,129	1,155	–	–
Current tax liabilities		104,762	50,458	30,012	–	–
Amounts owing to subsidiary companies	12	–	–	–	68,183	423,287
Amounts owing to related parties	14	376	380	516	–	–
		<b>5,652,964</b>	6,922,063	5,697,258	<b>1,575,517</b>	2,141,721
<b>Total liabilities</b>		<b>13,343,597</b>	14,464,247	15,544,681	<b>6,010,721</b>	5,742,322
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>29,006,378</b>	29,781,748	31,152,440	<b>17,045,629</b>	16,934,783

The accompanying notes form an integral part of the financial statements.

# Statements of Comprehensive Income

For The Financial Year Ended 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Revenue	30	4,373,642	4,454,447	463,609	788,615
Cost of sales	31	(3,032,345)	(3,389,125)	-	-
Gross profit		1,341,297	1,065,322	463,609	788,615
Other income	32	249,442	212,741	267,664	271,323
Selling and marketing expenses		(63,524)	(59,178)	-	-
Administrative and general expenses		(476,121)	(378,785)	(379,405)	(559,946)
Share of results of joint ventures		(83,568)	(36,711)	-	-
Share of results of associated companies		37,273	15,580	-	-
Finance costs	33	(349,080)	(260,348)	(285,417)	(219,265)
Profit before tax	34	655,719	558,621	66,451	280,727
Taxation	36	(298,606)	(200,006)	(10,759)	(10,297)
Profit for the year		357,113	358,615	55,692	270,430
Other comprehensive income, net of tax: (Items that may be reclassified subsequently to profit or loss)					
Exchange differences on translation of foreign operations		280,705	(118,730)	-	-
Net loss on net investment hedge		(47,970)	-	-	-
Total comprehensive income for the year		589,848	239,885	55,692	270,430
Profit attributable to:					
Owners of the Company		298,573	304,403	55,692	270,430
Non-controlling interests		58,540	54,212	-	-
		357,113	358,615	55,692	270,430
Total comprehensive income attributable to:					
Owners of the Company		532,380	185,597	55,692	270,430
Non-controlling interests		57,468	54,288	-	-
		589,848	239,885	55,692	270,430
Basic earnings per share (sen)	37	4.80	3.48		
Diluted earnings per share (sen)	37	4.80	3.47		

The accompanying notes form an integral part of the financial statements.

# Consolidated Statement of Changes in Equity

For The Financial Year Ended 31 December 2023

	Note	Share capital – RCPS-i A		Share capital – RCPS-i B		Share capital – RCPS-i C		Share-based payment reserve	Reserve on acquisition arising from common control	Exchange translation reserve	Retained earnings	Non-controlling interests	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000						
Balance at 1.1.2022, as previously stated	48	8,490,225	1,087,363	1,035,218	-	-	86,927	(1,295,884)	107,157	4,664,527	1,456,206	15,631,739	
Prior year adjustment		-	-	-	-	-	-	-	-	(371)	(23,609)	(23,980)	
Balance at 1.1.2022		8,490,225	1,087,363	1,035,218	-	-	86,927	(1,295,884)	107,157	4,664,156	1,432,597	15,607,759	
Total other comprehensive income for the year, represented by exchange differences on translation of foreign operations		-	-	-	-	-	-	-	(118,806)	-	(118,806)	76	(118,730)
Profit for the year		-	-	-	-	-	-	-	-	304,403	304,403	54,212	358,615
Transactions with owners:													
Issuance of ordinary shares		9,277	-	-	-	-	(9,277)	-	-	-	-	-	-
- vesting of ESGP		140	-	-	-	-	(37)	-	-	-	-	-	103
- exercise of ESOS		-	-	(1,035,218)	-	-	-	-	-	(1,035,218)	-	-	(1,035,218)
Redemption of RCPS-i B		-	-	-	939,364	-	-	-	-	939,364	-	-	939,364
Issuance of RCPS-i C		-	-	-	(2,163)	-	-	-	-	-	-	-	(2,163)
Share issuance expenses	38	-	-	-	-	-	-	-	-	(70,654)	-	-	(70,654)
RCPS-i A preferential dividends paid	38	-	-	-	-	-	-	-	-	(92,209)	-	-	(92,209)
RCPS-i B preferential dividends paid	38	-	-	-	-	-	-	-	-	(26,443)	-	-	(26,443)
Dividends paid		-	-	-	-	-	-	-	-	24,643	-	-	24,643
Share-based payment under the LTIP		-	-	-	-	-	(19,725)*	-	-	-	-	-	4,918
Balance at 31.12.2022, as restated		8,499,642	1,087,363	-	937,201	-	57,888	(1,295,884)	(11,649)	4,803,896	1,407,847	1,239,044	15,317,501

\* This is stated net of the effect of reversal of share-based payments relating to lapsed entitlements

The accompanying notes form an integral part of the financial statements.

## Consolidated Statement of Changes in Equity

For The Financial Year Ended 31 December 2023

Note	Share capital RM'000	Share capital – RCPS-i A RM'000	Share capital – RCPS-i C RM'000	Share-based payment reserve RM'000	Reserve on acquisition arising from common control RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance at 1.1.2023, as restated	8,499,642	1,087,363	937,201	57,888	(1,295,884)	(11,649)	4,803,896	14,078,457	1,239,044	15,317,501
Total other comprehensive income for the year, represented by exchange differences on translation of foreign operations	-	-	-	-	-	281,777	-	281,777	(1,072)	280,705
Net change on hedge of net investments	-	-	-	-	-	(47,970)	-	(47,970)	-	(47,970)
Profit for the year	-	-	-	-	-	-	298,573	298,573	58,540	357,113
Transactions with owners:										
Issuance of ordinary shares	4,680	-	-	(4,680)	-	-	-	-	-	-
- vesting of ESGP	-	-	-	-	-	-	-	-	-	-
Conversion of RCPS-i C into ordinary shares	218,453	-	(218,453)	-	-	-	-	-	(1)	(1)
Liquidation of subsidiary companies	-	-	-	-	-	-	(70,654)	(70,654)	-	(70,654)
RCPS-i A preferential dividends paid	-	-	-	-	-	-	(30,800)	(30,800)	-	(30,800)
RCPS-i C preferential dividends paid	-	-	-	-	-	-	(59,910)	(59,910)	(83,889)	(143,799)
Dividends paid	-	-	-	-	-	-	53,894	53,894	-	53,894
Share-based payment under the LTIP	-	-	-	(53,208)*	-	-	-	686	-	686
Balance at 31.12.2023	8,722,775	1,087,363	718,748	-	(1,295,884)	222,158	4,994,999	14,450,159	1,212,622	15,662,781

\* This is stated net of the effect of reversal of share-based payments relating to lapsed entitlements

The accompanying notes form an integral part of the financial statements.

## Statement of Changes in Equity

For The Financial Year Ended 31 December 2023

Note	Share capital RM'000	Share capital – RCPS-i A RM'000	Share capital – RCPS-i B RM'000	Share capital – RCPS-i C RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total RM'000	Non-distributable	
								Distributable	Total
Balance at 1.1.2022	8,490,225	1,087,363	1,035,218	-	86,927	529,243	11,228,976		
Total other comprehensive income for the year, represented by profit for the year	-	-	-	-	-	270,430	270,430		
Transactions with owners:									
Issuance of ordinary shares:									
- vesting of ESGP	9,277	-	-	-	(9,277)	-	-		
- exercise of ESOS	140	-	-	-	(37)	-	103		
Redemption of RCPS-i B	-	-	(1,035,218)	-	-	-	(1,035,218)		
Issuance of RCPS-i C	-	-	-	939,364	-	-	939,364		
Share issuance expenses	-	-	-	(2,163)	-	-	(2,163)		
RCPS-i A preferential dividends paid	38	-	-	-	-	(70,654)	(70,654)		
RCPS-i B preferential dividends paid	38	-	-	-	-	(92,209)	(92,209)		
Dividends paid	-	-	-	-	-	(26,443)	(26,443)		
Share-based payment under the LTIP	-	-	-	-	(19,725)*	-	(19,725)		
Balance at 31.12.2022/1.1.2023	8,499,642	1,087,363	-	937,201	57,888	610,367	11,192,461		
Total other comprehensive income for the year, represented by profit for the year	-	-	-	-	-	55,692	55,692		
Transactions with owners:									
Issuance of ordinary shares:									
- vesting of ESGP	4,680	-	-	-	(4,680)	-	-		
Conversion of RCPS-i C into ordinary shares	218,453	-	-	(218,453)	-	-	-		
RCPS-i A preferential dividends paid	38	-	-	-	-	(70,654)	(70,654)		
RCPS-i C preferential dividends paid	38	-	-	-	-	(30,800)	(30,800)		
Dividends paid	-	-	-	-	-	(59,910)	(59,910)		
Share-based payment under the LTIP	-	-	-	-	(53,208)*	1,327	(51,881)		
Balance at 31.12.2023	8,722,775	1,087,363	-	718,748	-	506,022	11,034,908		

\* This is stated net of the effect of reversal of share-based payment relating to lapsed entitlements.

The accompanying notes form an integral part of the financial statements.

# Statements of Cash Flows

For The Financial Year Ended 31 December 2023

	Group		Company	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	655,719	558,621	66,451	280,727
Amortisation of intangible assets	628	534	93	–
Bad debts written off	333	69	–	–
Allowance for impairment loss on receivables	4,541	3,199	16,156	2,069
Depreciation of property, plant and equipment	38,373	33,436	1,073	503
Depreciation of right-of-use property, plant and equipment	902	1,095	–	–
Net gain on disposal of property, plant and equipment	(1,709)	(574)	–	–
Loss/(Gain) on fair value adjustment of investment properties	6,615	(2,006)	–	–
Loss on disposal of investment properties	–	1,078	–	–
Loss/(Gain) on liquidation of subsidiary companies	2,839	–	(7,198)	–
Property, plant and equipment written off	256	1,019	7	1
Impairment loss – investment in subsidiary companies	–	–	196,188	464,760
Share of results of joint ventures	83,568	36,711	–	–
Share of results of associated companies	(37,273)	(15,580)	–	–
Interest income from financial assets measured at amortised cost	–	–	(363)	(561)
Interest expense on financial liabilities measured at amortised cost	1,178	863	–	–
Amortisation of transaction costs on borrowings	2,641	2,868	2,317	1,013
Interest expense on lease liabilities	168	(16)	–	–
Interest income from significant financing component	(25,531)	(21,824)	–	–
Distribution from subsidiary companies	–	–	–	(29,577)
Fair value adjustment on right-of-use – investment properties	13,617	(13,432)	–	–
Share-based payment	686	4,918	(36)	1,162
Unrealised foreign exchange loss/(gain)	14,098	(30,769)	67,072	(45,923)
Write-down in value of completed inventories	907	4,218	–	–
Write-down of other inventories	1,272	–	–	–
Write-down of land held for property development	–	12,107	–	–
Reversal of write-down of land held for property development	(3,111)	–	–	–
Reversal of write-down of completed properties	(28)	(567)	–	–
Interest expense	345,093	256,633	283,100	218,252
Dividend income	–	–	(463,609)	(788,615)
Interest income	(72,475)	(56,059)	(180,208)	(124,213)
Rental income	(73,966)	(65,189)	–	–
Operating profit/(loss) before working capital changes	959,341	711,353	(18,957)	(20,402)
Changes in inventories – property development costs and contract cost assets	926,005	698,459	–	–
Changes in inventories – completed properties and others	347,094	399,410	–	–
Changes in contract assets/liabilities	553,571	(193,625)	–	–
Changes in receivables	(254,117)	158,916	(1,314)	(148)
Changes in payables	(37,494)	47,741	1,651	644
Net cash generated from/(used in) operations	2,494,400	1,822,254	(18,620)	(19,906)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES (cont'd.)</b>				
Rental received	14,800	12,232	–	–
Interest received	44,147	25,066	3,505	1,419
Interest paid on lease liabilities	(152)	(39)	–	–
Net tax paid	(251,880)	(167,136)	(6,693)	(3,835)
Net cash generated from/(used in) operating activities	2,301,315	1,692,377	(21,808)	(22,322)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions to inventories – land held for property development	(329,750)	(305,562)	–	–
Deposits and part consideration paid for acquisition of development land	(36,455)	–	–	–
Additions to property, plant and equipment	(57,942)	(98,434)	(878)	(3,567)
Additions to investment properties	(13,651)	(19,644)	–	–
Additions to intangible assets	(1,959)	–	(1,959)	–
Proceeds from disposal of property, plant and equipment	1,901	1,315	–	–
Proceeds from disposal of investment properties	–	15,574	–	–
Redemption of subsidiary company's preference shares	–	–	–	23,000
Net cash inflow from liquidation of subsidiary companies	7,118	–	6,831	–
Acquisition of additional shares in joint ventures	(127)	(215,942)	–	–
Proceeds from repatriation of capital from joint venture	43,737	485,608	–	–
Repayment from an associated company	1,135	793	1,135	778
Advances to subsidiary companies	–	–	(148,092)	(678,754)
(Advances to)/Repayment from joint ventures	(26,046)	(11,487)	903	(456)
Placement of sinking fund, debt service reserve, escrow accounts and short-term deposits	(58,579)	(73,393)	(81)	(1,250)
Dividends received from associated companies	11,035	22,870	–	–
Redeemable cumulative preference share dividends received	–	–	1,596	1,596
Interest received	28,328	30,993	8,055	10,999
Dividends received	–	–	318,538	665,588
Rental received	49,615	44,999	–	–
Net cash (used in)/generated from investing activities	(381,640)	(122,310)	186,048	17,934

## Statements of Cash Flows

For The Financial Year Ended 31 December 2023

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issuance of RCPS-i C	–	939,364	–	939,364
Redemption of RCPS-i-B	–	(1,035,218)	–	(1,035,218)
Proceeds from issuance of ordinary shares				
– exercise of ESOS	–	103	–	103
Payment of share issuance expenses	–	(2,163)	–	(2,163)
Proceeds from issuance of Sukuk Wakalah	<b>1,000,000</b>	1,200,000	<b>1,000,000</b>	1,200,000
Drawdown of bank borrowings	<b>1,777,274</b>	1,951,125	<b>330,000</b>	796,475
Repayment of bank borrowings	<b>(4,173,137)</b>	(4,198,121)	<b>(1,130,272)</b>	(1,747,682)
Repayment of lease liabilities	<b>(900)</b>	(1,420)	–	–
Interest paid	<b>(543,136)</b>	(463,034)	<b>(285,254)</b>	(208,055)
Transaction cost on borrowings paid	<b>(15,604)</b>	(4,007)	<b>(2,566)</b>	(4,007)
Redeemable cumulative preference share dividends paid to non-controlling interests	<b>(1,734)</b>	(1,734)	–	–
Dividends paid to non-controlling interests	<b>(44,432)</b>	(247,298)	–	–
Dividends paid	<b>(59,910)</b>	(26,443)	<b>(59,910)</b>	(26,443)
RCPS-i A preferential dividends paid	<b>(70,654)</b>	(70,654)	<b>(70,654)</b>	(70,654)
RCPS-i B preferential dividends paid	–	(92,209)	–	(92,209)
RCPS-i C preferential dividends paid	<b>(30,800)</b>	–	<b>(30,800)</b>	–
Net cash used in financing activities	<b>(2,163,033)</b>	(2,051,709)	<b>(249,456)</b>	(250,489)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	<b>(243,358)</b>	(481,642)	<b>(85,216)</b>	(254,877)
EFFECT OF EXCHANGE RATE CHANGES	<b>38,671</b>	(640)	<b>(2,015)</b>	(5,249)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<b>2,459,338</b>	2,941,620	<b>257,615</b>	517,741
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<b>2,254,651</b>	2,459,338	<b>170,384</b>	257,615
Cash and cash equivalents included in cash flows comprise the following amounts:				
Short-term deposits	<b>441,237</b>	774,206	<b>55,675</b>	101,029
Cash and bank balances	<b>2,054,402</b>	1,858,702	<b>131,310</b>	173,106
Bank overdrafts (Note 27)	<b>(8,839)</b>	–	–	–
	<b>2,486,800</b>	2,632,908	<b>186,985</b>	274,135
Less: Amounts restricted in sinking fund, debt service reserve, escrow accounts and short-term deposits	<b>(232,149)</b>	(173,570)	<b>(16,601)</b>	(16,520)
	<b>2,254,651</b>	2,459,338	<b>170,384</b>	257,615

The accompanying notes form an integral part of the financial statements.

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### Corporate Information

S P Setia Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The Company is principally an investment holding company. The principal activities and other information relating to the subsidiary companies are provided in Note 8.

The registered office and principal place of business of the Company are located at S P Setia Berhad Corporate HQ No.12, Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan.

#### (a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

#### Changes in accounting policies

On 1 January 2023, the Group and the Company adopted the following new and amendments to MFRSs:

Effective for annual financial periods beginning on or after 1 January 2023:

*MFRS 17: Insurance Contracts*

*MFRS 17: Initial Application of MFRS 17 and MFRS 9-Comparative Information (Amendments to MFRS 17)*

*MFRS 101: Disclosure of Accounting Policies (Amendments to MFRS 101 and MFRS Practice Statement 2)*

*MFRS 108: Definition of Accounting Estimates (Amendments to MFRS 108)*

*MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112)*

*MFRS 112: International Tax Reform – Pillar Two Model Rules (Amendments to MFRS 112)*

Adoption of the above new and amendments to MFRSs did not have any material effect on the financial performance or position of the Group and the Company, except for:

*MFRS 101: Disclosure of Accounting Policies (Amendments to MFRS 101 and MFRS Practice Statement 2)*

The amendments to MFRS 101 and MFRS Practice Statement 2 provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on Group's and the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's and the Company's financial statements.

*MFRS 112: International Tax Reform – Pillar Two Model Rules (Amendments to MFRS 112)*

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions the Group operates. The Group is in scope of the enacted or substantively enacted legislation. However, the legislation was enacted close to the reporting date. Therefore, the Group is still in the process of assessing the potential exposure to Pillar Two income taxes as at 31 December 2023. The potential exposure, if any, to Pillar Two income taxes is currently not known or reasonably estimable. The Group expects to be in a position to report the potential exposure in its next financial statements.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) Basis of preparation (cont'd)

#### Changes in accounting policies (cont'd)

##### Standards issued but not yet effective

The standards, amendments and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
MFRS 101: Classification of Liabilities as Current or Non-current (Amendments to MFRS 101)	1 January 2024
MFRS 16: Lease Liability in a Sale and Leaseback (Amendments to MFRS 16)	1 January 2024
MFRS 101: Non-current Liabilities with Covenants (Amendments to MFRS 101)	1 January 2024
MFRS 107 and MFRS 7: Disclosure of Supplier Finance Arrangements (Amendments to MFRS 107 and MFRS 7)	1 January 2024
MFRS 121: Lack of exchangeability (Amendments to MFRS 121)	1 January 2025
MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	Deferred

The Amendments to MFRSs above are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the changes in presentation and disclosures of financial information arising from the adoption of these Amendments to MFRSs.

### (b) Significant accounting judgements and estimates

The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the reporting date, and reported amounts of income and expenses during the financial year.

Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors, including expectations for future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The critical judgements made in applying the accounting policies and the key sources of estimation uncertainty are disclosed in the respective notes to the financial statements.

### (c) Subsidiary companies

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses. Impairment losses are charged to profit or loss.

### (d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of all its subsidiary companies made up to the end of the financial year. The consolidated financial statements are prepared using uniform accounting policies for like transactions in similar circumstances.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Basis of consolidation (cont'd)

The Group reassesses whether it controls an entity if facts and circumstances indicate that there are changes to one or more of the elements of control.

All subsidiary companies are consolidated using the acquisition method of accounting from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases except for I & P Group Sdn. Berhad, Syarikat Kemajuan Jerai Sdn Bhd and Wawasan Indera Sdn Bhd which are accounted for based on the pooling of interests method.

Business combinations under common control are accounted for using the pooling of interests method, where the results of entities or businesses under common control are accounted for as if the combination had been effected throughout the current and previous financial periods. The assets, liabilities and reserves of these entities are recorded at their pre-combination carrying amounts or existing carrying amounts are accounted for from the perspective of the common shareholder. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the combination that would otherwise be done under the acquisition method. No new goodwill is recognised as a result of the combination. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as reserve on acquisition arising from common control.

### (e) Investments in associated companies and joint ventures

The Group holds interest in joint ventures and associated companies as disclosed in Notes 9 and 10.

In the Company's separate financial statements, investments in associated companies and joint ventures are stated at cost less impairment losses.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements by the equity method of accounting based on the latest audited financial statements and supplemented by management accounts of the associated companies and the joint ventures made up to the Group's financial year end. Distribution received from associated companies and joint ventures reduce the carrying amount of the investment.

Unrealised gains on transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

The results and reserves of associated companies or joint ventures are accounted for in the consolidated financial statements based on audited and/or unaudited management financial statements made up to the end of the financial year and prepared using accounting policies that conform to those used by the Group for like transactions in similar circumstances.

### (f) Property, plant and equipment

#### (i) Measurement basis

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of an asset.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the asset will flow to the Group and to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (f) Property, plant and equipment (cont'd)

#### (ii) Depreciation

Freehold land and capital work-in-progress are not depreciated.

Depreciation is calculated to write off the depreciable amount of other property, plant and equipment on a straight-line basis over their estimated useful lives. The depreciable amount is determined after deducting residual value from cost.

The principal annual rates used for this purpose are:

Leasehold land	Lease term of 99 years
Buildings	2% – 14%
Plant, machinery, cranes and trucks	5% – 20%
Renovations, computer equipment, office equipment, furniture and fittings	5% – 33%
Motor vehicles	20%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

### (g) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect.

When the fair value of the Investment Property Under Construction ("IPUC") is not reliably determinable, the IPUC is measured at cost until either its fair value has been reliably determinable or construction is complete, whichever is earlier.

### (h) Build-Operate-Transfer ("BOT") agreement

The Group recognises revenue from the construction and upgrading of infrastructure projects under BOT agreement in accordance with the accounting policy for construction contracts set out in Note 1(n) below. Where the Group performs more than one service under the arrangement, consideration received or receivable is allocated to the components by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

The Group recognises the consideration received or receivable as a financial asset to the extent that it has an unconditional right to receive cash or another financial asset for the construction services. Financial assets are accounted for in accordance with the accounting policy set out in Note 1(o) below.

When the consideration receivable does not represent an unconditional right to receive cash or another financial asset, the Group recognises the consideration receivable as either development rights or as intangible assets, based on the allocation of the fair value of the construction services rendered. The accounting policies for the development rights and intangible assets are disclosed in Notes 1(i) and 1(k)(iii) respectively.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (h) Build-Operate-Transfer ("BOT") agreement (cont'd)

Subsequent costs and expenditures related to infrastructure and equipment arising from the Group's commitments to the BOT agreement or that increase future revenue are recognised as additions to the intangible assets and are stated at cost. Capital expenditures necessary to support the Group's operation as a whole are recognised as property, plant and equipment, and accounted for in accordance with the policy stated under property, plant and equipment in Note 1(f) above. When the Group has contractual obligations that it must fulfil as a condition of its license to:

- maintain the infrastructure to a specified standard; or
- restore the infrastructure when the infrastructure has deteriorated below a specified condition,

it recognises and measures these contractual obligations in accordance with the accounting policy for provisions.

Repairs and maintenance and other expenses that are routine in nature are expensed and recognised in profit or loss as incurred.

### (i) Intangible assets

Intangible assets comprise computer software and a right (a licence) to charge users for public services, namely the right to operate Subterranean Penang International Convention & Exhibition Centre ("SPICE") for a specified period.

Intangible assets are stated at cost less accumulated amortisation and impairment losses.

The annual amortisation rates are as follows:

Right (Licence) to charge users for public services	30 years
Computer software	20%

### (j) Leases

#### (i) Group as a Lessor

Leases where the Group retain substantially all the risks and rewards of ownership of the asset are classified as operating leases. When the assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. The accounting policy for lease income is set out in Note 1(r)(ix) below.

#### (ii) Group as a Lessee

- Right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings	1 to 3 years
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- Lease liabilities

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

- Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (k) Inventories

#### (i) Inventory properties

Property acquired or being constructed for sale in the ordinary course of business is measured at the lower of cost and net realisable value.

Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction;
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs; and
- Non-refundable commission cost

Inventory properties under construction are referred to as property development costs and comprise the cost of land, direct building costs and a share of development costs common to the entire development project where applicable. Once contracted to be sold, the related costs of these inventories would be transferred to cost to fulfil contracts, and subsequently recognised in profit or loss as and when control passes to the respective purchasers.

Inventory properties where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle are referred to as land held for development and classified within non-current assets. Generally no significant development work would have been undertaken on these lands other than project planning, infrastructure work, earth work and landscape work incurred to prepare the land for development and these inventory properties are stated at cost plus incidental expenditure incurred to put the land in a condition ready for development. These inventory properties are classified to current assets at the point when active development project activities have commenced and when it can be demonstrated that the development activities can be completed within the normal operating cycle.

#### (ii) Raw materials, consumable goods and others

Cost is determined on the weighted average and first-in, first-out basis. In the case of finished goods and work-in-progress, cost comprises materials, direct labour, other direct charges and an appropriate proportion of factory overheads.

#### (iii) Development rights

Development rights represent the rights to additional density over and above the maximum permissible density for the Group's development projects within the island of Penang, granted pursuant to a BOT agreement as disclosed in Note 1(h).

Development rights are recognised to the extent that the Group has performed the construction services for the BOT agreement. Development rights are initially measured at cost, which is represented by the allocated fair value of the construction services rendered.

Development rights recognised are included as part of the cost of the land held for property development or the property development costs of the Group, based on the allocation of the expected utilisation of the development rights for the planned property development projects of the Group.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (l) Contract assets and contract liabilities

Contract asset is presented as the excess of cumulative revenue earned or recognised in profit or loss over the billings to date to the customer. Contract assets are subject to impairment assessment in accordance of *MFRS 9: Financial Instruments*.

Contract liabilities are recognised as revenue when the Group or the Company performs its obligation under the contract. Contract liability is the excess of the billings to date to the customer over the cumulative revenue earned or recognised in profit or loss. Contract liabilities include advance payment and downpayments received from customers and other amounts where the Group or the Company has billed before the goods are delivered or services are provided to the customers.

### (m) Contract cost assets

#### (i) Incremental costs of obtaining a contract

The incremental costs of obtaining a contract with customers of the Group mainly relate to commission payable on sales of properties.

#### (ii) Costs to fulfil a contract

The costs incurred to fulfil contracts with customers of the Group mainly comprise of costs incurred for the development and construction of its property development projects.

Contract cost assets are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates as disclosed in Note 1(r).

### (n) Long-term construction contracts

The Group's long-term construction contracts are all fixed price contracts and where their outcome can be reasonably estimated, revenue is recognised on the percentage of completion method. The stage of completion is determined by the proportion that costs incurred to-date bear to the estimated total costs, and for this purpose, only those costs that reflect actual contract work performed are included as costs incurred.

Where the outcome of a long-term construction contract cannot be reasonably estimated, revenue is recognised only to the extent of contract costs incurred that are expected to be recoverable. At the same time, all contract costs incurred are recognised as an expense in the period in which they are incurred.

Costs that relate directly to a contract and which are incurred in securing the contract are also included as part of contract costs if they can be separately identified and measured reliably and it is probable that the contract will be secured.

When it is probable that total costs will exceed total revenue, the foreseeable loss is immediately recognised in profit or loss irrespective of whether contract work has commenced or not, or of the stage of completion of contract activity, or of the amounts of profits expected to arise on other unrelated contracts.

On the statement of financial position, contracts in progress are reflected either as contract assets which is the surplus of (i) work performed to date recognised under the percentage of completion method or over time, or (ii) the billings made to date. A contract liability would represent the surplus of (ii) over (i).

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (o) Financial instruments – initial recognition and subsequent measurement

#### (i) Financial assets

##### Initial recognition and measurement

Financial assets of the Group are classified, at initial recognition, and subsequently measured at amortised cost and fair value through profit or loss whilst all financial assets of the Company are measured at amortised cost.

The Group's and the Company's financial assets at amortised cost and fair value through profit and loss are disclosed in Note 44(a).

The Group's financial assets at fair value through profit or loss includes investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income.

##### Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group has performed its assessment based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. In making this assessment, the Group also takes into consideration that it would maintain its name as the registered owner of the properties until full settlement is made by the purchasers or the purchasers' end-financiers.

#### (ii) Financial liabilities

##### Initial recognition and measurement

Financial liabilities of the Group and the Company are classified, at initial recognition, and financial liabilities at amortised cost.

The Group's and the Company's financial liabilities at amortised cost are disclosed in Note 44(a).

### (p) Share capital and Islamic redeemable convertible preference shares ("RCPS-i A", "RCPS-i B" and "RCPS-i C")

Ordinary shares, RCPS-i A, RCPS-i B and RCPS-i C are classified as equity when there is no contractual obligation to deliver cash or other financial assets to another person or entity or to exchange financial assets or liabilities with another person or entity that are potentially unfavourable to the issuer.

Ordinary shares, RCPS-i A, RCPS-i B and RCPS-i C are recorded at nominal value.

The proceeds received net of any directly attributable transaction costs are credited to share capital.

Dividends on ordinary shares, RCPS-i A, RCPS-i B and RCPS-i C are recognised in equity in the period in which they are declared.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (q) Redeemable cumulative preference shares ("RCPS")

Redeemable cumulative preference shares are classified as financial liabilities in accordance with the substance of the contractual arrangement of the RCPS.

Dividends to shareholders of the RCPS are recognised as finance costs, on an accrual basis.

RCPS are measured at amortised cost.

### (r) Revenue recognition

#### (i) Revenue from property development

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer.

Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

*This is generally established when:*

- the promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) in the sale and purchase agreements and the attached layout plan, and the purchasers could enforce its rights to the promised properties if the Group seeks to sell the unit to another purchaser. The contractual restriction on the Group's ability to direct the promised residential property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group; and
- the Group has the right to payment for performance completed to date and is entitled to continue to transfer to the customer the development units promised and has the rights to complete the construction of the properties and enforce its rights to full payment.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group and the Company recognise revenue over time using the input method, which is based on the actual cost incurred to date on the property development project as compared to the total budgeted cost for the respective development projects.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the assets sold.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (r) Revenue recognition (cont'd)

#### (i) Revenue from property development (cont'd)

The Group has determined that it has a significant financing component related to the sales of its property units being developed under the deferred payment scheme (10:90 scheme). As a result of this the amount of the promised consideration is adjusted for the significant financing component and the related interest income is recognised using the effective interest method over the term of the deferment.

#### (ii) Revenue from construction contracts

Under such contracts, the Group is engaged to construct buildings and related infrastructure and in certain instances to supply equipments. These contracts may include multiple promises to the customers and therefore accounted for as separate performance obligations. The fair value of the revenue, which is based on fixed price under the agreement will be allocated based on relative stand-alone selling price of the considerations of each of the separate performance obligations.

The Group recognises construction revenue over time as the project being constructed has no alternative use to the Group and it has an enforceable right to the payment for performance completed to date. The stage of completion is measured using the input method, which is based on the total actual construction cost incurred to date as compared to the total budgeted costs for the respective construction projects.

#### (iii) Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration receivable and is recognised in profit or loss when the significant risks and rewards of ownership and control of the goods have been transferred to the buyer.

#### (iv) Management fees

Management fees are recognised when services are rendered.

#### (v) Hotel operations

Revenue from hotel operations is recognised net of service taxes and discounts upon rendering of the relevant services or sales of goods.

#### (vi) Recreational club operations

Revenue from recreational club activities including club membership fees and banqueting income are recognised when the services are rendered. The payment of the transaction price is due immediately upon delivery of the services. Recreational club membership fees which are received upfront are recognised on a straight-line basis over the tenure of the respective memberships.

The recognition of other classes of revenue/income are set out below:

#### (vii) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

#### (viii) Interest income

Interest income is recognised on a time proportion basis.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (r) Revenue recognition (cont'd)

#### (ix) Lease income

Lease income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of lease income over the lease term on a straight-line basis.

Other than the above, all other income are recognised on an accrual basis.

### (s) Foreign currencies

#### (i) Functional currency

The financial statements of each entity within the Group are measured using their respective functional currencies.

#### (ii) Transactions and balances in foreign currencies

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in a hedge of the Group's net investment in a foreign operation.

#### (iii) Translation of foreign operations

For consolidation purposes, all assets and liabilities of foreign operations that have a functional currency other than RM (including goodwill and fair value adjustments arising from the acquisition of the foreign operations) are translated at the exchange rates ruling at the reporting date. Income and expense items are translated at exchange rates approximating those ruling on transactions dates. All exchange differences arising from the translation of the financial statements of foreign operations are dealt with through the exchange translation reserve account within equity. Upon disposal of a foreign operation, the related exchange translation differences will be recognised in profit or loss as part of gain or loss on disposal.

### (t) Employee benefits

#### (i) Short-term employee benefits

Wages, salaries, paid annual leave, paid sick leave, maternity leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees other than those that are attributable to property development activities or construction contract in which case such expenses are capitalised as part of the costs of the relevant assets.

#### (ii) Post-employment benefits

The Company and its subsidiary companies incorporated in Malaysia make contributions to the Employees Provident Fund ("EPF") and foreign subsidiary companies make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contributions already paid and as expenses in the period in which the employees render their services.

#### (iii) Share-based payment transactions

The Group operates an equity-settled share-based long term incentive plan ("LTIP" or "Scheme"), which comprises the Employee Share Grant Plan ("ESGP") and Employee Share Option Scheme ("ESOS") for its employees and Executive Directors.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (t) Employee benefits (cont'd)

#### (iii) Share-based payment transactions (cont'd)

##### ESGP

Employees and Executive Directors are entitled to ESGP in the form of Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") as consideration for services rendered. The RSP is a restricted share plan for employees and Executive Directors, while the PSP is a performance share plan for selected senior management and Executive Directors.

The RSP and PSP are settled by way of issuance and transfer of new shares upon vesting. The total fair value of RSP and PSP granted is recognised as an employee cost with a corresponding increase in the share options reserve within equity over the vesting period after taking into account the probability that the RSP and PSP will vest.

The fair value of RSP and PSP is measured at grant date, taking into account, if any, the market vesting conditions upon which the RSP and PSP were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest on the vesting date.

At each reporting date, the Group revises its estimates of the number of RSP and PSP that are expected to vest on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share-based payment reserve.

##### ESOS

The ESOS allows the Group's employees and Executive Directors to acquire shares of the Company. The total fair value of share options granted is recognised as an employee cost with a corresponding increase in the share options reserve within equity over the vesting period and taking into account the probability that the options will vest.

The fair value of share options is measured at grant date using the binomial model, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share-based payment reserve.

The fair value of the share options recognised in the share-based payment reserve is transferred to share capital when the share options are exercised, or transferred to retained earnings upon expiry of the share-based payment options.

The proceeds received net of any direct attributable transaction costs are credited to equity when the option are exercised.

### (u) Borrowing costs

The interest capitalised is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Borrowing costs are capitalised until the asset is substantially completed for its intended use or sale.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (v) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, short-term deposits with licensed banks and other financial institutions which are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purposes of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude sinking fund, debt service reserve, escrow accounts and short-term deposits pledged to secure banking facilities.

### (w) Operating segments

Segment reporting in the financial statements is presented on the same basis as it is used by management internally for evaluating operating segment performance and in deciding how to allocate resources to each operating segment. Operating segments are distinguishable components of the Group that engage in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

Segment revenues, expenses, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and a relevant portion that can be allocated on a reasonable basis to the segment.

Segment revenues, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment.

### (x) Fair value measurement

The Group measures financial instruments, such as quoted and unquoted securities and non-financial assets such as investment properties at fair value at each reporting date.

The Group's management determines the policies and procedures for both recurring and non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the management. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movement in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

### (y) Income tax

#### (i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (y) Income tax (cont'd)

#### (ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, based on at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### (z) Derivative financial instrument and hedge accounting

The Group applies hedge accounting by way of hedge of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

#### Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

The Group uses loans as a hedge of its exposure to foreign exchange risk on its investments in foreign joint venture. Refer to Note 44(b) for more details.

### (aa) Insurance contract

MFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. MFRS 17 replaces MFRS 4 Insurance Contracts; MFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entity that issues them, as well as certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of MFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. MFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

## 2. PROPERTY, PLANT AND EQUIPMENT

Group 2023	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, cranes and trucks RM'000	Computer equipment, office equipment, renovations, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>								
At 1.1.2023	34,960	14,242	702,240	37,326	195,176	36,419	48,572	1,068,935
Additions	–	–	1,103	499	10,763	1,403	44,174	57,942
Disposals	–	–	(287)	(1,323)	(1,887)	(2,905)	(17)	(6,419)
Write-offs	–	–	–	(657)	(4,350)	(81)	–	(5,088)
Reclassification	–	–	83,688	–	1,380	–	(85,068)	–
Exchange differences	–	–	566	1	359	13	–	939
At 31.12.2023	34,960	14,242	787,310	35,846	201,441	34,849	7,661	1,116,309
<b>Accumulated depreciation</b>								
At 1.1.2023	–	1,059	83,725	33,483	129,824	31,140	–	279,231
Charge for the year	–	146	18,034	1,061	17,692	2,277	–	39,210
Disposals	–	–	(216)	(1,300)	(1,873)	(2,838)	–	(6,227)
Write-offs	–	–	–	(499)	(4,252)	(81)	–	(4,832)
Exchange differences	–	–	83	–	321	13	–	417
At 31.12.2023	–	1,205	101,626	32,745	141,712	30,511	–	307,799
<b>Accumulated impairment losses</b>								
At 1.1.2023/31.12.2023	–	–	202	–	37	–	–	239
<b>Net carrying amount</b>								
At 31.12.2023	34,960	13,037	685,482	3,101	59,692	4,338	7,661	808,271

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 2. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2022	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, cranes and trucks RM'000	Computer equipment, office renovations, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>								
At 1.1.2022	34,960	14,242	409,942	41,208	218,191	37,630	277,590	1,033,763
Additions	-	-	523	954	26,649	2,480	71,003	101,609
Disposals	-	-	(300)	(356)	(9,364)	(3,307)	(217)	(13,544)
Write-offs	-	-	(6,299)	(4,480)	(41,839)	(381)	-	(52,999)
Reclassification	-	-	298,438	-	1,366	-	(299,804)	-
Exchange differences	-	-	(64)	-	173	(3)	-	106
At 31.12.2022	34,960	14,242	702,240	37,326	195,176	36,419	48,572	1,068,935
<b>Accumulated depreciation</b>								
At 1.1.2022	-	913	78,760	35,089	164,928	27,869	-	307,559
Charge for the year	-	146	11,626	3,225	14,778	6,521	-	36,296
Disposals	-	-	(220)	(356)	(9,316)	(2,911)	-	(12,803)
Write-offs	-	-	(6,447)	(4,475)	(40,723)	(335)	-	(51,980)
Exchange differences	-	-	6	-	157	(4)	-	159
At 31.12.2022	-	1,059	83,725	33,483	129,824	31,140	-	279,231
<b>Accumulated impairment losses</b>								
At 1.1.2022/31.12.2022	-	-	202	-	37	-	-	239
<b>Net carrying amount</b>								
At 31.12.2022	34,960	13,183	618,513	3,843	65,315	5,279	48,572	789,465

### 2. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company 2023	Computer equipment, office equipment, renovations, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>				
At 1.1.2023	3,963	698	310	4,971
Additions	617	83	178	878
Write-offs	(11)	-	-	(11)
Reclassification	438	-	(438)	-
At 31.12.2023	5,007	781	50	5,838
<b>Accumulated depreciation</b>				
At 1.1.2023	432	399	-	831
Charge for the year	919	154	-	1,073
Write-offs	(4)	-	-	(4)
At 31.12.2023	1,347	553	-	1,900
<b>Net carrying amount</b>				
At 31.12.2023	3,660	228	50	3,938
<b>2022</b>				
<b>Cost</b>				
At 1.1.2022	3,083	655	-	3,738
Additions	3,210	47	310	3,567
Write-offs	(2,330)	(4)	-	(2,334)
At 31.12.2022	3,963	698	310	4,971
<b>Accumulated depreciation</b>				
At 1.1.2022	2,442	219	-	2,661
Charge for the year	319	184	-	503
Write-offs	(2,329)	(4)	-	(2,333)
At 31.12.2022	432	399	-	831
<b>Net carrying amount</b>				
At 31.12.2022	3,531	299	310	4,140

Land and buildings of the Group included above at a net carrying amount of RM473,832,000 (2022: RM485,596,000) have been charged to banks to partially secure the long term borrowings, revolving credits and bank overdrafts referred to in Note 27 below.

Included under the Group's property, plant and equipment at the end of the financial year was borrowing costs of Nil (2022: RM3,834,000).

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 3. RIGHT-OF-USE – PROPERTY, PLANT AND EQUIPMENT

	Buildings Group	
	2023 RM'000	2022 RM'000
<b>Cost</b>		
At beginning of the year	6,455	6,864
Additions	3,727	1,592
Early termination of lease contracts	(896)	(2,172)
Expirations of lease contracts	(54)	(46)
Exchange differences	311	217
At end of the year	9,543	6,455
<b>Accumulated depreciation</b>		
At beginning of the year	5,040	5,012
Charge for the year	929	1,361
Early termination of lease contracts	(448)	(1,459)
Expirations of lease contracts	(54)	(46)
Exchange differences	216	172
At end of the year	5,683	5,040
<b>Net carrying amount</b>		
At end of the year	3,860	1,415

The Group leases buildings for use as office premises and storage. Leases are generally entered into for a fixed period ranging from 2 to 3 years and may include extension options.

The details of the related lease liabilities are as disclosed in Note 28.

### 4. INVESTMENT PROPERTIES

	Group		Company	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
<b>Valuation per valuers' reports</b>	2,071,029	2,057,561	3,438	3,438
Less: Accrued rental income	(92,995)	(85,105)	–	–
Add: Prepaid rental received in advance	1,634	–	–	–
	1,979,668	1,972,456	3,438	3,438
At beginning of the year, as previously stated	1,972,456	2,046,487	3,438	3,438
Prior year adjustment (see Note 48)	–	(79,606)	–	–
At beginning of the year, restated	1,972,456	1,966,881	3,438	3,438
Additions	13,651	20,138	–	–
Disposals	–	(16,652)	–	–
Changes in fair value (see Note 32 & 34)	(6,615)	2,006	–	–
Exchange differences	176	83	–	–
At end of the year	1,979,668	1,972,456	3,438	3,438
Included in the above are:				
At fair value:				
Freehold land and building	1,180,025	1,181,531	1,273	1,273
Leasehold land and building	788,422	790,925	2,165	2,165
	1,968,447	1,972,456	3,438	3,438
At cost:				
Investment properties under construction	11,221	–	–	–
	1,979,668	1,972,456	3,438	3,438

The Group's investment properties at a net carrying amount of RM1,290,130,000 (2022: RM1,330,171,000) have been charged to banks to secure the borrowings referred to in Note 27 below.

Included under the Group's investment properties at the end of the financial year was borrowing costs of Nil (2022: RM494,000).

The fair value of the investment properties as at 31 December 2023 was substantially arrived at via valuations performed by certified external valuers.

Investment properties of the Group are measured at fair value except for investment properties under construction which are measured at cost until either the fair value becomes reliably determinable or when construction is completed, whichever is earlier.

The fair value hierarchy of the investment properties are disclosed in Note 45.

The Group has no restriction on the realisability of its investment properties and no contractual obligation to either purchase, construct or develop the investment properties or for repairs, maintenance and enhancements.

*Significant judgement – Classification between investment properties and owner-occupied properties*

The Group determines whether a property qualifies as an investment property and has developed certain criteria based on MFRS 140 Investment Property in making that judgement.

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 4. INVESTMENT PROPERTIES (CONT'D)

In making its judgement, the Group considers whether a property generates cash flows largely independently of other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to the property, but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods and services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately.

If the portions could not be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production and supply of goods and services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

*Key sources of estimation uncertainty – Fair value of investment properties*

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The valuation methodology commonly used is the comparison method which is based on comparable historical transactions adjusted for specific market factors such as location, size, condition, accessibility and design of the respective properties and the investment method which entails determination of the net income applying suitable growth rates and capitalising of the net income by a suitable rate of return.

Certain properties were valued based on the cost method which is based on current estimates of construction costs less depreciation, obsolescence and existing physical conditions of the respective properties.

### 5. RIGHT-OF-USE – INVESTMENT PROPERTIES

	Group	
	2023 RM'000	2022 RM'000
At beginning of the year	60,372	46,940
Changes in fair value (see Note 32 & 34)	(13,617)	13,432
At end of the year	46,755	60,372
Included in the above are:		
At fair value:		
Leasehold land and building	46,755	60,372

This relates to a lease of an office building by the Group for a remaining tenure of 5 years (2022: 6 years). This office building has been subleased to other tenants.

### 6. INVENTORIES

	Group	
	2023 RM'000	2022 RM'000
<b>Non-current</b>		
Cost:		
– Land held for property development (Note (a))	12,173,530	12,094,771
Net realisable value:		
– Land held for property development (Note (a))	183,416	427,958
	12,356,946	12,522,729
<b>Current</b>		
Cost:		
– Land held for sales	340,303	144,600
– Property development costs (Note (b))	2,159,019	2,676,654
– Completed properties	1,605,040	982,171
– Consumable goods, raw materials and others	4,277	18,416
	4,108,639	3,821,841
Net realisable value:		
– Completed properties	147,150	237,967
– Consumable goods, raw materials and others	9,676	–
	156,826	237,967
	4,265,465	4,059,808
Total inventories	16,622,411	16,582,537

During the financial year, the amount of completed properties, consumable goods, raw materials and others recognised as an expense in cost of sales of the Group was RM401,174,000 (2022: RM432,963,000).

The following inventories have been charged to various banks to partially secure the borrowings referred to in Note 27 below:

	Group	
	2023 RM'000	2022 RM'000
Land held for property development	2,489,680	3,019,469
Property development costs	80,769	656,609
	2,570,449	3,676,078

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 6. INVENTORIES (CONT'D)

*Key sources of estimation uncertainty – Allowance for stock obsolescence and inventories write down*

Inventories are stated at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices.

Inventories are reviewed on a regular basis and the Group will make an allowance for excess or obsolete inventories based primarily on historical trends and management estimates of expected and future product demand and related pricing.

Demand levels, changes in product preference and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories and additional allowances for slow moving inventories may be required.

During the financial year, the Group recognised a write-down of inventories amounting to RM2,179,000 (2022: RM16,325,000). The Group also recognised a reversal of previously written-down inventories amounting to RM3,111,000 (2022: Nil) due to improved project feasibility.

*Significant judgement made in applying accounting policies – Capitalisation of borrowing costs*

The Group capitalises borrowings cost during the period in which development activities are being undertaken or where there is on-going development activities which benefits an entire township.

Significant judgement is involved in determining whether the development activities carried out meet the criteria of an active development in ascertaining whether or not borrowing costs incurred should be capitalised. Besides that, management is also required to estimate the appropriate apportionment of borrowing costs eligible for capitalisation to the various development phases.

#### (A) Land Held For Property Development

Group	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
<b>At 1.1.2023</b>	<b>4,877,600</b>	<b>3,121,553</b>	<b>4,523,576</b>	<b>12,522,729</b>
Additions/(Reversal)	38,713	(2,514)	474,824	511,023
Transfer to land held for sales	(152,412)	–	(60,218)	(212,630)
Transfer to inventories – property development costs (see Note (b))	(172,955)	(15,620)	(230,129)	(418,704)
Reversal of amounts previously written-down	–	–	3,111	3,111
Transfer to contract cost assets – costs to fulfil contracts with customers (see Note 19)	(26,806)	–	(20,447)	(47,253)
Exchange differences	(1,308)	171	(193)	(1,330)
<b>At 31.12.2023</b>	<b>4,562,832</b>	<b>3,103,590</b>	<b>4,690,524</b>	<b>12,356,946</b>
At 1.1.2022	5,177,812	3,133,474	4,222,969	12,534,255
Additions	7,145	4,531	468,861	480,537
Write-down	–	–	(12,107)	(12,107)
Transfer to land held for sales	(18,450)	–	(12,460)	(30,910)
Transfer to inventories – property development costs (see Note (b))	(264,864)	(16,786)	(140,700)	(422,350)
Transfer to contract cost assets – costs to fulfil contracts with customers (see Note 19)	(19,137)	(8)	(2,427)	(21,572)
Exchange differences	(4,906)	342	(560)	(5,124)
<b>At 31.12.2022</b>	<b>4,877,600</b>	<b>3,121,553</b>	<b>4,523,576</b>	<b>12,522,729</b>

Included in additions incurred during the financial year are borrowing costs of RM180,104,000 (2022: RM172,043,000).

### 6. INVENTORIES (CONT'D)

#### (b) Property Development Costs

	Group	
	2023 RM'000	2022 RM'000
Freehold land at cost	524,630	475,918
Leasehold land at cost	98,954	118,104
Development costs	2,053,070	2,301,397
<b>At 1 January</b>	<b>2,676,654</b>	<b>2,895,419</b>
Costs transferred from inventories – land held for property development (see Note (a))		
– freehold land	172,955	264,864
– leasehold land	15,620	16,786
– development costs	230,129	140,700
Costs transferred to contract cost assets (see Note 19)		
– freehold land	(228,475)	(193,352)
– leasehold land	(15,142)	(31,186)
– development costs	(526,298)	(556,433)
Costs incurred during the year		
– freehold land	1,757	95
– leasehold land	69	7,516
– development costs	634,557	745,546
Exchange differences	63,769	(18,799)
	348,941	375,737
Unsold completed properties transferred to inventories	(866,576)	(594,502)
	2,159,019	2,676,654
<b>At 31 December</b>	<b>437,784</b>	<b>524,630</b>
Freehold land at cost	44,940	98,954
Leasehold land at cost	1,676,295	2,053,070
Development costs		
	2,159,019	2,676,654

Included under development and construction costs incurred and accounted for under inventories – property development costs and contract cost assets during the financial year are borrowing costs of RM32,705,000 (2022: RM41,278,000).

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 7. INTANGIBLE ASSETS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Cost</b>				
At beginning of the year	16,025	16,025	–	–
Additions	1,959	–	1,959	–
At end of the year	17,984	16,025	1,959	–
<b>Accumulated amortisation</b>				
At beginning of the year	3,071	2,537	–	–
Charge for the year	628	534	93	–
At end of the year	3,699	3,071	93	–
<b>Net carrying amount</b>				
At end of the year	14,285	12,954	1,866	–

The Group had entered into a BOT agreement with Majlis Perbandaran Pulau Pinang ("MPPP") to construct the Subterranean Penang International Convention & Exhibition Centre ("SPICE") and complementary retail, food and beverage outlets and offices in year 2011. The terms of the arrangement also require the Group to improve and refurbish the existing Penang International Sports Arena indoor stadium and aquatic centre.

The terms of the arrangement allow the Group to operate SPICE for up to a period of thirty years ("Concession Period") after the completion of construction. Upon expiry of the concession arrangement, subject to the agreement between the Group and MPPP, the Group may be able to operate SPICE for two further terms, consisting of a period of not less than fifteen years each.

The BOT agreement also grants the Group the right to additional density for the Group's development project within the island of Pulau Pinang. Such development rights are limited to 1,500 residential units. The development rights are only exercisable during the Concession Period and any right not exercised by the end of the Concession Period shall lapse.

Other than the right to operate SPICE, intangible assets of the Group also consists of computer software, whilst intangible assets of the Company comprises solely of computer software.

### 8. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2023 RM'000	2022 RM'000
Unquoted shares in subsidiary companies, at cost	4,738,832	4,738,912
Redeemable convertible preference shares in subsidiaries, at cost	3,771,830	–
Capital contribution to subsidiary companies, at cost	4,198,271	7,614,159
LTIP granted to employees of subsidiary companies	92,740	144,276
	12,801,673	12,497,347
Impairment losses	(949,773)	(753,664)
	11,851,900	11,743,683

### 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

During the year, RM3,771,830,000 of capital contribution to subsidiary companies have been converted into redeemable convertible preference shares ("RCPS"). The salient terms of RCPS in subsidiary companies are as follows:

- (i) The redemption of RCPS is solely at the discretion of the respective subsidiary companies;
- (ii) The distribution to the holders of RCPS is at the discretion of the respective subsidiary companies; and
- (iii) The conversion of RCPS into ordinary shares is fixed at one (1) RCPS for one (1) ordinary share.

The capital contribution to subsidiary companies represents additional shareholders' net investment. The capital contribution is unsecured, interest free and the repayment of such balances are not expected in the foreseeable future. The amount, timing and method of repayment of these amounts if any are solely at the unconditional discretion of the subsidiaries.

#### Significant judgement – Impairment assessment of investment in subsidiary companies

At the reporting date, the Company reviewed its investments in subsidiary companies for indications of impairment and where such indications exist, the Company performed an impairment assessment to determine the recoverable amounts of such investments. The Company estimated the recoverable amount of the respective cash generating units ("CGU"s) based on their fair value less cost to sell or their respective value-in-use ("VIU"), whichever is higher. The recoverable amount is determined based on the higher of;

- (i) Value in use, which is calculated using cash flow projections based on approved financial budgets, at a post-tax discount rate of 9% (2022: 8.5%) per annum;
- or
- (ii) Fair value less costs of disposal (Level 3 in the fair value hierarchy).

Estimating the VIU of the CGUs involved estimates made by management relating to the future cash inflows and outflows that will be derived from the CGUs, and discounting them at the appropriate rate. The cash flow forecasts included a number of significant judgements and estimates such as the timing of the project launches and sales, product pricing and costing and discount rate applied in the determination of VIU.

The review gave rise to the recognition of impairment losses of investments in subsidiary companies of RM196,188,000 (2022: RM487,020,000) as disclosed in Note 34 based on recoverable amounts of RM723,722,000 (2022: RM1,023,597,000). The impairment losses arose mainly because the subsidiaries either did not have viable business plans, have scaled down their business plans/activities or have recorded a decline in value of their assets.

In the previous financial year, the Company also recognised a reversal of impairment loss of RM22,260,000 of a certain subsidiary due to improved financial performance.

The movements in the impairment losses during the financial year are as follows:

	Company	
	2023 RM'000	2022 RM'000
At beginning of the year	753,664	288,904
Impairment loss during the year	196,188	487,020
Reversal of impairment loss during the year	–	(22,260)
Liquidation of subsidiary	(79)	–
At end of the year	949,773	753,664

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies are as follows:

	Equity interests				Place of business/ Country of incorporation	Principal activities
	Direct		Indirect			
	2023 %	2022 %	2023 %	2022 %		
Bandar Setia Alam Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
Setia Indah Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
Syarikat Kemajuan Jerai Sdn Bhd	100	100	–	–	Malaysia	Under member's voluntary winding-up
S P Setia Project Management Sdn Bhd	100	100	–	–	Malaysia	Property development and project management
Wawasan Indera Sdn Bhd	100	100	–	–	Malaysia	Property development and project management services
S P Setia Eco-Projects Management Sdn Bhd	100	100	–	–	Malaysia	Property development and project management
Setia Fontaines Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
Setia HC Ventures Sdn Bhd	100	100	–	–	Malaysia	Investment holding
Bukit Indah (Johor) Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
Setia Bina Raya Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
Setia Precast Sdn Bhd	100	100	–	–	Malaysia	Building contractors
Setia-Wood Industries Sdn Bhd	100	100	–	–	Malaysia	Fabrication, installation and sale of wood products, provision of kiln dry services, sale of building materials and household goods
S P Setia Marketing Sdn Bhd	–	–	100	100	Malaysia	Sale of wood products and building materials

### 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies are as follows (cont'd):

	Equity interests				Place of business/ Country of incorporation	Principal activities
	Direct		Indirect			
	2023 %	2022 %	2023 %	2022 %		
Setia Readymix Sdn Bhd	100	100	–	–	Malaysia	Building contractors and manufacturing and sale of building materials
S P Setia Management Services Sdn Bhd	100	100	–	–	Malaysia	Under member's voluntary winding-up
Futurecrest (M) Sdn Bhd	100	100	–	–	Malaysia	Investment holding
Shabra Development Sdn Bhd	100	100	–	–	Malaysia	Property development
KL Eco City Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
Manih System Construction Sdn Bhd	–	100	–	–	Malaysia	Dissolved
Tenaga Raya Sdn Bhd	100	100	–	–	Malaysia	Under member's voluntary winding-up
Indera Perasa Sdn Bhd	100	100	–	–	Malaysia	Investment holding, project management services, property and building management
Setia Eco Templer Recreation Sdn Bhd	–	–	100	100	Malaysia	Operate and manage a recreation club, banqueting and leasing of retail and food and beverage outlets
Setia IP Holdings Sdn Bhd	100	100	–	–	Malaysia	Custodian and management of Group's intellectual property rights
Kenari Kayangan Sdn Bhd	–	99.99	–	–	Malaysia	Dissolved
Setia Ecohill 2 Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
Setia Ecohill Recreation Sdn Bhd	–	–	100	100	Malaysia	Operate and manage a recreation club
Setia Hicon Sdn Bhd	100	100	–	–	Malaysia	Under member's voluntary winding-up

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies are as follows (cont'd):

	Equity interests				Place of business/ Country of incorporation	Principal activities
	Direct		Indirect			
	2023 %	2022 %	2023 %	2022 %		
S P Setia Technology Sdn Bhd	100	100	–	–	Malaysia	Provision of money lending service
S P Setia PMC Sdn Bhd	100	100	–	–	Malaysia	Provision of accounting, finance and corporate secretarial services
Setia Promenade Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
Bukit Indah Property Management Sdn Bhd	70	70	–	–	Malaysia	Property development
Kewira Jaya Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
Kay Pride Sdn Bhd	–	–	100	100	Malaysia	Property development, property investment holding and project management services
Aeropod Sdn Bhd	100	100	–	–	Malaysia	Property development, property investment holding and general construction
Setia Japan Holding Sdn Bhd	100	100	–	–	Malaysia	Investment holding
Eco Meridian Sdn Bhd	100	100	–	–	Malaysia	Construction and operation of concession asset, hotel and hotel resort operator and property investment holding
Setia Ecohill Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
S P Setia (Indonesia) Sdn Bhd	–	100	–	–	Malaysia	Dissolved
Setia City Development Sdn Bhd	100	100	–	–	Malaysia	Property development, property investment holding and project management services

### 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies are as follows (cont'd):

	Equity interests				Place of business/ Country of incorporation	Principal activities
	Direct		Indirect			
	2023 %	2022 %	2023 %	2022 %		
Gita Kasturi Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
Intra Hillside Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
Setia Eco Green Sdn Bhd	100	100	–	–	Malaysia	Property investment holding
Setia Eco Heights Sdn Bhd	100	100	–	–	Malaysia	Under member's voluntary winding-up
Setia Eco Land Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
Setia Alam Recreation Sdn Bhd	–	–	100	100	Malaysia	Operate and manage a recreation club
Setia Alamsari Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
S P Setia Property Services Sdn Bhd	100	100	–	–	Malaysia	Operation of convention centre
Flexrise Projects Sdn Bhd	100	100	–	–	Malaysia	Property investment holding
Pelita Mentari Sdn Bhd	100	100	–	–	Malaysia	Property investment holding and project management services
Setia Eco Templer Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment
Setia EM (Central) Sdn Bhd	100	100	–	–	Malaysia	Under member's voluntary winding-up
S P Setia DMC Sdn Bhd	100	100	–	–	Malaysia	Development management consultancy
Exceljade Sdn Bhd	100	100	–	–	Malaysia	Property development and project management services
Sendiman Sdn Bhd	100	100	–	–	Malaysia	Property development

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies are as follows (cont'd):

	Equity interests				Place of business/ Country of incorporation	Principal activities
	Direct		Indirect			
	2023 %	2022 %	2023 %	2022 %		
Setia Ventures Excellence Sdn Bhd	100	100	–	–	Malaysia	Under member's voluntary winding-up
Kemboja Mahir Sdn Bhd	70	70	–	–	Malaysia	Property development and investment holding
Bandar Eco-Setia Sdn Bhd	50	50	–	–	Malaysia	Property development and property investment
Setia Eco Park Recreation Sdn Bhd	–	–	50	50	Malaysia	Operate and manage a recreation club and banqueting
Ganda Anggun Sdn Bhd	–	–	70	70	Malaysia	Property development
Kesas Kenangan Sdn Bhd	–	–	70	70	Malaysia	Property development and property investment
Setia Eco Glades Sdn Bhd	70	70	–	–	Malaysia	Property development and property investment holding
Setia Safiro Sdn. Bhd.	70	70	–	–	Malaysia	Property development and property investment holding
Setia Federal Hill Sdn Bhd	100	100	–	–	Malaysia	Property development
Setia International Limited	100	100	–	–	Malaysia	Investment holding
Setia MyPhuoc Limited	–	–	100	100	Malaysia	Investment holding
Setia Lai Thieu Limited	–	–	95	95	British Virgin Islands	Investment holding
Setia Australia Limited	–	–	100	100	Malaysia	Investment holding
+ Setia Lai Thieu One Member Company Limited	–	–	95	95	Vietnam	Property development
+ Setia (Melbourne) Development Company Pty Ltd	–	–	100	100	Australia	Property development
+ Setia St Kilda (Melbourne) Pty Ltd	–	–	100	100	Australia	Property development

### 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies are as follows (cont'd):

	Equity interests				Place of business/ Country of incorporation	Principal activities
	Direct		Indirect			
	2023 %	2022 %	2023 %	2022 %		
+ Setia Carnegie Pty Ltd	–	–	100	100	Australia	Property development
+ Setia A'Beckett (Melbourne) Pty Ltd	–	–	100	100	Australia	Property development
+ S P Setia International (S) Pte. Ltd.	100	100	–	–	Singapore	Promotion, marketing and other activities related to property development
+ Setia (Bukit Timah) Pte. Ltd.	–	–	100	100	Singapore	Promotion, marketing and other activities related to property development
+ S P Setia Development Pte. Ltd.	100	100	–	–	Singapore	Promotion, marketing and other activities related to property development
Setia International Japan Co. Ltd.	100	100	–	–	Japan	Investment holding
+ Setia Osaka Tokutei Mokuteki Kaisha	–	–	100	100	Japan	Property development
I & P Group Sdn. Berhad	100	100	–	–	Malaysia	Investment holding and provision of management services to subsidiaries
I & P Menara Sendirian Berhad	–	–	100	100	Malaysia	Property development
I & P Alam Impian Sdn. Bhd.	–	–	99	99	Malaysia	Property development, operate and management of a recreation club, banqueting and leasing of retail
I & P Setiawangsa Sdn. Bhd.	–	–	100	100	Malaysia	Property development
Petaling Garden Sdn. Bhd.	–	–	100	100	Malaysia	Property development and investment holding
Setia Mayuri Sdn. Bhd.	–	–	100	100	Malaysia	Property development
Biltmore (M) Sdn. Bhd.	–	–	100	100	Malaysia	Property development
^ PG Resorts Sdn. Bhd.	–	–	100	100	Malaysia	Property development

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies are as follows (cont'd):

	Equity interests				Place of business/ Country of incorporation	Principal activities
	Direct		Indirect			
	2023 %	2022 %	2023 %	2022 %		
Temasya Development Co. Sdn. Bhd.	–	–	66.06	66.06	Malaysia	Property development
Alpine Affluent Sdn. Bhd.	–	–	66.06	66.06	Malaysia	Property development
Scenic Promenade Sdn. Bhd.	–	–	66.06	66.06	Malaysia	Sublease of land
Syarikat Perumahan Pegawai Kerajaan Sendirian Berhad	–	–	70.09	70.09	Malaysia	Development and sale of land, residential and commercial properties and rental of properties
Plaza Damansara Sdn. Bhd.	–	–	70.09	70.09	Malaysia	Dormant
Perumahan Kinrara Berhad	–	–	51	51	Malaysia	Property development, operation of golf course
Kinrara Golf Club Sdn. Bhd.	–	–	51	51	Malaysia	Under member's voluntary winding-up
Kinrara Urusharta Sdn. Bhd.	–	–	51	51	Malaysia	Under member's voluntary winding-up
# I & P Kota Bayuemas Sdn. Bhd.	–	–	51.91	51.91	Malaysia	Property development
Pelangi Sdn. Bhd.	–	–	100	100	Malaysia	Property development and investment holding
+ Yukong Development (Pte) Limited	–	–	100	100	Singapore	Property development and investment in real properties
Taman Gunung Hijau Sdn. Bhd.	–	–	89.14	89.14	Malaysia	Property development and investment in real properties
I & P Multi Resources Sdn. Berhad	–	–	100	100	Malaysia	Investment holding
I & P Development Sdn. Bhd.	–	–	100	100	Malaysia	Dormant
I & P Supply Berhad	–	–	100	100	Malaysia	Dormant
I & P Inderawasih Jaya Sdn. Bhd.	–	–	100	100	Malaysia	Dormant

### 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies are as follows (cont'd):

	Equity interests				Place of business/ Country of incorporation	Principal activities
	Direct		Indirect			
	2023 %	2022 %	2023 %	2022 %		
Peninsular Land Development Sdn. Berhad	–	–	100	100	Malaysia	Dormant
I & P Nibong Sdn. Bhd.	–	–	100	100	Malaysia	Dormant
Perusahaan Minyak Sawit Bintang Sendirian Berhad	–	–	100	100	Malaysia	Dormant
Yong Peng Realty Sdn. Bhd.	–	–	100	100	Malaysia	Dormant
Pelangi Concrete Industries Sdn. Bhd.	–	–	100	100	Malaysia	Investment holding
Eng Lee Knitting Factory Sdn. Bhd.	–	–	–	100	Malaysia	Dissolved
Petaling Garden Industrial Estate Sdn. Bhd.	–	–	–	100	Malaysia	Dissolved
<sup>A</sup> Setia International (Australia) Limited	100	–	–	–	Malaysia	Investment holding
<sup>A</sup> Setia Sydney Pty Ltd	–	–	100	–	Australia	Property development
<sup>A</sup> Setia La Trobe Pty Ltd	–	–	100	–	Australia	Property development
<sup>A</sup> Setia Carlton Pty Ltd	–	–	100	–	Australia	Property development
<sup>A</sup> Setia SFH Ventures Sdn Bhd	100	–	–	–	Malaysia	Investment holding

\* Audited by a firm other than Ernst & Young PLT

+ Audited by member firms of Ernst & Young Global

# 51% directly owned by Perumahan Kinrara Berhad and 25.9% directly owned by I & P Group Sdn. Berhad

<sup>A</sup> 70% directly owned by Petaling Garden Sdn. Bhd. and 30% directly owned by I & P Group Sdn. Berhad

<sup>A</sup> Newly incorporated subsidiaries during the financial year. The subsidiaries' first audited financial period will be for period ending 31 December 2024



## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Summarised financial information of the Group's subsidiary companies that have material non-controlling interests (amounts before intra-group elimination) is as follows (cont'd):

	2023 RM'000	2022 RM'000
<b>Perumahan Kinrara Berhad Group</b>		
Non-current assets	659,640	725,088
Current assets	485,894	446,735
Non-current liabilities	(51,234)	(62,556)
Current liabilities	(114,770)	(109,776)
Net assets	979,530	999,491
Revenue	234,737	241,588
Profit for the year, representing total comprehensive income for the year	40,039	45,409
Dividends declared to non-controlling interests	29,400	107,800
Net cash from operating activities	86,910	78,963
Net cash used in investing activities	(23,294)	(46,169)
Net cash used in financing activities	(76,417)	(221,108)
Net decrease in cash and cash equivalents	(12,801)	(188,314)

	2023 RM'000	2022 RM'000
<b>Syarikat Perumahan Pegawai Kerajaan Sendirian Berhad Group</b>		
Non-current assets	166,077	165,696
Current assets	406,798	419,938
Current liabilities	(15,540)	(18,301)
Net assets	557,335	567,333
Revenue	17,100	30,369
Profit for the year, representing total comprehensive income for the year	10,002	16,904
Dividends declared to non-controlling interests	5,982	37,800
Net cash from operating activities	2,616	25,731
Net cash from investing activities	10,975	13,228
Net cash used in financing activities	(20,000)	(126,380)
Net decrease in cash and cash equivalents	(6,409)	(87,421)

### 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Summarised financial information of the Group's subsidiary companies that have material non-controlling interests (amounts before intra-group elimination) is as follows (cont'd):

	2023 RM'000	2022 RM'000
<b>Temasya Development Co. Sdn. Bhd. Group</b>		
Non-current assets	83,127	84,293
Current assets	360,430	342,312
Non-current liabilities	(4,564)	(4,704)
Current liabilities	(26,280)	(29,237)
Net assets	412,713	392,664
Revenue	78,921	7,291
Profit for the year, representing total comprehensive income for the year	40,051	6,002
Dividends declared to non-controlling interests	6,788	40,742
Net cash from operating activities	8,246	29,944
Net cash from investing activities	8,236	9,583
Net cash used in financing activities	(20,000)	(120,042)
Net decrease in cash and cash equivalents	(3,518)	(80,515)

### 9. INVESTMENTS IN JOINT VENTURES

	Group		Company	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Unquoted ordinary shares, at cost	3,210,383	3,253,993	35,251	35,251
Capital contribution to a joint venture, at cost	3,675	2,450	–	–
Group's share of post-acquisition profits less losses	(236,994)	(140,297)	–	–
Group's share of non-distributable reserves	161,010	(93,957)	–	–
	3,138,074	3,022,189	35,251	35,251

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 9. INVESTMENTS IN JOINT VENTURES (CONT'D)

The joint ventures are as follows:

	Equity interests				Place of business/ Country of incorporation	Principal activities
	Direct		Indirect			
	2023 %	2022 %	2023 %	2022 %		
Setia Putrajaya Sdn Bhd	60	60	–	–	Malaysia	Property development, building construction and investment holding
Setia Putrajaya Development Sdn Bhd	–	–	60	60	Malaysia	Property development
Greenhill Resources Sdn Bhd	–	–	50	50	Malaysia	Property investment holding, as the owner, landlord and operator of a retail mall
Setia City Healthcare Sdn Bhd	–	–	49	49	Malaysia	Develop and operate an ambulatory care centre
<sup>^</sup> Setia MF SFH Development Sdn Bhd	–	–	51	–	Malaysia	Property development
<sup>#</sup> SetiaBecamex Joint Stock Company	–	–	57.25	57.25	Vietnam	Property development
Retro Highland Sdn Bhd	50	50	–	–	Malaysia	Property development
<sup>#</sup> Battersea Project Holding Company Limited	–	–	40	40	Jersey	Mixed use redevelopment of Battersea Power Station
<sup>#</sup> Battersea Power Station Development Company Limited	–	–	40	40	United Kingdom	Property development and estate management services
<sup>#</sup> Battersea Power Station Estates Limited	–	–	40	40	United Kingdom	Provision of letting and management services

<sup>#</sup> Audited by a firm other than Ernst & Young PLT or a member firm of Ernst & Young Global

<sup>^</sup> Newly incorporated joint venture with total shares consideration of RM250,000. The joint venture's first audited financial period will be for period ending 31 December 2024

Notwithstanding that the Group has ownership of more than half of the equity shareholding in certain companies, they are treated as joint ventures pursuant to the contractual rights and obligations of the respective joint venture agreements.

The Group's joint ventures are accounted for using the equity method in the financial statements.

The Group's estimated commitment in joint ventures at the reporting date are as below:

	2023 RM'000	2022 RM'000
Commitments for Setia City Healthcare Sdn Bhd	980	1,960
Commitments for Setia MF SFH Development Sdn Bhd	164,640	–

There are no contingent liabilities relating to the Group's interest in the joint ventures as at the reporting date.

### 9. INVESTMENTS IN JOINT VENTURES (CONT'D)

Summarised financial information in respect of the Group's material joint ventures which comprise the Battersea Group of companies are set out below.

#### Battersea Group of companies

Summarised statements of financial position:

	2023 RM'000	2022 RM'000
<b>Non-current assets</b>	<b>5,970,201</b>	3,081,358
<b>Current assets</b>		
Cash and cash equivalents	417,966	275,503
Other current assets	5,516,247	8,347,659
	<b>5,934,213</b>	8,623,162
<b>Non-current liabilities</b>		
Borrowings	2,463,931	3,435,159
Other non-current liabilities	59,377	355,766
	<b>2,523,308</b>	3,790,925
<b>Current liabilities</b>		
Trade and other payables and provisions	827,089	1,237,369
Borrowings	1,782,847	180,592
	<b>2,609,936</b>	1,417,961
<b>Net assets</b>	<b>6,771,170</b>	6,495,634

Summarised statements of comprehensive income:

	2023 RM'000	2022 RM'000
Revenue	1,561,127	5,520,832
Depreciation and amortisation	(5,544)	(5,894)
Interest income	3,161	2,751
Write-down of inventories	(145,088)	(29,446)
Interest expense	(118,920)	(37,679)
Loss before tax	(247,452)	(61,582)
Taxation	(3,705)	(150)
Loss for the financial year	(251,157)	(61,732)
Total comprehensive loss for the financial year	(251,157)	(61,732)
Share of results of joint ventures	(100,463)	(24,693)

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 9. INVESTMENTS IN JOINT VENTURES (CONT'D)

Reconciliation of the above summarised financial information to the carrying amount of the Group's interest in the Battersea Group of companies is as follows:

	2023 RM'000	2022 RM'000
<b>Net assets</b>		
At the beginning of the financial year	6,495,634	7,678,960
Additional shares issued during the year	–	538,629
Capital repatriation	(108,728)	(1,214,021)
Non-distributable reserves	635,421	(446,202)
Total comprehensive loss for the financial year	(251,157)	(61,732)
At end of the financial year	6,771,170	6,495,634
Proportion of ownership interest held by the Group	40%	40%
Carrying amount of the Group's interest in the joint venture	2,708,468	2,598,253

There is no dividend paid by Battersea Group of companies during the financial year (2022: Nil).

The share of results from Battersea Group for the current financial year includes a share of gain amounting to RM16,116,000 due to the adoption of MFRS 17: Insurance Contracts. This is applicable to the sale and purchase agreement for the sale of Phase 2 Battersea Power Station Commercial Property, whereby Battersea Group provides a 5-year rental guarantee to the purchaser in return for an upside adjustment at the end of the fifth year following practical completion if the net operating income exceeds a prescribed yield and vice versa. This has given rise to significant insurance risk. No retrospective adjustment was made to prior year comparatives as the impact is not significant.

The summarised aggregate financial information of the Group's share of other individually non-material joint ventures as at 31 December is set out below:

	2023 RM'000	2022 RM'000 Restated
Profit/(loss) for the year, representing total comprehensive loss for the financial year	16,895	(12,018)
Carrying amount of the Group's interest in individually non-material joint ventures	429,606	423,936

### 10. INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted ordinary shares, at cost	69,766	71,138	900	900
Capital contribution to an associated company, at cost	90,158	91,293	90,158	91,293
Group's share of post-acquisition profits less losses	404,335	378,097	–	–
Group's share of non-distributable reserves	18,857	16,227	–	–
Impairment losses	–	(1,372)	–	–
	583,116	555,383	91,058	92,193

### 10. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

The associated companies are as follows:

Name of subsidiary company	Equity interests				Place of business/ Country of incorporation	Principal activities
	Direct		Indirect			
	2023 %	2022 %	2023 %	2022 %		
<sup>∞</sup> PTB Property Developer Sdn Bhd	49	–	–	49	Malaysia	In liquidation
<sup>∞</sup> Qinzhou Development (Malaysia) Consortium Sdn. Bhd.	45	45	–	–	Malaysia	Investment holding
<sup>∞</sup> China-Malaysia Qinzhou Industrial Park (Guangxi) Development Co. Ltd	–	–	22	22	China	Property development
* Tanah Sutera Development Sdn. Bhd.	–	–	35	35	Malaysia	Property development and investment in real properties
* Merit Properties Sdn. Bhd.	–	–	20	20	Malaysia	Property development, investment in real properties and providing management services
<sup>∞</sup> Fahim-I Hitech Sdn. Bhd.	–	–	20	20	Malaysia	Dormant

\* Audited by member firms of Ernst & Young PLT

<sup>∞</sup> Audited by a firm other than Ernst & Young PLT or a member firm of Ernst & Young Global

<sup>∞</sup> Financial year end 30 June

Summarised financial information in respect of the Group's material associated companies is set out below. The summarised financial information below represents amounts based on the associated companies' financial statements adjusted for any material differences with the Group's accounting policies.

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 10. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

Summarised statements of financial position:

	Tanah Sutera Development Sdn. Bhd. Group		Merit Properties Sdn. Bhd.	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<b>Non-current assets</b>	<b>675,421</b>	625,675	<b>392,718</b>	385,160
<b>Current assets</b>				
Cash and cash equivalents	318,366	286,982	39,039	38,814
Other current assets	154,719	149,330	706	868
	<b>473,085</b>	436,312	<b>39,745</b>	39,682
<b>Non-current liabilities</b>				
Other non-current liabilities	41,228	36,925	12,117	12,077
<b>Current liabilities</b>				
Trade and other payables and provisions	53,367	44,481	2,205	2,222
<b>Net assets</b>	<b>1,053,911</b>	980,581	<b>418,141</b>	410,543

Summarised statements of comprehensive income:

	Tanah Sutera Development Sdn. Bhd. Group		Merit Properties Sdn. Bhd.	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Revenue	177,297	113,288	3,213	3,802
Depreciation and amortisation	(1,970)	(1,479)	(52)	(50)
Interest income	9,473	6,471	1,169	874
Interest expense	(52)	(50)	(20)	(20)
Profit before tax	122,879	75,408	19,967	7,412
Taxation	(25,049)	(16,826)	(69)	(226)
Profit for the financial year	97,830	58,582	19,898	7,186
Total comprehensive income for the financial year	97,830	58,582	19,898	7,186
Share of results of associated companies	34,241	20,504	3,980	1,437
Dividend from associated companies	8,575	19,600	2,460	820

### 10. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the associated companies are as follows:

	Tanah Sutera Development Sdn. Bhd. Group		Merit Properties Sdn. Bhd.	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<b>Net assets</b>				
At beginning of the financial year	980,581	977,999	410,543	407,457
Total comprehensive income for the financial year	97,830	58,582	19,898	7,186
Dividends paid	(24,500)	(56,000)	(12,300)	(4,100)
At end of the financial year	<b>1,053,911</b>	980,581	<b>418,141</b>	410,543
Group's interest in the associated companies	35%	35%	20%	20%
Carrying amount at end of the financial year	<b>368,869</b>	343,203	<b>83,628</b>	82,109

The summarised aggregate financial information of the Group's share of other individually non-material associated companies as at 31 December is set out below:

	2023 RM'000	2022 RM'000
Loss for the year, representing total comprehensive loss for the year	(948)	(6,361)
Carrying amount of the Group's interest in individually non-material associated companies	40,461	38,778
Capital contribution to an associated company, at cost*	90,158	91,293
	<b>130,619</b>	130,071

\* This amount relates to the capital contribution to Qinzhou Development (Malaysia) Consortium Sdn Bhd, an associated company which holds the investment in China-Malaysia Qinzhou Industrial Park (Guangxi) Development Co. Ltd. in China.

The capital contribution is unsecured, interest free and is not expected to be recalled within the foreseeable future.

### 11. OTHER INVESTMENTS

	Group	
	2023 RM'000	2022 RM'000
<b>Non-current</b>		
At fair value through profit or loss		
Equity instruments (unquoted in Malaysia)	96	96

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 12. AMOUNTS OWING BY/TO SUBSIDIARY COMPANIES

#### Amounts owing by subsidiary companies included under non-current assets

The amounts owing by subsidiary companies included under non-current assets represent unsecured advances which are not expected to be recalled within the next 12 months and are analysed as follows:

	Company	
	2023 RM'000	2022 RM'000
Unsecured advances:		
– bearing interest at 3.96% to 8.00% (2022: 3.06% to 8.00%) per annum	3,236,405	1,936,848
– interest free	22,189	915,410
Unquoted redeemable cumulative preference shares	38,696	38,334
	3,297,290	2,890,592
Allowance for impairment loss	(16,902)	(2,069)
	3,280,388	2,888,523

#### Amounts owing by subsidiary companies included under current assets

	Company	
	2023 RM'000	2022 RM'000
Trade accounts:		
– staff secondment fee	9,075	6,539
Unsecured advances:		
– bearing interest at 3.96% to 8.00% (2022: 3.06% to 8.00%) per annum	574,338	1,161,011
– interest free	943,048	658,290
	1,526,461	1,825,840
Allowance for impairment loss	(1,337)	(1,291)
	1,525,124	1,824,549

The movement in the allowance for impairment losses during the financial year is as follows:

	Company	
	2023 RM'000	2022 RM'000
At beginning of the year	3,360	1,291
Allowance for impairment loss during the year	16,156	2,069
Liquidation of subsidiary companies	(1,277)	–
At end of the year	18,239	3,360

The trade accounts are expected to be settled within the normal credit periods. Unsecured advances are repayable on demand.

### 12. AMOUNTS OWING BY/TO SUBSIDIARY COMPANIES (CONT'D)

#### Amounts owing to subsidiary companies included under non-current liabilities

The amounts owing to subsidiary companies included under non-current liabilities represent unsecured advances which are not expected to be repaid within the next 12 months and are analysed as follows:

	Company	
	2023 RM'000	2022 RM'000
Unsecured advances:		
– bearing interest at 3.75% to 5.55% (2022: 3.20% to 4.20%) per annum	574,085	215,000
– interest free	131,808	128,827
	705,893	343,827

#### Amounts owing to subsidiary companies included under current liabilities

	Company	
	2023 RM'000	2022 RM'000
Unsecured advances:		
– bearing interest at 3.75% to 5.55% (2022: 3.67% to 4.67%) per annum	–	340,000
– interest free	68,183	83,287
	68,183	423,287

Unsecured advances are repayable on demand.

### 13. AMOUNTS OWING BY JOINT VENTURES

#### Amounts owing by joint ventures included under non-current assets

	Group	
	2023 RM'000	2022 RM'000
Unsecured advances:		
– bearing interest at 8.00% (2022: 8.00%) per annum	69,785	69,785

The unsecured advances owing by a joint venture is not repayable within 12 months.

#### Amounts owing by joint ventures included under current assets

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unsecured advances:				
– bearing interest at 4.00% to 6.50% (2022: 4.00% to 6.25%) per annum	76,555	31,345	8,629	8,629
– interest free	57,177	63,377	51,144	51,493
	133,732	94,722	59,773	60,122

Unsecured advances are repayable on demand.

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 14. AMOUNTS OWING BY/TO RELATED PARTIES

These represent amounts owing by/to Permodalan Nasional Berhad ("PNB") and the government related entities disclosed in Note 39(a) ("PNB Group").

The amounts owing by/to related parties are repayable/payable on demand.

### 15. DEFERRED TAX

	Group		Company	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Deferred tax assets	361,997	364,910	2,515	1,940
Deferred tax liabilities	(473,794)	(497,506)	–	–
	(111,797)	(132,596)	2,515	1,940
At beginning of the year, as previously stated	(132,596)	(130,292)	1,940	1,918
Prior year adjustment (see Note 48)	–	7,960	–	–
At beginning of the year, restated	(132,596)	(122,332)	1,940	1,918
Credited/(Charged) to profit or loss	22,101	(10,801)	575	22
Exchange rate differences	(1,302)	537	–	–
At end of the year	(111,797)	(132,596)	2,515	1,940

The temporary differences on which deferred tax assets/liabilities have been recognised are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Tax effects of:				
– unabsorbed capital allowances	8,783	8,509	1,086	589
– unutilised tax losses	62,850	67,666	–	–
– valuation of development land and property development and construction profits	(118,095)	(131,732)	–	–
– excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	(22,374)	(33,040)	(446)	(255)
– fair value changes on investment properties	(49,594)	(49,915)	(109)	(109)
– others	6,633	5,916	1,984	1,715
	(111,797)	(132,596)	2,515	1,940

#### Key sources of estimation uncertainty – Recognition of deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed capital allowances and unutilised tax losses to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences, capital allowances and tax losses can be utilised.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. When an entity has a history of recent losses, the entity recognises a deferred tax asset arising from unused tax losses or tax credits only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the entity.

### 15. DEFERRED TAX (CONT'D)

#### Key sources of estimation uncertainty – Recognition of deferred tax assets (cont'd)

The Group has recognised the deferred tax assets as it is probable that its development projects and its cost and efficiency rationalisation strategies would generate sufficient taxable profits in future against which the deferred tax assets can be utilised.

Unutilised tax losses, unabsorbed capital allowances and other temporary differences which exist as at 31 December on which deferred tax assets have not been recognised in the financial statements are as follows:

	Group	
	2023 RM'000	2022 RM'000
Unutilised tax losses	720,927	684,588
Unabsorbed capital allowances	53,603	43,658
Others – deductible temporary differences	79,465	68,913
	853,995	797,159

Tax losses for which the tax effects have not been recognised in the financial statements:

	Group	
	2023 RM'000	2022 RM'000
– Expiring in 2028	218,002	244,603
– Expiring in 2029	112,719	112,719
– Expiring in 2030	139,096	139,096
– Expiring in 2031	119,603	119,630
– Expiring in 2032	68,539	68,539
– Expiring in 2033	62,968	–
	720,927	684,588

Deferred tax assets have not been recognised in respect of these items for certain subsidiary companies as it is not probable that taxable profits of the subsidiary companies would be available against which the unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences could be utilised.

The unutilised capital allowances of the Group are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial changes in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

Based on the Malaysian Finance Act gazetted on 31 December 2021, the time limit for the carry forward of the unutilised tax losses is 10 years.

The unutilised tax losses accumulated up to the year of assessment 2018 are allowed to be carried forward for 10 consecutive years of assessment (i.e. from years of assessment 2019 to 2028) and any balance of the unutilised losses thereafter shall be disregarded.

As for any unutilised tax losses that originated from the year of assessment 2019 onwards, these are allowed to be carried forward for a maximum period of 10 consecutive years of assessment immediately following that originating year of assessment and any balance of the unutilised tax losses thereafter shall be disregarded.

The foreign unutilised losses and unabsorbed capital allowances applicable to foreign incorporated subsidiary companies, if any, are pre-determined by and subject to the tax legislations of the respective countries.

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 16. TRADE RECEIVABLES

	Group	
	2023 RM'000	2022 RM'000
<b>Non-Current</b>		
Gross progress billings receivable	26,015	61,634
<b>Current</b>		
Gross progress billings receivable	740,628	465,355
Gross retention sums receivable	170,589	121,543
Other gross receivables	17,380	28,104
Total gross receivables	928,597	615,002
Allowance for impairment loss	(2,460)	(1,511)
	926,137	613,491
Total	952,152	675,125

The progress billings are due within 14 to 90 days (2022: 14 to 90 days) as stipulated in sale and purchase agreements and construction contracts. The retention sums are due upon the expiry of the defect liability period stated in the respective sale and purchase agreements and construction contracts.

Non-current gross progress billings receivables are due within 2 to 5 years and above (2022: 2 to 5 years). Current other gross receivables are due within 7 to 90 days (2022: 7 to 90 days).

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

	Group	
	2023 RM'000	2022 RM'000
Neither past due nor impaired	852,502	534,716
1 to 30 days past due but not impaired	53,047	66,928
31 to 60 days past due but not impaired	19,776	20,273
61 to 90 days past due but not impaired	10,187	15,527
91 to 120 days past due but not impaired	2,206	4,415
More than 121 days past due but not impaired	14,434	33,266
	952,152	675,125
Individually impaired	2,460	1,511
	954,612	676,636

#### Receivables that are neither past due nor impaired

The receivables that are neither past due nor impaired are creditworthy debtors with good payment track records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year except for an amount of RM9,729,000 which has been extended for a further 3 months during the year.

### 16. TRADE RECEIVABLES (CONT'D)

#### Receivables that are past due but not impaired

The receivables that are past due but not impaired are mainly related to the progress billings to be settled by the purchasers or the purchasers' end-financiers. However, the Directors are of the opinion that these debts should be realised in full without material losses in the ordinary course of business as the legal title to the properties sold remains with the Group until the purchase consideration is fully settled/paid.

#### Receivables that are impaired

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in financial difficulties and have defaulted on payment. These receivables are not secured by any collateral or credit enhancements.

The Group measures allowance for impairment losses of trade receivables based on lifetime ECLs.

The expected credit losses on trade receivables are estimated by reference to historical loss experience of the debtors and an analysis of the debtor's current financial position, adjusted for forward-looking factors specific to the debtors and the general economic conditions, where applicable. The Group generally performs impairment assessment on trade receivables on an individual basis or on an account-by-account basis. In respect of its property development activities, the Group has assessed that these debts should be realised in full without material losses in the ordinary course of business as the legal title to the properties sold remains with the Group until the purchase consideration is fully settled/paid.

The movement in the allowance for impairment losses of trade receivables during the financial year is as follows:

	Group	
	2023 RM'000	2022 RM'000
At beginning of the year	1,511	1,771
Allowance for impairment loss during the year	1,724	169
Reversal of allowance for impairment loss during the year	–	(388)
Bad debts written off	(775)	(41)
At end of the year	2,460	1,511

The currency exposure profile of trade receivables net of allowance for impairment losses is as follows:

	Group	
	2023 RM'000	2022 RM'000
Malaysian Ringgit	868,403	514,895
Singapore Dollar	83,749	160,230
	952,152	675,125

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 17. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2023 RM'000	2022 RM'000
<b>Contract assets</b>		
Property development (see Note (a))	970,533	1,505,309
Construction and other contracts (see Note (b))	1,068	1,435
	<b>971,601</b>	1,506,744
<b>Contract liabilities</b>		
Property development (see Note (a))	(64,117)	(72,046)
Construction and other contracts (see Note (b))	(47,966)	(46,761)
	<b>(112,083)</b>	(118,807)
	<b>859,518</b>	1,387,937

(a) Contract assets and contract liabilities from property development activities

	Group	
	2023 RM'000	2022 RM'000
Contract assets	970,533	1,505,309
Contract liabilities	(64,117)	(72,046)
	<b>906,416</b>	1,433,263
At beginning of the year	1,433,263	1,217,352
Consideration payable to customers	96,092	39,438
Revenue recognised during the year	4,064,703	4,240,596
Interest income relating to deferred payment scheme	25,531	21,824
Progress billings during the year	(4,721,834)	(4,100,715)
Exchange rate differences	8,661	14,768
At end of the year	<b>906,416</b>	1,433,263

Revenue from property development activities are recognised over time using the input method, which is based on the actual cost incurred to date on the property development projects as compared to the total budgeted cost for the respective development projects.

The transaction price allocated to the unsatisfied performance obligations as at 31 December 2023 is RM2,605,843,000 (2022: RM4,318,098,000). The remaining performance obligations are expected to be recognised as follows:

	Group	
	2023 RM'000	2022 RM'000
Within 1 year	2,028,232	3,720,335
Between 1 and 4 years	577,611	597,763
	<b>2,605,843</b>	4,318,098

### 17. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(b) Contract assets and contract liabilities from construction and other contracts

	Group	
	2023 RM'000	2022 RM'000
Contract assets	1,068	1,435
Contract liabilities	(47,966)	(46,761)
	<b>(46,898)</b>	(45,326)
At beginning of the year	(45,326)	(46,467)
Revenue recognised during the year	69,024	111,184
Progress billings during the year	(70,596)	(110,043)
At end of the year	<b>(46,898)</b>	(45,326)

Contract expenditure includes the following expenses incurred during the financial year:

	Group	
	2023 RM'000	2022 RM'000
Depreciation of property, plant and equipment	837	2,860
Depreciation of right-of-use – property, plant and equipment	27	266
Hire of machinery	–	2,936
Rental expense	2	52

The construction revenue is recognised progressively based on the actual cost incurred to date on the construction projects as compared to the total budgeted cost for the respective projects.

The transaction price allocated to the unsatisfied performance obligations for construction and other contracts as at 31 December 2023 is RM47,966,000 (2022: RM46,761,000).

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Non-current</b>				
Accrued lease income	90,258	85,105	–	–
<b>Current</b>				
Refundable deposits and part purchase consideration for the acquisition of development land	36,455	–	–	–
Dividend receivable	–	–	1,596	1,596
Deposits	93,619	85,161	1,457	112
Value Added Tax/Goods and Services Tax receivables	4,426	18,497	–	–
Prepayments	22,375	20,001	–	–
Accrued lease income	2,737	–	–	–
Other sundry receivables	70,420	92,630	206	326
	230,032	216,289	3,259	2,034
Allowance for impairment loss	(9,646)	(7,325)	–	–
	220,386	208,964	3,259	2,034
<b>Total</b>	<b>310,644</b>	<b>294,069</b>	<b>3,259</b>	<b>2,034</b>

The movement in the allowance for impairment losses of other receivables during the financial year is as follows:

	Group	
	2023 RM'000	2022 RM'000
At beginning of the year	7,325	3,907
Allowance for impairment loss during the year	2,817	3,418
Bad debts written off	(496)	–
At end of the year	9,646	7,325

The currency exposure profile of other receivables, deposits and prepayments net of allowance for impairment losses is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysian Ringgit	262,861	270,910	3,259	2,034
Australian Dollar	45,347	20,298	–	–
Singapore Dollar	376	494	–	–
Vietnamese Dong	2,057	2,100	–	–
Japanese Yen	–	260	–	–
United States Dollar	3	7	–	–
	310,644	294,069	3,259	2,034

### 19. CONTRACT COST ASSETS

	Group	
	2023 RM'000	2022 RM'000
Contract cost assets		
Costs to fulfil contracts with customers (Note (a))	423,338	991,333
Costs to obtain contracts with customers (Note (b))	57,432	105,335
	480,770	1,096,668
(a) Costs to fulfil contracts with customers		
At beginning of the financial year	991,333	1,595,914
Costs transferred from inventories – land held for property development (see Note 6)	47,253	21,572
Costs transferred from inventories – land held for sales	16,927	25,980
Costs transferred from inventories – property development costs (see Note 6)	769,915	780,971
Costs incurred during the year	1,024,710	1,296,631
Costs recognised in profit or loss during the year	(2,442,607)	(2,733,996)
Exchange differences	15,807	4,261
At end of the financial year	423,338	991,333
(b) Costs to obtain contracts with customers		
At beginning of the financial year	105,335	112,292
Costs incurred during the year	23,434	36,523
Costs recognised in profit or loss during the year	(73,964)	(43,440)
Exchange differences	2,627	(40)
At end of the financial year	57,432	105,335

### 20. SHORT-TERM DEPOSITS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short-term deposits with licensed banks	441,237	774,206	55,675	101,029

Included in short-term deposits of the Group is an amount of RM17,057,000 (2022: RM27,936,000) which has been charged to banks as security for banking facilities.

As at reporting date, the effective interest rates for the Group's short-term deposits range from 1.50% to 6.20% (2022: 0.05% to 9.50%). As at reporting date, the effective interest rates for the Company's short-term deposits range from 2.75% to 4.27% (2022: 2.90% to 3.40%). All short-term deposits have average maturity periods of 1 to 3 months.

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 20. SHORT-TERM DEPOSITS (CONT'D)

The currency exposure profile of short-term deposits is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysian Ringgit	314,173	269,876	99	99
Australian Dollar	66,410	271,756	55,576	1,629
Vietnamese Dong	60,464	58,850	–	–
United States Dollar	190	–	–	–
Great British Pound	–	173,724	–	99,301
	<b>441,237</b>	<b>774,206</b>	<b>55,675</b>	<b>101,029</b>

### 21. CASH AND BANK BALANCES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances include monies in:				
– Housing Development Accounts	930,212	940,465	–	–
– Sinking Fund Accounts	4,551	3,128	–	–
– Debt Service Reserve Accounts	86,916	59,663	16,601	16,520
– Escrow Accounts	60,330	22,835	–	–
– Revenue Accounts	7,868	5,002	–	–
– Rights and Excess Accounts	28	26	28	26

Withdrawals from the Housing Development Accounts are restricted in accordance with the Housing Developers (Housing Development Account) Regulations 1991.

Funds maintained in the Housing Development Accounts earn interest ranging from 0.45% to 2.75% (2022: 0.25% to 3.82%) per annum.

The sinking fund, debt service reserve, escrow and revenue accounts were opened in accordance with the terms and conditions set out in the term loan agreements referred to in Note 27 below.

The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysian Ringgit	1,620,394	1,362,235	119,193	160,942
Singapore Dollar	184,979	179,239	26	–
Australian Dollar	210,140	204,122	33	29
Great British Pound	26,427	96,953	10,611	10,745
Vietnamese Dong	8,281	11,566	–	–
United States Dollar	2,627	3,873	1,447	1,390
Japanese Yen	1,554	714	–	–
	<b>2,054,402</b>	<b>1,858,702</b>	<b>131,310</b>	<b>173,106</b>

### 22. SHARE CAPITAL

	2023		2022	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Issued and fully paid share capital:				
At beginning of the year	4,075,487	8,499,642	4,067,978	8,490,225
Issuance of shares:				
– vesting of ESGP	4,781	4,680	7,376	9,277
– exercise of ESOS	–	–	133	140
Conversion from RCPS-i B* (see Note 23)	–	–	0	0
Conversion from RCPS-i C (see Note 23)	274,568	218,453	–	–
At end of the year	<b>4,354,836</b>	<b>8,722,775</b>	<b>4,075,487</b>	<b>8,499,642</b>

\* In the previous financial year, conversion of 42 RCPS-i B to 11 ordinary shares amounting to RM37.

During the financial year, the issued and paid-up ordinary share capital of the Company was increased by way of the following:

- Allotment of 4,781,049 new ordinary shares pursuant to the vesting of ESGP at the price of RM0.61 per share; and
- Conversion of 574,876,281 RCPS-i C to 274,567,771 ordinary shares with the conversion ratio of thirty-two (32) new S P Setia Berhad shares for sixty-seven (67) RCPS-i C held.

The Long Term Incentive Plan ("LTIP" or "Scheme") was implemented on 10 April 2013. The LTIP, which comprises the ESGP and ESOS allows the Company to grant shares and/or share options under the ESGP and ESOS respectively to eligible employees and Executive Directors of the Group of up to 15% of the issued and paid-up share capital of the Company. The LTIP is governed by the By-Laws of the LTIP which was approved by the shareholders on 28 February 2013 and is administered by the Nomination and Remuneration Committee ("NRC") which is appointed by the Board, in accordance with the By-Laws.

On 23 February 2017, the Board of Directors approved the extension of the LTIP for another 5 years pursuant to By-Laws 18.2 of the By-Laws of LTIP and as such the LTIP shall be in force for a period of 10 years up to 9 April 2023. The final vesting of LTIP was completed on 3 April 2023 and the scheme lapsed on 9 April 2023.

The main features of the Scheme are as follows:

- The maximum number of new ordinary shares which may be made available under the Scheme at the point in time when an LTIP award is offered shall not be more than fifteen percent (15%) of the issued and paid-up ordinary share capital of the Company.
- The LTIP awards shall be awarded after taking into consideration the employee's position, contribution and performance (where applicable) or such criteria as the NRC may deem fit subject to the following:
  - that the number of new ordinary shares made available under the Scheme shall not exceed the amount stipulated in (a) above; and
  - that not more than ten percent (10%) of the total new ordinary shares to be issued under the Scheme at the point in time when an LTIP award is offered be allocated to any employee or Executive Director who, either singly or collectively through persons connected with him, holds twenty percent (20%) or more in the issued and paid-up share capital of the Company.

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For The Financial Year Ended 31 December 2023

### 22. SHARE CAPITAL (CONT'D)

(c) In the case of the ESGP, the shares will be vested with the grantee at no consideration on the vesting date; while in the case of the ESOS, the option price will be determined based on the five (5) days volume weighted average market price of the ordinary shares on the date the ESOS award is offered with a potential discount of not more than ten percent (10%) or any such other limit in accordance with any prevailing guideline issued by Bursa Malaysia Securities Berhad or any other relevant authorities as may be amended from time to time.

(d) The shares and share options granted under the ESGP and ESOS will vest over a remaining period of less than one (1) year from the financial year end.

The movement during the financial year in the number of shares and share options in which employees of the Group and the Company are entitled to are as follows:

	At 1.1.2023 '000	Granted '000	Vested '000	Lapsed '000	At 31.12.2023 '000
<b>ESGP</b>					
Offer 10	1,676	–	(1,676)	–	–
Offer 11	3,244	–	(3,105)	(139)	–
	4,920	–	(4,781)	(139)	–
<b>ESOS</b>					
Offer 1	3,640	–	–	(3,640)	–
Offer 3	379	–	–	(379)	–
Offer 4	4,864	–	–	(4,864)	–
Offer 5	3,412	–	–	(3,412)	–
Offer 6	67,316	–	–	(67,316)	–
Offer 7	11,139	–	–	(11,139)	–
Offer 8	2,056	–	–	(2,056)	–
Offer 9	2,609	–	–	(2,609)	–
Offer 10	508	–	–	(508)	–
Offer 11	749	–	–	(749)	–
	96,672	–	–	(96,672)	–

### 22. SHARE CAPITAL (CONT'D)

The fair values of the shares and share options granted under the ESGP and ESOS to which MFRS 2 applies were determined using the binomial model. The significant inputs into the model were as follows:

	ESGP										
	Offer 1	Offer 2	Offer 3	Offer 4	Offer 5	Offer 6	Offer 7	Offer 8	Offer 9	Offer 10	Offer 11
Exercise price	*	*	*	*	*	*	*	*	*	*	*
Date of grant	6 May 2013	19 August 2013	31 October 2014	20 August 2015	17 August 2016	7 August 2017	2 January 2018	9 August 2018	20 August 2019	25 August 2020	24 August 2021
Fair value at grant date	RM3.15	RM3.14	RM3.13	RM3.01	RM3.27	RM3.05	RM3.21	RM2.85	RM1.57	RM0.81	RM1.07
Vesting period/ Option life	3 years	3 years	3 years	3 years	1 year 5 months	3 years	3 years	3 years	3 years	2 years	1 year 8 months
Weighted average share price at grant date	RM3.42	RM3.37	RM3.35	RM3.02	RM3.17	RM3.30	RM3.40	RM2.96	RM1.73	RM0.81	RM1.10
Expected dividend yield	4.1%	4.2%	3.3%	3.0%	5.3%	6.0%	5.8%	5.1%	5.2%	1.2%	3.7%
Risk-free interest rates	3.21%	3.67%	3.71%	4.01%	3.4%	3.4%	3.4%	3.7%	3.5%	2.0%	1.9%
Expected volatility	18.62%	18.82%	18.51%	21.34%	22.88%	24.26%	53.21%	40.33%	27.91%	47.48%	28.55%
	ESOS										
	Offer 1	Offer 2	Offer 3	Offer 4	Offer 5	Offer 6	Offer 7	Offer 8	Offer 9	Offer 10	Offer 11
Exercise price	RM2.54 <sup>^</sup>	RM2.50 <sup>^</sup>	RM2.49 <sup>^</sup>	RM2.24 <sup>^</sup>	RM2.36 <sup>^</sup>	RM2.60 <sup>^</sup>	RM2.42 <sup>^</sup>	RM1.41 <sup>^</sup>	RM0.66 <sup>^</sup>	RM1.01 <sup>^</sup>	RM0.84 <sup>^</sup>
Date of grant	6 May 2013	19 August 2013	31 October 2014	20 August 2015	17 August 2016	7 August 2017	9 August 2018	20 August 2019	25 August 2020	4 February 2022	18 May 2022
Fair value at grant date	RM0.51	RM0.52	RM0.53	RM0.57	RM0.55	RM0.51	RM0.87	RM0.27	RM0.28	RM0.17	RM0.07
Vesting period/ Option life	8 years 3 months	8 years 3 months	7 years 3 months	6 years 3 months	5 years 4 months	4 years 10 months	3 years 3 months	2 years 3 months	1 year 9 months (from July 2021 to April 2023)	9 months (from July 2022 to April 2023)	9 months (from July 2022 to April 2023)
Weighted average share price at grant date	RM3.42	RM3.37	RM3.35	RM3.02	RM3.17	RM3.30	RM2.96	RM1.73	RM0.81	RM1.23	RM1.03
Expected dividend yield	4.1%	4.2%	3.3%	3.0%	5.3%	6.0%	5.1%	5.2%	1.2%	6.4%	5.99%
Risk-free interest rates	3.21%	3.67%	3.71%	4.01%	3.4%	3.4%	3.7%	3.5%	2.0%	1.99%	2.85%
Expected volatility	18.62%	18.82%	18.51%	21.34%	22.88%	24.26%	40.33%	27.91%	47.48%	42.13%	40.06%

\* The shares under the ESGP vested with the grantee at no consideration on the vesting date

<sup>^</sup> Pursuant to the LTIP By-Laws of the Company, the ESOS exercise price options were adjusted for the rights issue of up to 2,472,010,007 RCPS-i C in S P Setia Berhad which were allotted on 23 November 2022 and listed on 29 November 2022 ("Rights Issue Adjustment")

The expected life of the shares and share options are based on historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the shares and/or share options granted were incorporated into the measurement of fair value.

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 23. ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS-I A") ("RCPS-I B") ("RCPS-I C")

	Group/Company			
	2023		2022	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Issued and fully paid RCPS-i A:				
At beginning/end of the year	1,088,658	1,087,363	1,088,658	1,087,363
Issued and fully paid RCPS-i B:				
At beginning of the year	-	-	1,176,382	1,035,218
Conversion to ordinary shares* (see Note 22)	-	-	0	0
Redemption of shares	-	-	(1,176,382)	(1,035,218)
At end of the year	-	-	-	-
Issued and fully paid RCPS-i C:				
At beginning of the year	2,472,011	937,201	-	-
Issuance of shares	-	-	2,472,011	939,364
Share issuance expenses	-	-	-	(2,163)
Conversion to ordinary shares (see Note 22)	(574,876)	(218,453)	-	-
At end of the year	1,897,135	718,748	2,472,011	937,201

\* In the previous financial year, conversion of 42 RCPS-i B to 11 ordinary shares amounting to RM37

#### RCPS-i A

The RCPS-i A issued by the Company to the shareholders are convertible at any time at the discretion of the holder commencing 2 December 2016 ("Issue Date A") up to such date no later than nine (9) market days prior to the relevant redemption date into such number of fully paid new S P Setia shares without payment of any consideration (cash or otherwise) and with the conversion ratio of two (2) new S P Setia shares for seven (7) RCPS-i A held.

The Company may at any time on or after the 15th anniversary of the Issue Date A, at its discretion, redeem all (and not some only of) the outstanding RCPS-i A in cash at the redemption price which shall be the aggregate of the issue price of RM1.00, any preferential dividends declared but unpaid as at the redemption date and any Deferred Dividends A (as defined below) as at the redemption date.

Under the Constitution, the conversion ratio for RCPS-i A is subject to adjustments from time to time, at the determination of our Board, in the event of any alteration to our Company's share capital, whether by way of rights issue, capitalisation issue, consolidation of shares, subdivision of shares or reduction of capital howsoever being affected, in accordance with the provisions of the Constitution. The conversion ratio for RCPS-i A had previously been adjusted to fifty (50) new S P Setia shares for one hundred sixty-nine (169) RCPS-i A held and subsequently readjusted to ten (10) new S P Setia shares for twenty-nine (29) RCPS-i A held, upon issuance of RCPS-i C. The effective date for the most recent adjusted conversion ratio was 3 November 2022.

### 23. ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS-I A") ("RCPS-I B") ("RCPS-I C") (CONT'D)

#### RCPS-i A (cont'd)

The RCPS-i A confers on holders, the following rights and privileges:

- (i) The right to receive preferential dividends, out of distributable profits of the Company earned from the first day of the calendar month following the Issue Date A ("Profits for RCPS-i A") when declared and approved by the Board of the Company, at an expected preferential dividend rate of 6.49%.

From the period commencing on and including the 15th anniversary of the Issue Date A until the redemption date, an additional stepped-up preferential dividend rate of 1.0% per annum above the expected rate abovementioned, shall be payable on the RCPS-i A on an annual basis, provided that the aggregate of the expected preferential dividend rate (including the stepped-up preferential dividends, if applicable) ("Expected Preferential Dividend Rate A") shall not exceed a total rate of 20%. The maximum amount of preferential dividends that can be declared and paid on each preferential dividend entitlement date ("Expected Preferential Dividend Amount A") shall be capped at such Expected Preferential Dividend Rate A unless otherwise decided by the Board of the Company.

On any preferential dividend entitlement date for RCPS-i A:

- i. In the event that the Profits for RCPS-i A are lower than the Expected Preferential Dividend Amount A and the Company does not declare the preferential dividends up to the Expected Preferential Dividend Amount A (in whole or in part):
- The Company may, at its discretion, declare and pay any amount of preferential dividends up to an amount equal to the Profits for RCPS-i A as at such preferential dividend entitlement date. The amount of Profits for RCPS-i A declared as preferential dividends by the Company on a particular preferential dividend entitlement date, if any shall be referred to as ("Declared Sum A"); and
  - The amount equivalent to the difference between the Profits for RCPS-i A as at such preferential dividend entitlement date and Declared Sum A, shall be cumulative ("Deferred Dividends A-1"), so long as the RCPS-i A remains unredeemed.
- ii. In the event that the Profits for RCPS-i A are more than the Expected Preferential Dividend Amount A and the Company does not declare the preferential dividends up to the Expected Preferential Dividend Amount A (in whole or in part), the amount equivalent to the difference between the Expected Preferential Dividend Amount A and the Declared Sum A, shall be cumulative ("Deferred Dividends A-2"), so long as the RCPS-i A remains unredeemed.

Deferred Dividends A-1 and A-2 (as the case may be) ("Deferred Dividends A") may be declared and/or paid, at the discretion of the Company, on any subsequent preferential dividend entitlement date for RCPS-i A, provided that the Cumulative Condition A (as defined below) is fulfilled on such preferential dividend entitlement date.

"Cumulative Condition A" of the RCPS-i A means on any preferential dividend entitlement date, the Company:

- has sufficient Profits for RCPS-i A that is at least equivalent to the aggregate of the Declared Sum A and any Deferred Dividends A accumulated as at and on such preferential dividend entitlement date;
- has maintained books and records that evidence the Company having Profits for RCPS-i A that is at least equivalent to the aggregate of the Declared Sum A and any Deferred Dividends A accumulated as at and on such preferential dividend entitlement date; and
- makes an announcement on the Main Market of Bursa Malaysia Securities Berhad that such amount of Deferred Dividends A on such preferential dividend entitlement date shall be cumulative.

Where there is no Profit for RCPS-i A available for the declaration and payment of dividends, the Company shall have no obligation to declare or distribute any preferential dividends on the relevant preferential dividend entitlement date for RCPS-i A. Such preferential dividends shall not be cumulative.

Each RCPS-i A holder will cease to receive any preferential dividends from and including the date the RCPS-i A is converted into new S P Setia shares save for preferential dividends declared but unpaid up to the date of conversion.

## Notes to the Financial Statements

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### 23. ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS-I A") ("RCPS-I B") ("RCPS-I C") (CONT'D)

#### RCPS-i A (cont'd)

The RCPS-i A confers on holders, the following rights and privileges (cont'd):

- (ii) The rights as regards to the receipt of notices (including that of general meetings), reports and audited financial statements, to attend meetings and to receive shareholders' resolutions in writing, but shall not be entitled to vote or approve any shareholders' resolutions or vote at any general meeting of the Company, save and except in respect of any resolution made:
  - i. when the preferential dividends for RCPS-i A or any part thereof is in arrears and unpaid for more than six (6) months;
  - ii. on a proposal to reduce the Company's share capital;
  - iii. on a proposal for the disposal of substantially the whole of the Company's property, business and undertaking;
  - iv. on a proposal to wind up the Company;
  - v. during the winding up of the Company; or
  - vi. on any proposal that affects the rights and privileges attached to the RCPS-i A, including the amendments to the Constitution of the Company.

In any of the aforesaid circumstances, each RCPS-i A holder shall be entitled to vote at all general meetings of the members of its class, and on a poll at any such general meetings to one (1) vote for each RCPS-i A held.

#### RCPS-i B

The RCPS-i B issued by the Company to the shareholders are convertible at any time at the discretion of the holder commencing 29 December 2017 ("Issue Date B") up to such date no later than nine (9) market days prior to the relevant redemption date into such number of fully paid new S P Setia shares without payment of any consideration (cash or otherwise) and with the conversion ratio of five (5) new S P Setia shares for twenty one (21) RCPS-i B held.

The Company may at any time on or after the 5th anniversary of the Issue Date B, at its discretion, redeem all (and not some only of) the outstanding RCPS-i B in cash at the redemption price which shall be the aggregate of the issue price of RM0.88, any preferential dividends declared but unpaid as at the redemption date and any Deferred Dividends B (as defined below) as at the redemption date.

Under the Constitution, the conversion ratio for RCPS-i B is subject to adjustments from time to time, at the determination of our Board, in the event of any alteration to our Company's share capital, whether by way of rights issue, capitalisation issue, consolidation of shares, subdivision of shares or reduction of capital howsoever being affected, in accordance with the provisions of the Constitution. Pursuant to the issuance of the RCPS-i C by the Company in the previous financial year, the conversion ratio for RCPS-i B has been adjusted from five (5) new S P Setia shares for twenty-one (21) RCPS-i B held to five (5) new S P Setia shares for eighteen (18) RCPS-i B held. The effective date for the adjusted conversion ratio was 3 November 2022.

The RCPS-i B confers on holders, the following rights and privileges:

- (i) The right to receive preferential dividends, out of distributable profits of the Company earned from the first day of the calendar month following the Issue Date B ("Profits for RCPS-i B") when declared and approved by the Board of the Company, at an expected preferential dividend rate of 5.93%.

From the period commencing on and including the 5th anniversary of the Issue Date B until the redemption date, an additional stepped-up preferential dividend rate of 1.0% per annum above the expected rate abovementioned, shall be payable on the RCPS-i B on an annual basis, provided that the aggregate of the expected preferential dividend rate (including the stepped-up preferential dividends, if applicable) ("Expected Preferential Dividend Rate B") shall not exceed a total rate of 20%. The maximum amount of preferential dividends that can be declared and paid on each preferential dividend entitlement date ("Expected Preferential Dividend Amount B") shall be capped at such Expected Preferential Dividend Rate B unless otherwise decided by the Board of the Company.

### 23. ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS-I A") ("RCPS-I B") ("RCPS-I C") (CONT'D)

#### RCPS-i B (cont'd)

The RCPS-i B confers on holders, the following rights and privileges (cont'd):

On any preferential dividend entitlement date for RCPS-i B:

- i. In the event that the Profits for RCPS-i B are lower than the Expected Preferential Dividend Amount B and the Company does not declare the preferential dividends up to the Expected Preferential Dividend Amount B (in whole or in part):
  - (a) The Company may, at its discretion, declare and pay any amount of preferential dividends up to an amount equal to the Profits for RCPS-i B as at such preferential dividend entitlement date. The amount of Profits for RCPS-i B declared as preferential dividends by the Company on a particular preferential dividend entitlement date, if any shall be referred to as ("Declared Sum B"); and
  - (b) The amount equivalent to the difference between the Profits for RCPS-i B as at such preferential dividend entitlement date and Declared Sum B, shall be cumulative ("Deferred Dividends B-1"), so long as the RCPS-i B remains unredeemed.
- ii. In the event that the Profits for RCPS-i B are more than the Expected Preferential Dividend Amount B and the Company does not declare the preferential dividends up to the Expected Preferential Dividend Amount B (in whole or in part), the amount equivalent to the difference between the Expected Preferential Dividend Amount B and the Declared Sum B, shall be cumulative ("Deferred Dividends B-2"), so long as the RCPS-i B remains unredeemed.

Deferred Dividends B-1 and B-2 (as the case may be) ("Deferred Dividends B") may be declared and/or paid, at the discretion of the Company, on any subsequent preferential dividend entitlement date for RCPS-i B, provided that the Cumulative Condition B (as defined below) is fulfilled on such preferential dividend entitlement date.

"Cumulative Condition B" of the RCPS-i B means on any preferential dividend entitlement date, the Company:

- (a) has sufficient Profits for RCPS-i B that is at least equivalent to the aggregate of the Declared Sum B and any Deferred Dividends B accumulated as at and on such preferential dividend entitlement date;
- (b) has maintained books and records that evidence the Company having Profits for RCPS-i B that is at least equivalent to the aggregate of the Declared Sum B and any Deferred Dividends B accumulated as at and on such preferential dividend entitlement date; and
- (c) makes an announcement on the Main Market of Bursa Malaysia Securities Berhad that such amount of Deferred Dividends B on such preferential dividend entitlement date shall be cumulative.

Where there is no Profit for RCPS-i B available for the declaration and payment of dividends, the Company shall have no obligation to declare or distribute any preferential dividends on the relevant preferential dividend entitlement date for RCPS-i B. Such preferential dividends shall not be cumulative.

Each RCPS-i B holder will cease to receive any preferential dividends from and including the date the RCPS-i B is converted into new S P Setia Shares save for preferential dividends declared but unpaid up to the date of conversion.

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 23. ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS-I A") ("RCPS-I B") ("RCPS-I C") (CONT'D)

#### RCPS-i B (cont'd)

The RCPS-i B confers on holders, the following rights and privileges (cont'd):

- (ii) The rights as regards to the receipt of notices (including that of general meetings), reports and audited financial statements, to attend meetings and to receive shareholders' resolutions in writing, but shall not be entitled to vote or approve any shareholders' resolutions or vote at any general meeting of the Company, save and except in respect of any resolution made:
  - i. when the preferential dividends for RCPS-i B or any part thereof is in arrears and unpaid for more than six (6) months;
  - ii. on a proposal to reduce the Company's share capital;
  - iii. on a proposal for the disposal of substantially the whole of the Company's property, business and undertaking;
  - iv. on a proposal to wind up the Company;
  - v. during the winding up of the Company; or
  - vi. on any proposal that affects the rights and privileges attached to the RCPS-i B, including the amendments to the Constitution of the Company.

In any of the aforesaid circumstances, each RCPS-i B holder shall be entitled to vote at all general meetings of the members of its class, and on a poll at any such general meetings to one (1) vote for each RCPS-i B held.

The Company had issued notice to RCPS-i B holders on 30 November 2022 in relation to the full redemption of RCPS-i B. On 29 November 2022, the Company announced a preferential dividend for RCPS-i B for the period from 1 July 2022 to 30 December 2022, to be payable on 30 December 2022. The Company fully redeemed all the outstanding RCPS-i B on 30 December 2022 in cash at the redemption price of the aggregate of the issue price of RM0.88 and preferential dividends declared but unpaid as at the redemption date.

#### RCPS-i C

The Company had undertaken a renounceable rights issue of 2,472,010,007 RCPS-i C at an issue price of RM0.38 per share to raise gross proceeds of RM939,364,000 in the previous financial year to part settle the redemption of RCPS-i B. The RCPS-i C was issued on 24 November 2022 and listed on 30 November 2022.

The RCPS-i C issued by the Company to the shareholders are convertible at any time at the discretion of the holder commencing 30 November 2022 ("Issue Date C") up to such date no later than nine (9) market days prior to the relevant redemption date into such number of fully paid new S P Setia shares without payment of any consideration (cash or otherwise) and with the conversion ratio of thirty two (32) new S P Setia shares for sixty seven (67) RCPS-i C held.

The Company may at any time on or after the 5th anniversary of the Issue Date C, at its discretion, redeem all (and not part) the outstanding RCPS-i C in cash at the redemption price which shall be the aggregate of the issue price of RM0.38, any preferential dividends declared but unpaid as at the redemption date and any Deferred Dividends C (as defined below) as at the redemption date.

### 23. ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS-I A") ("RCPS-I B") ("RCPS-I C") (CONT'D)

#### RCPS-i C (cont'd)

The RCPS-i C confers on holders, the following rights and privileges:

- (i) The right to receive preferential dividends, out of distributable profits of the Company earned from the first day of the calendar month following the Issue Date C ("Profits for RCPS-i C") when declared and approved by the Board of the Company, at an expected preferential dividend rate of 5.43%.

From the period commencing on and including the 5th anniversary of the Issue Date C until the redemption date, an additional stepped-up preferential dividend rate of 1.0% per annum above the expected rate mentioned above, shall be payable on the RCPS-i C on an annual basis, provided that the aggregate of the expected preferential dividend rate (including the stepped-up preferential dividends, if applicable) ("Expected Preferential Dividend Rate C") shall not exceed a total rate of 20%. The maximum amount of preferential dividends that can be declared and paid on each preferential dividend entitlement date ("Expected Preferential Dividend Amount C") shall be capped at such Expected Preferential Dividend Rate C unless otherwise decided by the Board of the Company.

On any preferential dividend entitlement date for RCPS-i C:

- i. In the event that the Profits for RCPS-i C are lower than the Expected Preferential Dividend Amount C and the Company does not declare the preferential dividends up to the Expected Preferential Dividend Amount C (in whole or in part):
  - (a) The Company may, at its discretion, declare and pay any amount of preferential dividends up to an amount equal to the Profits for RCPS-i C as at such preferential dividend entitlement date. The amount of Profits for RCPS-i C declared as preferential dividends by the Company on a particular preferential dividend entitlement date, if any shall be referred to as ("Declared Sum C"); and
  - (b) The amount equivalent to the difference between the Profits for RCPS-i C as at such preferential dividend entitlement date and Declared Sum C, shall be cumulative ("Deferred Dividends C-1"), so long as the RCPS-i C remains unredeemed.
- ii. In the event that the Profits for RCPS-i C are more than the Expected Preferential Dividend Amount C and the Company does not declare the preferential dividends up to the Expected Preferential Dividend Amount C (in whole or in part), the amount equivalent to the difference between the Expected Preferential Dividend Amount C and the Declared Sum C, shall be cumulative ("Deferred Dividends C-2"), so long as the RCPS-i C remains unredeemed.

Deferred Dividends C-1 and C-2 (as the case may be) ("Deferred Dividends C") may be declared and/or paid, at the discretion of the Company, on any subsequent preferential dividend entitlement date for RCPS-i C, provided that the Cumulative Condition C (as defined below) is fulfilled on such preferential dividend entitlement date.

"Cumulative Condition C" of the RCPS-i C means on any preferential dividend entitlement date, the Company:

- (a) has sufficient Profits for RCPS-i C that is at least equivalent to the aggregate of the Declared Sum C and any Deferred Dividends C accumulated as at and on such preferential dividend entitlement date;
- (b) has maintained books and records that evidence the Company having Profits for RCPS-i C that is at least equivalent to the aggregate of the Declared Sum C and any Deferred Dividends C accumulated as at and on such preferential dividend entitlement date; and
- (c) makes an announcement on the Main Market of Bursa Malaysia Securities Berhad that such amount of Deferred Dividends C on such preferential dividend entitlement date shall be cumulative.

Where there is no Profit for RCPS-i C available for the declaration and payment of dividends, the Company shall have no obligation to declare or distribute any preferential dividends on the relevant preferential dividend entitlement date for RCPS-i C. Such preferential dividends shall not be cumulative.

Each RCPS-i C holder will cease to receive any preferential dividends from and including the date the RCPS-i C is converted into new S P Setia Shares save for preferential dividends declared but unpaid up to the date conversion.

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 23. ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS-I A") ("RCPS-I B") ("RCPS-I C") (CONT'D)

#### RCPS-i C (cont'd)

The RCPS-i C confers on holders, the following rights and privileges (cont'd):

- (ii) The rights as regards to the receipt of notices (including that of general meetings), reports and audited financial statements, to attend meetings and to receive shareholders' resolutions in writing, but shall not be entitled to vote or approve any shareholders' resolutions or vote at any general meeting of the Company, save and except in the respect of any resolution made:
- when the preferential dividends for RCPS-i C or any part thereof is in arrears and unpaid for more than six (6) months;
  - on a proposal to reduce the Company's share capital;
  - on a proposal for the disposal of substantially the whole of the Company's property, business and undertaking;
  - on a proposal to wind up the Company;
  - during the winding up of the Company; or
  - on any proposal that affects the rights and privileges attached to the RCPS-i C, including the amendments to the Constitution of the Company.

In any of the aforesaid circumstances, each RCPS-i C holder shall be entitled to vote at all general meetings of the members of its class, and on a poll at any such general meetings to one (1) vote for each RCPS-i C held.

### 24. RESERVES

- (a) Share-based payment reserve

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. The details of these plans are disclosed in Note 22.

- (b) Reserve on acquisition arising from common control

	Group	
	2023 RM'000	2022 RM'000
Reserve on acquisition arising from common control	(1,295,884)	(1,295,884)

This represents the difference between the consideration payable on the acquisition of I & P Group Sdn. Berhad in prior years in excess of the equity of I & P Group Sdn. Berhad arising as a result of the application of the pooling of interests method of accounting whereby assets, liabilities and reserves of the entities are recorded at their pre-combination carrying amounts or existing carrying amounts from the perspective of common control shareholder.

- (c) Exchange translation reserve

The exchange translation reserve represents exchange differences arising from the translation of the financial statements of all entities within the Group whose functional currencies are different from the Group's presentation currency.

Also included in this reserve at Group level are the exchange translation gain/loss relating to monetary items that forms part of a reporting entity's net investment in a foreign operation and those qualifying as net investment hedge. Details of net investment hedge effectiveness recognised in the exchange translation reserve is disclosed in Note 44(b).

### 25. REDEEMABLE CUMULATIVE PREFERENCE SHARES (UNSECURED)

The redeemable cumulative preference shares ("RCPS") issued by subsidiaries of the Company ("the Subsidiaries") are redeemable at any time at the discretion of the Subsidiaries after 5th anniversary but before the 8th to 15th anniversary of the respective issue dates, provided always that the redemption sum to be determined shall not be less than RM1.00 and any amount of dividend payable on the redemption date (including the aggregate amount of any arrears or accruals of dividend, whether or not declared, at the time of redemption).

The preference shares confer on their holders the following rights and privileges:

- The right to be paid, a cumulative preferential dividend of 4% per annum on the issue price, or at 500% per annum gross based on its nominal value;
- The right in a winding up or return of capital (other than on the redemption of the preference shares) to receive, in priority to the holders of any other class of shares in the capital of the Subsidiaries, repayment in full of RM1.00 and the payment of any cumulative preferential dividend calculated up to the date of commencement of the winding up or return of capital, but no further right to share in surplus assets; and
- The right to receive notice of and attend all general meetings of the Subsidiaries, and shall have the right on a poll at any general meeting of the Subsidiaries to one vote for each preference share held:
  - upon any resolution which varies or is deemed to vary the rights attached to the preference shares;
  - upon any resolution for the reduction of capital of the Subsidiaries; and
  - upon any resolution for the winding up of the Subsidiaries,
but shall otherwise have no right to vote at general meetings of the Subsidiaries.

### 26. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Non-current</b>				
Consideration payable for acquisition of development land	73,698	68,078	–	–
<b>Current</b>				
Unsecured advances	17,435	17,253	–	–
Interest accrued	12,822	27,033	16,236	21,371
Deposits received	168,608	101,702	–	–
Consideration payable for acquisition of development land	249,420	231,753	–	–
Accrued selling and marketing costs	115,963	160,132	–	–
Other sundry payables and accruals	375,020	348,719	15,304	13,268
	939,268	886,592	31,540	34,639
Total	1,012,966	954,670	31,540	34,639

The non-current consideration payable for the acquisition of development land refers to consideration payable to vendors of Setia Eco Templer and Setia Alamsari projects. The current consideration payable for acquisition of development land pertains to amounts payable by KL Eco City Sdn Bhd and Setia Federal Hill Sdn Bhd to Dewan Bandaraya Kuala Lumpur ("DBKL") and Kementerian Kesihatan Malaysia ("KKM") respectively.

The unsecured advances are from non-controlling shareholders of subsidiary companies. These advances are interest free and payable on demand.

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 26. OTHER PAYABLES AND ACCRUALS (CONT'D)

The currency exposure profile of other payables and accruals is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysian Ringgit	973,770	891,931	30,070	28,267
Vietnamese Dong	15,771	19,749	–	–
Singapore Dollar	2,083	2,437	–	–
Australian Dollar	19,875	34,260	249	241
Great British Pound	1,239	6,131	1,221	6,131
Japanese Yen	223	162	–	–
United States Dollar	5	–	–	–
	<b>1,012,966</b>	954,670	<b>31,540</b>	34,639

### 27. BORROWINGS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Non-current</b>				
<i>Secured:</i>				
Term loans	1,595,588	2,750,084	–	–
Bridging loans	24,926	42,051	–	–
Medium term notes and commercial paper (Note b)	773,058	760,228	–	–
Hire purchase and finance lease (Note a)	396	613	–	–
<i>Unsecured:</i>				
Term loans	1,714,239	1,411,127	735,607	1,261,692
Sukuk Wakalah (Note c)	2,993,704	1,995,082	2,993,704	1,995,082
	<b>7,101,911</b>	6,959,185	<b>3,729,311</b>	3,256,774
<b>Current</b>				
<i>Secured:</i>				
Term loans	899,969	1,175,768	–	–
Bridging loans	19,167	–	–	–
Revolving credits	583,235	628,296	–	–
Medium term notes and commercial paper (Note b)	54,852	72,538	–	–
Hire purchase and finance lease (Note a)	370	464	–	–
Bank overdrafts	8,839	–	–	–
<i>Unsecured:</i>				
Term loans	1,025,794	2,222,345	1,025,794	1,363,795
Revolving credits	451,000	321,000	450,000	320,000
	<b>3,043,226</b>	4,420,411	<b>1,475,794</b>	1,683,795
<b>Total borrowings</b>	<b>10,145,137</b>	11,379,596	<b>5,205,105</b>	4,940,569
The borrowings are repayable as follows:				
Not later than one year	3,043,226	4,420,411	1,475,794	1,683,795
Later than one year but not later than five years	4,990,045	4,819,329	2,481,929	2,109,597
Later than five years	2,111,866	2,139,856	1,247,382	1,147,177
	<b>10,145,137</b>	11,379,596	<b>5,205,105</b>	4,940,569

### 27. BORROWINGS (CONT'D)

	Group	
	2023 RM'000	2022 RM'000
<b>Note a</b>		
The minimum lease payments are as follows:		
Not later than one year	402	521
Later than one year but not later than five years	488	702
Total minimum lease payments	890	1,223
Amount representing finance charges	(124)	(146)
Present value of minimum lease payment	766	1,077
The present value of payments are as follows:		
Not later than one year	370	464
Later than one year but not later than five years	396	613
Present value of minimum lease payments	766	1,077

The range of interest rates per annum at the reporting date for borrowings are as follows:

	Group		Company	
	2023 %	2022 %	2023 %	2022 %
Term loans	1.05 – 9.42	1.06 – 6.89	4.19 – 9.42	1.85 – 6.89
Bridging loans	4.33 – 5.56	3.50 – 5.65	–	–
Revolving credits	3.66 – 5.39	3.30 – 4.98	3.66 – 5.00	3.38 – 4.07
Medium term notes and commercial paper	4.80 – 5.49	4.26 – 4.81	–	–
Hire purchase and finance lease	4.26 – 4.50	4.26 – 4.50	–	–
Bank overdrafts	4.14 – 4.80	–	–	–
Sukuk Wakalah	3.85 – 4.80	3.85 – 4.80	3.85 – 4.80	3.85 – 4.80

The borrowings are secured by:

- various fixed and floating charges and deeds of assignment over various assets belonging to the Group, including properties as indicated in Notes 2, 4 and 6 above; and
- short-term deposits, sinking fund, debt service reserve, escrow and revenue accounts as indicated in Notes 20 and 21 above.

#### Note b

##### Medium Term Notes ("MTN") and Commercial Paper ("CP")

In prior years, Setia Alamsari Sdn Bhd ("Setia Alamsari"), a wholly-owned subsidiary of the Group, had issued Islamic MTN ("Sukuk Murabahah") ("Alamsari MTN") with a total nominal value of RM358 million pursuant to a Sukuk Murabahah Programme (the "Programme"). The Programme, which has a tenure of 10 years from the date of first issuance is to partially finance the purchase consideration of parcels of land acquired by Setia Alamsari in the prior years and its related land conversion premium.

The interest payment is due every quarter with a profit rate of between 4.81% to 5.49% (2022: 3.59% to 4.81%) per annum, commencing from the issue date of the Alamsari MTN.

The Alamsari MTN is secured by:

- First party first legal charge over the freehold land of Setia Alamsari held under inventories as disclosed in Note 6;
- Corporate guarantee from the Company; and
- First ranking charge over the Finance Service Reserve Account.

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 27. BORROWINGS (CONT'D)

#### Note b (cont'd)

Medium Term Notes ("MTN") and Commercial Paper ("CP") (cont'd)

As at 31 December 2023, the outstanding amount of the Alamsari MTN is RM288 million (2022: RM324 million).

In prior years, a wholly-owned subsidiary of the Group, Setia Fontaines Sdn Bhd ("Setia Fontaines") issued Islamic MTN ("Sukuk Murabahah") ("Setia Fontaines MTN") amounting to RM434 million pursuant to a Sukuk Murabahah Programme of up to RM434 million in nominal value ("Sukuk Murabahah Programme") to finance the purchase of freehold land acquired by Setia Fontaines. Setia Fontaines had subsequently upsized the existing Sukuk Murabahah Programme to RM2.5 billion in nominal value with approved subscription of up to RM749 million. The Sukuk Murabahah Programme comprises of 4 Tranches with the purpose to redeem the Tranche 1 of the Sukuk Murabahah Programme of RM434 million and to partly finance the construction and development cost to be incurred by Setia Fontaines on its land held under Mukim 6, Daerah Seberang Perai Utara, Pulau Pinang. The Sukuk Murabahah Programme has a tenure between 10 to 12 years from the date of the first issuance.

The profit payment is due every month with the profit rate of between 4.80% to 5.23% (2022: 3.72% to 4.76%) per annum, commencing from the issuance date of the Setia Fontaines MTN.

The Setia Fontaines MTN is secured by:

- First legal charge created over the freehold land of Setia Fontaines under inventories as disclosed in Note 6;
- Corporate guarantee by the Company;
- Legal charge over designated accounts; and
- Assignment and legal charge over redemption proceeds account.

As at 31 December 2023, the outstanding amount of the Setia Fontaines MTN is RM540 million (2022: RM510 million).

#### Note c

Islamic Medium Term Notes ("Sukuk Wakalah")

On 4 May 2021, the Company made a lodgement to the Securities Commission Malaysia ("SC") for the establishment of a rated Islamic Medium Term Notes Programme of up to RM3.0 billion in nominal value under the Shariah principle of Wakalah Bi Al-Istithmar ("Sukuk Wakalah Programme") under the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

The Sukuk Wakalah Programme allows for the issuance of rated and senior unsecured sukuk ("Sukuk Wakalah") from time to time, subject to total outstanding amount of Sukuk Wakalah not exceeding RM3.0 billion at any point in time. The Sukuk Wakalah Programme has been accorded a credit rating of AAIS by Malaysian Rating Corporation Berhad.

During the financial year, the Company has issued the following Sukuk Wakalah:

Tranche	Issuance Date	Amount (RM Million)	Tenure	Periodic Distribution Rate (per annum)
6	23 June 2023	150	3 Years	4.30%
7	23 June 2023	450	5 Years	4.41%
8	23 June 2023	400	7 Years	4.56%
		<u>1,000</u>		

The proceeds raised from the issuance of these Sukuk Wakalah will be utilised for refinancing and repayment of existing borrowings of the Group.

### 27. BORROWINGS (CONT'D)

The currency exposure profile of borrowings is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysian Ringgit	8,101,335	8,267,033	4,376,040	3,854,245
Great British Pound	1,299,995	1,376,419	515,090	638,340
Australian Dollar	671,699	1,579,426	313,975	447,984
Japanese Yen	35,376	36,247	–	–
United States Dollar	36,732	120,471	–	–
	<u>10,145,137</u>	<u>11,379,596</u>	<u>5,205,105</u>	<u>4,940,569</u>

### 28. LEASE LIABILITIES

	Group	
	2023 RM'000	2022 RM'000
<b>Non-current</b>		
Lease liabilities	2,962	302
<b>Current</b>		
Lease liabilities	963	1,129
Total lease liabilities	<u>3,925</u>	<u>1,431</u>

The movement of lease liabilities during the financial year is as follows:

	Group	
	2023 RM'000	2022 RM'000
At beginning of the year	1,431	1,978
Additions	3,727	1,592
Interest:		
– Charge for the year	168	39
– Reversal due to early termination	–	(55)
Payments of:		
– Principal	(900)	(1,420)
– Interest	(152)	(39)
Early termination of lease contract	(448)	(713)
Exchange differences	99	49
At end of the year	<u>3,925</u>	<u>1,431</u>

The Group leases buildings for use as office premises and storage. Leases are generally entered into for a fixed period ranging from 2 to 3 years and may include extension options.

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 29. TRADE PAYABLES

	Group	
	2023 RM'000	2022 RM'000
Contractors' claims	146,729	140,700
Retention sums	240,909	258,209
Accrued construction costs	961,484	901,619
Others	103,164	122,758
	<b>1,452,286</b>	1,423,286

The normal credit terms extended by contractors and suppliers range from 7 to 60 days (2022: 7 to 60 days). The retention sums are repayable upon the expiry of the defect liability period.

Other trade payables are required to be settled within 14 to 60 days (2022: 14 to 60 days).

The currency exposure profile of trade payables is as follows:

	Group	
	2023 RM'000	2022 RM'000
Malaysian Ringgit	1,430,562	1,323,632
Singapore Dollar	19,571	64,766
Vietnamese Dong	2,153	3,663
Australian Dollar	–	31,225
	<b>1,452,286</b>	1,423,286

### 30. REVENUE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Sale of development properties	4,064,703	4,240,596	–	–
Construction revenue	16,221	15,990	–	–
Sale of other goods and services	292,718	197,861	–	–
Gross dividend from subsidiary companies	–	–	463,609	788,615
	<b>4,373,642</b>	4,454,447	<b>463,609</b>	788,615
Revenue from contracts with customers	4,330,243	4,417,660	–	–
Revenue from other sources of income	43,399	36,787	463,609	788,615
	<b>4,373,642</b>	4,454,447	<b>463,609</b>	788,615
Disaggregation of the revenue from contracts with customers:				
Timing of revenue recognition:				
At a point in time	1,936,504	1,627,743	–	–
Over time	2,393,739	2,789,917	–	–
	<b>4,330,243</b>	4,417,660	–	–

### 30. REVENUE (CONT'D)

*Key sources of estimation uncertainty – Revenue recognition of property development activities*

The terms of the property development contracts and the laws that apply to these contracts, will determine whether the control of the properties sold is transferred and the corresponding revenue is recognised over time or at a point in time.

The Group recognises certain of its property development activities over time or based on the percentage of completion method using the input method which is based on the actual cost incurred to date on the property development project as compared to the total budgeted cost for the respective development projects.

Significant judgement is required in determining the progress towards complete satisfaction of the performance obligation and this includes determining the extent of property development costs incurred and the total estimated costs of property development, which in turn is used to determine the percentage of completion and gross profit margin of property development activities undertaken by the Group. In making these judgements, management relies on past experience and the work of specialists.

### 31. COST OF SALES

	Group	
	2023 RM'000	2022 RM'000
Cost of properties sold	2,754,589	3,164,318
Construction cost recognised as expense	43,088	48,808
Cost of other goods and services sold	234,668	175,999
	<b>3,032,345</b>	3,389,125

Included in construction cost recognised as expense for the current financial year, are cost incurred by the construction segment for property development projects within the Group of RM26,103,098 (2022: RM32,608,000).

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 32. OTHER INCOME

	Group		Company	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Interest income from:				
– subsidiary companies	–	–	169,414	111,309
– joint ventures	6,709	6,599	553	487
– deposits and short-term funds	28,328	30,993	6,735	5,541
– significant financing component	25,531	21,824	–	–
– financial assets measured at amortised cost	–	–	363	561
– others	37,438	18,467	3,506	6,876
Rental income from:				
– investment properties	59,166	52,957	–	–
– other operating leases	14,800	12,232	–	–
Hotel income	26,984	4,860	–	–
Gain on disposal of property, plant and equipment	1,709	574	–	–
Distribution from subsidiary companies	–	–	–	29,577
Gain on fair value adjustment of investment properties	–	2,006	–	–
Gain on fair value adjustment of rights-of-use – investment properties	–	13,432	–	–
Forfeiture income	24,642	4,185	–	–
Gain on liquidation of subsidiary companies	–	–	7,198	–
Gain on foreign exchange				
– realised	2,385	–	–	–
– unrealised	–	30,769	–	45,923
Management fee	–	–	73,440	65,962
Other miscellaneous income	21,750	13,843	6,455	5,087
	<b>249,442</b>	<b>212,741</b>	<b>267,664</b>	<b>271,323</b>

### 33. FINANCE COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest on:				
– bank overdrafts	231	337	13	6
– revolving credits	16,929	13,010	23,397	7,944
– bridging loans	2,916	2,296	–	–
– term loans	237,014	188,072	117,278	118,327
– hire purchase and finance lease	60	240	–	–
– Sukuk Wakalah	80,928	47,531	110,367	70,428
– unwinding of discount	–	–	2,981	–
Preference share dividend	1,734	1,734	–	–
Interest expense to subsidiary companies	–	–	28,943	20,174
Interest expense on financial liabilities measured at amortised cost	1,178	863	–	–
Interest expense on lease liabilities				
– charge for the year	168	39	–	–
– reversal due to early termination	–	(55)	–	–
Amortisation of transaction costs on borrowings	2,641	2,868	2,317	1,013
Others	5,281	3,413	121	1,373
	<b>349,080</b>	<b>260,348</b>	<b>285,417</b>	<b>219,265</b>

### 34. PROFIT BEFORE TAX

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before tax is stated after charging:				
Fees for statutory audits:				
Current year:				
– Ernst & Young PLT, Malaysia	2,057	2,040	185	185
– member firms of Ernst & Young Global	620	576	–	–
– other auditors	803	601	–	–
Other non-audit services:				
– Ernst & Young PLT, Malaysia	554	726	12	35
Amortisation of intangible assets	628	534	93	–
Bad debts written off	333	69	–	–
Allowance for impairment loss on receivables	4,541	3,199	16,156	2,069
Depreciation:				
– property, plant and equipment	38,373	33,436	1,073	503
– right-of-use – property, plant and equipment	902	1,095	–	–
Direct operating expenses on:				
– income generating investment properties	18,067	14,752	–	–
– non-income generating investment properties	8	8	8	8
Directors' remuneration				
– Company's Directors:				
– fees and other emoluments	6,654	6,951	6,654	6,951
– share-based payment under LTIP	1	127	1	127
– Other key management personnel:				
– fees and other emoluments	6,470	9,322	2,568	3,751
– share-based payment under LTIP	4	221	1	81
Property, plant and equipment written off	256	1,019	7	1
Write-down in value of completed properties	907	4,218	–	–
Write-down of land held for property development	–	12,107	–	–
Write-down of other inventories	1,272	–	–	–
Reversal of write-down of completed properties	(28)	(567)	–	–
Reversal of write-down of land held for property development	(3,111)	–	–	–
Impairment loss on investment in subsidiary companies	–	–	196,188	487,020
Reversal of impairment loss on investment in a subsidiary company	–	–	–	(22,260)
Loss on fair value adjustment of right-of-use – investment properties	13,617	–	–	–
Loss on fair value adjustment of investment properties	6,615	–	–	–
Loss on liquidation of subsidiary companies	2,839	–	–	–
Loss on disposal of investment properties	–	1,078	–	–
Expenses relating to leases:				
– short-term leases	224	204	7,546	7,621
– low value assets	1,636	1,315	276	193
Loss on foreign exchange:				
– realised	–	200	1,318	–
– unrealised	14,098	–	67,072	–

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 34. PROFIT BEFORE TAX (CONT'D)

Directors' and other key management personnel's remuneration do not include the estimated monetary value of benefits-in-kind as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Company's Directors	154	272	154	272
Other key management personnel	390	618	196	102

### 35. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Expensed off during the year	253,131	217,092	66,850	61,985
Capitalised during the year	44,946	49,349	–	–
	298,077	266,441	66,850	61,985

Included in employee benefits expense that was expensed off during the year is an amount of RM40,494,000 (2022: RM30,729,000) accounted for under cost of sales.

The employee benefit expenses which include the remuneration of Directors and key management personnel are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Salaries, bonus and other emoluments	236,560	200,467	49,959	47,690
Defined contribution plan	25,563	24,769	5,378	5,034
Share-based payment under the LTIP	856	5,799	134	1,162

### 36. TAXATION

	Group		Company	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
<b>Income tax:</b>				
In respect of current year				
– Malaysian income tax	212,917	152,509	12,528	9,911
– foreign income tax	88,712	29,278	–	–
	301,629	181,787	12,528	9,911
Under/(Over) provision in prior years				
– Malaysian income tax	4,219	8,472	(1,194)	408
– foreign income tax	14,859	(1,054)	–	–
	19,078	7,418	(1,194)	408
	320,707	189,205	11,334	10,319
<b>Deferred tax:</b>				
– Origination and reversal of temporary differences	1,603	33,076	(524)	203
– Overprovision in prior years	(23,704)	(22,275)	(51)	(225)
	(22,101)	10,801	(575)	(22)
	298,606	200,006	10,759	10,297

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Pursuant to Finance Act 2021, a special one-off tax termed as "Cukai Makmur" or "Prosperity Tax" has been introduced for companies other than small and medium enterprise in Malaysia, where a 33% corporate income tax rate was levied on chargeable income exceeding RM100 million for the year of assessment 2022. There was no such special one-off tax in the current financial year.

## Notes to the Financial Statements

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### 36. TAXATION (CONT'D)

The provision for taxation differs from the amount of taxation determined by applying the applicable statutory tax rate on the profit before tax as a result of the following differences:

	Group		Company	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Accounting profit (excluding share of results in joint ventures and associated companies)	702,014	579,752	66,451	280,727
Taxation at 24% tax rate	168,483	139,140	15,948	67,374
Tax effects arising from:				
Non-deductible expenses	113,225	84,753	109,049	139,158
Non-taxable income:				
– interest income	(459)	(7,703)	–	(52)
– single tier dividend income	–	–	(111,266)	(189,268)
– others	(6,796)	(9,692)	(1,727)	(7,098)
Deferred tax assets not recognised	13,641	4,216	–	–
Recognition and utilisation of tax losses brought forward from previous years, not previously recognised	–	(349)	–	–
Effect of "Prosperity Tax"	–	1,402	–	–
Effect on different tax rate used	14,211	4,182	–	–
Deferred tax on fair value of investment properties at real property gain tax rate	927	(1,086)	–	–
(Over)/Under provision in prior years:				
– income tax	19,078	7,418	(1,194)	408
– deferred tax	(23,704)	(22,275)	(51)	(225)
	298,606	200,006	10,759	10,297

The Company is on the single tier income tax system; accordingly the entire retained earnings of the Company is available for distribution by way of dividend without incurring additional tax liability.

The carrying amounts of the Group's and the Company's tax assets as at 31 December 2023 were RM32,943,000 and RM134,000 (2022: RM49,631,000 and RM4,775,000) respectively.

The carrying amounts of the Group's tax liabilities as at 31 December 2023 was RM104,762,000 (2022: RM50,458,000).

#### Key sources of estimation uncertainty – Income taxes

Significant judgement is involved in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### 37. EARNINGS PER SHARE

#### Basic earnings per share

The basic earnings per share for the year is calculated by dividing the Group's profit attributable to owners of the Company adjusted for the effects of RCPS-i A and RCPS-i C (2022: RCPS-i A, RCPS-i B and RCPS-i C) preferential dividends declared for the year, divided by the weighted average number of shares in issue as follows:

	Group	
	2023 '000	2022 '000 Restated
Profit attributable to owners of the Company (RM)	298,573	304,403
– less: RCPS-i A preferential dividends (RM)	(70,654)	(70,654)
– less: RCPS-i B preferential dividends (RM)	–	(92,209)
– less: RCPS-i C preferential dividends (RM)	(30,800)	–
Adjusted profit attributable to equity holders of the Company (RM)	197,119	141,540
Number of ordinary shares at beginning of the year	4,075,487	4,067,978
Weighted average effect of shares issued pursuant to:		
– exercise of ESOS	–	110
– vesting of ESGP	3,458	3,557
– conversion of RCPS-i C into ordinary shares	29,518	–
Weighted average number of ordinary shares	4,108,463	4,071,645
Basic Earnings Per Share (sen)	4.80	3.48

#### Diluted earnings per share

The diluted earnings per share for the year is calculated by dividing the Group's profit attributable to owners of the Company adjusted for the effects of RCPS-i A and RCPS-i C (2022: RCPS-i A, RCPS-i B and RCPS-i C) preferential dividends declared for the year, divided by the weighted average number of shares that would have been in issue upon full exercise of the options under the LTIP granted, calculated as follows:

	Group	
	2023 '000	2022 '000 Restated
Profit attributable to owners of the Company (RM)	298,573	304,403
– less: RCPS-i A preferential dividends (RM)	(70,654)	(70,654)
– less: RCPS-i B preferential dividends (RM)	–	(92,209)
– less: RCPS-i C preferential dividends (RM)	(30,800)	–
Adjusted profit attributable to equity holders of the Company (RM)	197,119	141,540
Weighted average number of ordinary shares calculated above	4,108,463	4,071,645
Weighted average number of unissued shares under the LTIP	–	5,517
Adjusted weighted average number of ordinary shares that would have been in issue	4,108,463	4,077,162
Diluted Earnings Per Share (sen)	4.80	3.47

The effects of conversion of RCPS-i A and RCPS-i C have not been included in the computation of the dilutive earnings per share of the Group as they do not have a dilutive effect. The final vesting LTIP was completed on 3 April 2023 and the scheme lapsed on 9 April 2023.

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For The Financial Year Ended 31 December 2023

### 38. DIVIDENDS

	2023 RM'000	2022 RM'000
<b>Ordinary Shares Dividends</b>		
<i>In respect of the financial year ended 31 December 2022</i>		
Single-tier dividend of 1.47 sen per share:		
– Payment in cash	59,910	–
<i>In respect of the financial year ended 31 December 2021</i>		
Single-tier dividend of 0.65 sen per share:		
– Payment in cash	–	26,443
	<b>59,910</b>	<b>26,443</b>

Subsequent to 31 December 2023, the Directors declared a single tier dividend of 1.34 sen per ordinary share for the financial year ended 31 December 2023. The financial statements for the current financial year do not reflect this proposed dividend. It will be accounted for in equity as an appropriation of retained earnings for the financial year ending 31 December 2024.

	2023 RM'000	2022 RM'000
<b>Preferential Dividends</b>		
<i>In respect of the financial period from 1 July 2021 to 31 December 2021</i>		
– RCPS-i A preferential dividend of 6.49% per annum, payment in cash	–	35,327
– RCPS-i B preferential dividend of 5.93% per annum, payment in cash	–	30,694
<i>In respect of the financial period from 1 January 2022 to 30 June 2022</i>		
– RCPS-i A preferential dividend of 6.49% per annum, payment in cash	–	35,327
– RCPS-i B preferential dividend of 5.93% per annum, payment in cash	–	30,694
<i>In respect of the financial period from 1 July 2022 to 30 December 2022</i>		
– RCPS-i B preferential dividend of 5.93% per annum from 1 July 2022 to 28 December 2022, payment in cash	–	30,468
– RCPS-i B stepped-up preferential dividend of 6.93% per annum from 29 December 2022 to 30 December 2022, payment in cash	–	353
<i>In respect of the financial period from 1 July 2022 to 31 December 2022</i>		
– RCPS-i A preferential dividend of 6.49% per annum, payment in cash	35,327	–
<i>In respect of the financial period from 24 November 2022 to 31 December 2022</i>		
– RCPS-i C preferential dividend of 5.43% per annum, payment in cash	5,310	–
<i>In respect of the financial period from 1 January 2023 to 30 June 2023</i>		
– RCPS-i A preferential dividend of 6.49% per annum, payment in cash	35,327	–
– RCPS-i C preferential dividend of 5.43% per annum, payment in cash	25,490	–
	<b>101,454</b>	<b>162,863</b>

Subsequent to 31 December 2023, the Directors declared a preferential dividend of 6.49% per annum in respect of the RCPS-i A and 5.43% per annum in respect of the RCPS-i C for financial period from 1 July 2023 to 31 December 2023. The financial statements for the current financial year do not reflect this proposed dividend. It will be accounted for in equity as an appropriation of retained earnings for the financial year ending 31 December 2024.

### 39. RELATED PARTY DISCLOSURES

In addition to related party disclosures elsewhere in the financial statements, set out below are the other related party disclosures. The following significant related party transactions took place at terms agreed between the parties during the financial year:

(a) Significant related party transactions during the financial year are as follows:

	<----- Transaction value ----->			
	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Transactions with subsidiary companies</b>				
Interest received and receivable	–	–	169,414	111,309
Interest paid and payable	–	–	28,943	20,174
Event service fee paid and payable	–	–	947	499
Dividend received and receivable	–	–	463,609	788,615
Staff secondment fee received and receivable	–	–	6,134	4,689
Group management fee received and receivable	–	–	73,440	65,962
Rental paid and payable	–	–	7,546	7,621
<b>Transactions with associated companies</b>				
Dividend received and receivable	11,035	20,420	–	–
<b>Transactions with joint ventures</b>				
Management fee received and receivable	960	960	–	–
Interest received and receivable	6,709	6,599	553	487
Staff secondment fee received and receivable	408	463	134	128
Event and marketing fee received and receivable	219	111	–	–
Contractor claim received and receivable	2,011	2,406	–	–
<b>Transactions with related company</b>				
Management fee received and receivable	1,732	–	–	–
<b>Transactions with Directors of the Company, members of their family and company in which they have interests</b>				
Advisory services rendered by a Director of the Company	21	–	21	–
Sale of properties to Directors of the Company	3,732	5,460	–	–
Rental and amenities to a Director of the Company	14	–	–	–

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 39. RELATED PARTY DISCLOSURES (CONT'D)

- (a) Significant related party transactions during the financial year are as follows (cont'd):

	<---- Transaction value ---->	
	Group	
	2023 RM'000	2022 RM'000
<b>Transactions with Directors of subsidiary companies and close family members of the Directors</b>		
Sale of properties to Directors of subsidiary companies	12,882	30,489

#### Transactions with shareholders and Government

Permodalan Nasional Berhad ("PNB") and Amanahraya Trustees Berhad – Amanah Saham Bumiputera ("ATR-ASB"), both government-linked entities, are the substantial shareholders of the Company, with direct shareholding of 24.34% and 25.91% respectively (2022: 26.01% and 24.72%). PNB, ATR-ASB and entities directly controlled by PNB are collectively referred to as government-related entities to the Group and the Company.

The transactions entered into with these government-linked corporations have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

- (b) Key management personnel remuneration

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Directors</b>				
Fees, salaries, bonuses and other emoluments	6,262	6,556	6,262	6,556
Estimated monetary value of benefits-in-kind	154	272	154	272
Share-based payment under the LTIP	1	127	1	127
Total short-term employee benefits	6,417	6,955	6,417	6,955
Post-employment benefits				
– EPF	392	395	392	395
	6,809	7,350	6,809	7,350
<b>Other key management personnel</b>				
Fees, salaries, bonuses and other emoluments	5,883	8,440	2,284	3,467
Estimated monetary value of benefits-in-kind	390	618	196	102
Share-based payment under the LTIP	4	221	1	81
Total short-term employee benefits	6,277	9,279	2,481	3,650
Post-employment benefits				
– EPF	587	882	284	284
	6,864	10,161	2,765	3,934
Total compensation	13,673	17,511	9,574	11,284

Shares and share options granted to Directors and other key management personnel

There were no ESOS or ESGP granted during the year as the scheme has since lapsed on 9 April 2023 (2022: Nil ESGP and 1,106,000 ESOS).

### 40. COMMITMENTS

- (a) Operating lease commitments

*The Group as lessor*

The Group leases out its investment properties to third parties under non-cancellable operating leases. These leases are with remaining lease period of 1 to 26 years (2022: 1 to 27 years) with the option to renew upon expiry. Certain of the leases include contingent rental arrangements computed based on sales achieved by tenants.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2023 RM'000	2022 RM'000
Not later than one year	78,453	78,989
Later than one year but not later than five years	138,440	125,856
Later than five years	292,605	314,501
	509,498	519,346

- (b) Other commitments

	Group	
	2023 RM'000	2022 RM'000
Contractual commitment for construction of investment properties	7,925	2,911
Contractual commitment for acquisition/construction of property, plant and equipment	2,275	17,630
Contractual commitment for acquisition of development land	466,244	–
	476,444	20,541

### 41. CORPORATE GUARANTEES

	Company	
	2023 RM'000	2022 RM'000
Guarantees given to banks to secure banking facilities granted to subsidiary companies	4,897,150	6,352,136
Guarantees given to banks for performance bonds granted to subsidiary companies	439,895	436,100
	5,337,045	6,788,236

As at reporting date, no values are ascribed for these guarantees and letters of undertaking provided by the Company to secure banking facilities described above as the Directors regard the value of the credit enhancement provided by these guarantees as minimal and the probability of default, based on historical track records of the parties receiving the guarantees are remote.

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 42. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

2023 Group	At 1 January RM'000	Cash flows RM'000	Foreign exchange movement RM'000	Others RM'000	At 31 December RM'000
Long term and short term borrowings excluding bank overdrafts	11,379,596	(1,411,467)	163,644	4,525	10,136,298
Unsecured advances	17,253	–	–	182	17,435
Redeemable cumulative preference shares	38,113	(1,734)	–	1,889	38,268
Lease liabilities	1,431	(900)	99	3,295	3,925
<b>Total liabilities from financing activities</b>	<b>11,436,393</b>	<b>(1,414,101)</b>	<b>163,743</b>	<b>9,891</b>	<b>10,195,926</b>
<b>2023 Company</b>					
Long term and short term borrowings excluding bank overdrafts, representing total liabilities from financing activities	4,940,569	197,162	63,215	4,159	5,205,105

2022 Group	At 1 January RM'000	Cash flows RM'000	Foreign exchange movement RM'000	Others RM'000	At 31 December RM'000
Long term and short term borrowings excluding bank overdrafts	12,526,453	(1,051,003)	(96,028)	174	11,379,596
Unsecured advances	16,015	–	–	1,238	17,253
Redeemable cumulative preference shares	37,965	(1,734)	–	1,882	38,113
Lease liabilities	1,978	(1,420)	49	824	1,431
<b>Total liabilities from financing activities</b>	<b>12,582,411</b>	<b>(1,054,157)</b>	<b>(95,979)</b>	<b>4,118</b>	<b>11,436,393</b>
<b>2022 Company</b>					
Long term and short term borrowings excluding bank overdrafts, representing total liabilities from financing activities	4,745,943	244,786	(51,172)	1,012	4,940,569

### 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities are exposed to a variety of financial risks, including interest rate risk, credit risk, foreign currency risk, liquidity and cash flow risks. The Group's and the Company's overall financial risk management objective is to minimise potential adverse effects on the financial performance of the Group and the Company.

Financial risk management is carried out through risk review, internal control systems and adherence to the Group's and the Company's financial risk management policies. The Board regularly reviews these risks and approves the policies covering the management of these risks. The Group and the Company do not trade in derivative instruments.

#### (a) Interest rate risk

The Group and the Company are exposed to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

The Group and the Company do not generally hedge interest rate risks. The Group and the Company have a policy to ensure that interest rates obtained are competitive.

#### Sensitivity analysis for interest rate risk

The weighted average interest rate for bank borrowings of the Group and the Company are as follows:

	Group		Company	
	2023 %	2022 %	2023 %	2022 %
Weighted average interest rate	5.28	4.74	4.94	4.70

A sensitivity analysis has been performed based on the outstanding floating rate bank borrowings of the Group and the Company as at 31 December 2023. If interest rates were to increase or decrease by 50 basis points with all other variables held constant, the Group's and the Company's profit before tax would decrease or increase by RM38,688,000 and RM26,026,000 (2022: RM37,150,000 and RM24,703,000) respectively.

For those interest expense incurred and capitalised as part of the expenditure on property, plant and equipment under construction, investment property under construction, land held for property development and property development costs during the financial year, if the interest rates were to increase or decrease by 50 basis points with all other variables held constant, those assets of the Group would increase or decrease by RM11,994,000 (2022: RM16,788,000).

#### (b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities.

The Group and the Company minimise and monitor its credit risk by dealing with creditworthy counter-parties and applying credit approval controls for material contracts. If necessary, the Group may obtain collaterals from counter-parties as a means of mitigating losses in the event of default.

In respect of trade receivables arising from the sale of development properties, the Group mitigates its credit risk by maintaining its name as the registered owner of the development properties until full settlement by the purchasers or the purchasers' end-financiers.

At the reporting date, the Group did not have any significant concentration of credit risk that may arise from exposure to a single debtor or to group of debtors.

The ageing analysis of receivables which are trade in nature is disclosed in Note 16. Short-term deposits with banks and other financial institutions, and cash and bank balances that are neither past due nor impaired are placed with or entered into with reputable banks and financial institutions with high credit ratings and no history of default.

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (c) Foreign currency exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates.

The Group operates internationally and is exposed to various currencies, mainly Great British Pound, Australian Dollar, Singapore Dollar, Vietnamese Dong, United States Dollar, Chinese Yuan and Japanese Yen.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located.

The material unhedged financial assets/liabilities of the Group that are not denominated in their functional currencies are as follows:

	Balance denominated in	2023 RM'000	2022 RM'000
Functional currencies of the companies within the Group			
<u>Borrowings</u>			
Ringgit Malaysia	GBP	515,090	638,340
Ringgit Malaysia	AUD	313,990	890,898
Great British Pound	USD	23,330	120,471

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the GBP, AUD and USD exchange rates against the respective major functional currencies of the entities within the Group, with all other variables remaining constant:

(Decrease)/increase to		2023 RM'000 Profit before tax	2022 RM'000 Profit before tax
GBP/RM	strengthened by 10%	(51,509)	(63,834)
	weakened by 10%	51,509	63,834
AUD/RM	strengthened by 10%	(31,399)	(89,090)
	weakened by 10%	31,399	89,090
USD/GBP	strengthened by 10%	(2,333)	(12,047)
	weakened by 10%	2,333	12,047

The impact of sensitivity analysis of the rest of the foreign currencies is not material to the Group.

### 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (d) Liquidity and cash flow risks

Liquidity and cash flow risks are the risks that the Group and the Company will not be able to meet its financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group and the Company seek to ensure all business units maintain optimum levels of liquidity at all times, sufficient for their operating, investing and financing activities.

Therefore, the policy seeks to ensure that each business unit, through efficient working capital management (i.e. inventory, accounts receivable and accounts payable management), must be able to convert its current assets into cash to meet all demands for payment as and when they fall due.

Owing to the nature of its businesses, the Group and the Company always maintain sufficient credit lines available to meet their liquidity requirements while ensuring an effective working capital management within the Group and the Company.

#### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>2023 Group</b>				
<b>Financial liabilities:</b>				
Trade payables	1,452,286	–	–	1,452,286
Other payables and accruals	939,268	30,986	64,864	1,035,118
Amounts owing to related parties	376	–	–	376
Borrowings	3,350,719	5,591,085	2,262,986	11,204,790
Lease liabilities	1,140	3,280	–	4,420
Redeemable cumulative preference shares	1,734	43,668	–	45,402
<b>Total undiscounted financial liabilities</b>	<b>5,745,523</b>	<b>5,669,019</b>	<b>2,327,850</b>	<b>13,742,392</b>
<b>2023 Company</b>				
<b>Financial liabilities:</b>				
Amounts owing to subsidiary companies	94,282	732,489	–	826,771
Other payables and accruals	31,540	–	–	31,540
Borrowings	1,678,247	2,953,074	1,326,043	5,957,364
<b>Total undiscounted financial liabilities</b>	<b>1,804,069</b>	<b>3,685,563</b>	<b>1,326,043</b>	<b>6,815,675</b>

## Notes to the Financial Statements

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### 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Liquidity and cash flow risks (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations. (cont'd)

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>2022 Group</b>				
<b>Financial liabilities:</b>				
Trade payables	1,423,286	–	–	1,423,286
Other payables and accruals	886,592	20,330	74,434	981,356
Amounts owing to related parties	380	–	–	380
Borrowings	4,897,148	5,564,083	2,397,569	12,858,800
Lease liabilities	1,183	320	–	1,503
Redeemable cumulative preference shares	22,734	19,152	–	41,886
<b>Total undiscounted financial liabilities</b>	<b>7,231,323</b>	<b>5,603,885</b>	<b>2,472,003</b>	<b>15,307,211</b>
<b>2022 Company</b>				
<b>Financial liabilities:</b>				
Amounts owing to subsidiary companies	432,317	373,404	–	805,721
Other payables and accruals	34,639	–	–	34,639
Borrowings	1,841,392	2,484,268	1,245,719	5,571,379
<b>Total undiscounted financial liabilities</b>	<b>2,308,348</b>	<b>2,857,672</b>	<b>1,245,719</b>	<b>6,411,739</b>

### 44. FINANCIAL INSTRUMENT

(a) Financial assets and financial liabilities

Financial assets and financial liabilities are measured either at fair value or at amortised cost. The principal accounting policies in Note 1 describe how the classes of financial instruments are measured. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	At amortised cost RM'000	At fair value through profit or loss RM'000	Total RM'000
<b>2023 Group</b>			
<b>Financial assets:</b>			
Other investments	–	96	96
Other receivables and deposits	193,585	–	193,585
Trade receivables	952,152	–	952,152
Amounts owing by joint ventures	203,517	–	203,517
Amounts owing by related parties	579	–	579
Short-term deposits	441,237	–	441,237
Cash and bank balances	2,054,402	–	2,054,402
<b>Total financial assets</b>	<b>3,845,472</b>	<b>96</b>	<b>3,845,568</b>

### 44. FINANCIAL INSTRUMENT (CONT'D)

(a) Financial assets and financial liabilities (cont'd)

	At amortised cost RM'000	At fair value through profit or loss RM'000	Total RM'000
<b>2023 Group</b>			
<b>Financial liabilities:</b>			
Trade payables	1,452,286	–	1,452,286
Other payables and accruals	1,012,966	–	1,012,966
Amounts owing to related parties	376	–	376
Long-term borrowings	7,101,911	–	7,101,911
Short-term borrowings	3,043,226	–	3,043,226
Long-term lease liabilities	2,962	–	2,962
Short-term lease liabilities	963	–	963
Redeemable cumulative preference shares	38,268	–	38,268
<b>Total financial liabilities</b>	<b>12,652,958</b>	<b>–</b>	<b>12,652,958</b>

	At amortised cost RM'000	At fair value through profit or loss RM'000	Total RM'000
<b>2022 Group</b>			
<b>Financial assets:</b>			
Other investments	–	96	96
Other receivables and deposits	170,466	–	170,466
Trade receivables	675,125	–	675,125
Amounts owing by joint ventures	164,507	–	164,507
Amounts owing by related parties	319	–	319
Short-term deposits	774,206	–	774,206
Cash and bank balances	1,858,702	–	1,858,702
<b>Total financial assets</b>	<b>3,643,325</b>	<b>96</b>	<b>3,643,421</b>

<b>Financial liabilities:</b>			
Trade payables	1,423,286	–	1,423,286
Other payables and accruals	954,670	–	954,670
Amounts owing to related parties	380	–	380
Long-term borrowings	6,959,185	–	6,959,185
Short-term borrowings	4,420,411	–	4,420,411
Long-term lease liabilities	302	–	302
Short-term lease liabilities	1,129	–	1,129
Redeemable cumulative preference shares	38,113	–	38,113
<b>Total financial liabilities</b>	<b>13,797,476</b>	<b>–</b>	<b>13,797,476</b>

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 44. FINANCIAL INSTRUMENT (CONT'D)

(a) Financial assets and financial liabilities (cont'd)

2023 Company	At amortised cost RM'000	At fair value through profit or loss RM'000	Total RM'000
<b>Financial assets:</b>			
Other receivables and deposits	3,259	–	3,259
Amounts owing by subsidiary companies	4,805,512	–	4,805,512
Amounts owing by joint ventures	59,773	–	59,773
Short-term deposits	55,675	–	55,675
Cash and bank balances	131,310	–	131,310
<b>Total financial assets</b>	<b>5,055,529</b>	<b>–</b>	<b>5,055,529</b>
<b>Financial liabilities:</b>			
Amounts owing to subsidiary companies	774,076	–	774,076
Other payables and accruals	31,540	–	31,540
Long-term borrowings	3,729,311	–	3,729,311
Short-term borrowings	1,475,794	–	1,475,794
<b>Total financial liabilities</b>	<b>6,010,721</b>	<b>–</b>	<b>6,010,721</b>

2022 Company	At amortised cost RM'000	At fair value through profit or loss RM'000	Total RM'000
<b>Financial assets:</b>			
Other receivables and deposits	2,034	–	2,034
Amounts owing by subsidiary companies	4,713,072	–	4,713,072
Amounts owing by joint ventures	60,122	–	60,122
Short-term deposits	101,029	–	101,029
Cash and bank balances	173,106	–	173,106
<b>Total financial assets</b>	<b>5,049,363</b>	<b>–</b>	<b>5,049,363</b>
<b>Financial liabilities:</b>			
Amounts owing to subsidiary companies	767,114	–	767,114
Other payables and accruals	34,639	–	34,639
Long-term borrowings	3,256,774	–	3,256,774
Short-term borrowings	1,683,795	–	1,683,795
<b>Total financial liabilities</b>	<b>5,742,322</b>	<b>–</b>	<b>5,742,322</b>

### 44. FINANCIAL INSTRUMENT (CONT'D)

(b) Hedge of net investments in foreign operations

Included in interest-bearing loans at 31 December 2023 was a borrowing of GBP88,074,000 which has been designated as a hedge of the net investments in joint venture, Battersea group of companies, beginning 2023. This borrowing is being used to hedge the Group's exposure to the GBP foreign exchange risk on these investments. Gains or losses on the retranslation of this borrowing are transferred to other comprehensive income to offset any gains or losses on translation of the net investments in the Battersea group of companies in the consolidated financial statements of the Group.

There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a translation risk that will match the foreign exchange risk on the GBP borrowing. The Group has established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component. The hedge ineffectiveness will arise when the amount of the investment in the Battersea Group of companies becomes lower than the amount of the fixed rate borrowing.

The impact of the hedging instrument on the statement of financial position as at 31 December 2023 is, as follows:

2023 Group	Notional amount GBP'000	Carrying amount RM'000	Line item in the statement of financial position RM'000	Change in fair value used for measuring ineffectiveness for the period RM'000
			Long term and short term borrowings	
Foreign currency denominated borrowings	88,074	515,090		(47,970)

The impact of the hedged item on the statement of financial position is, as follows:

2023 Group	Change in fair value used for measuring ineffectiveness RM'000	Exchange translation reserve RM'000
Net investments in joint venture	(47,970)	(47,970)

The hedging loss recognised in other comprehensive income before tax is equal to the change in fair value used for measuring effectiveness. There is no ineffectiveness recognised in profit or loss.

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 45. FAIR VALUE MEASUREMENT

The Group and the Company measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(a) Non-financial assets that are measured at fair value

(i) The table below analyses the Group's and the Company's non-financial assets measured at fair value at the reporting date, according to the levels in the fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Investment Properties</u>				
<b>Group</b>				
<b>2023</b>				
Commercial properties	–	3,643	1,964,804	1,968,447
2022				
Commercial properties	–	3,467	1,968,989	1,972,456
<b>Company</b>				
<b>2023</b>				
Commercial properties	–	–	3,438	3,438
2022				
Commercial properties	–	–	3,438	3,438
<u>Right-of-use – Investment Properties</u>				
<b>Group</b>				
<b>2023</b>				
Commercial properties	–	–	46,755	46,755
2022				
Commercial properties	–	–	60,732	60,732

### 45. FAIR VALUE MEASUREMENT (CONT'D)

(a) Non-financial assets that are measured at fair value (cont'd)

(ii) Description of valuation techniques used and key inputs to valuation on non-financial assets

The fair value of the investment properties was substantially arrived at via valuations performed by certified external valuers based on the following valuation techniques depending on the location and types of properties:

(a) Comparison method

The market comparison approach is a method whereby the property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. Investment properties valued under the comparison method, with insignificant adjustments factors, are categorised as Level 2 in the fair value hierarchy. Certain other investment properties valued using the comparison method with significant adjustments made for differences such as location, size, condition, accessibility and design ("adjustment factors") are categorised as Level 3 in the fair value hierarchy.

(b) Investment method

The investment method entails determining the net annual income by deducting the annual ongoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of the investment to arrive at the market value of the subject property.

The investment properties valued using this method is categorised as Level 3 in the fair value hierarchy.

(c) Comparison/Depreciable Replacement Cost method

The comparison/cost method of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property. The land is valued by reference to transactions of similar lands in the surrounding areas with appropriate adjustments made for differences in the relevant characteristics of the land. Completed buildings are valued by reference to the current estimates on construction costs to erect equivalent buildings, taking into consideration of similar buildings in terms of size, construction, finishes, contractors' overheads, fees and profits. Appropriate adjustments are then made for the factors of obsolescence and existing physical condition of the building.

The investment properties valued using this method is categorised as Level 3 in the fair value hierarchy.

Description of valuation techniques used and key inputs to valuation on investment properties are as below:

	Valuation techniques	Significant unobservable inputs	Range
Land	Comparison method	Adjustment factors to prices of comparable properties	-80% to 25%
Building	Investment method	Estimated rental value per square foot per month	RM1.20 to RM40.00
		Capitalisation/Discount rate	3.50% to 7.75%
		Void allowance	5.00% to 10.00%
Building	Depreciable replacement cost method	Construction cost per square foot Depreciation rate	RM50.00 to RM447.00 1.60%

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 45. FAIR VALUE MEASUREMENT (CONT'D)

(a) Non-financial assets that are measured at fair value (cont'd)

(iii) Fair value reconciliation of non-financial assets measured at Level 3

#### Investment Properties

	Group		Company	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
At beginning of the year	1,968,989	1,946,845	3,438	3,438
Additions	2,430	20,138	–	–
Changes in fair value	(6,615)	2,006	–	–
At end of the year	1,964,804	1,968,989	3,438	3,438

#### Right-of-use – Investment Properties

Refer to fair value reconciliation disclosed in Note 5.

(b) Financial instruments that are measured or disclosed at fair value

The carrying amounts and fair values of the non-current financial assets and liabilities of the Group and the Company at the reporting date are as follows:

	Group			Company		
	Carrying amount RM'000	Fair Value RM'000 Level 2	Fair Value RM'000 Level 3	Carrying amount RM'000	Fair Value RM'000 Level 2	Fair Value RM'000 Level 3
<b>2023</b>						
<b>Financial assets:</b>						
Other investments	96	–	96 <sup>^</sup>	–	–	–
Amounts owing by subsidiary companies	–	–	–	3,280,388	–	#
Amounts owing by joint ventures	69,785	–	#	–	–	–
Trade receivables	26,015	–	#	–	–	–
<b>Financial liabilities:</b>						
Redeemable cumulative preference shares	38,268	–	36,784	–	–	–
Other payables and accruals	73,698	–	#	–	–	–
Floating rate long term borrowings	4,107,811	*	–	735,607	*	–
Fixed rate long term borrowings	2,994,100	–	2,965,969	2,993,704	–	2,965,573
Lease liabilities	2,962	–	#	–	–	–
Amounts owing to subsidiary companies	–	–	–	705,893	–	#

### 45. FAIR VALUE MEASUREMENT (CONT'D)

(b) Financial instruments that are measured or disclosed at fair value (cont'd)

The carrying amounts and fair values of the non-current financial assets and liabilities of the Group and the Company at the reporting date are as follows (cont'd):

	Group			Company		
	Carrying amount RM'000	Fair Value RM'000 Level 2	Fair Value RM'000 Level 3	Carrying amount RM'000	Fair Value RM'000 Level 2	Fair Value RM'000 Level 3
<b>2022</b>						
<b>Financial assets:</b>						
Other investments	96	–	96 <sup>^</sup>	–	–	–
Amounts owing by subsidiary companies	–	–	–	2,888,523	–	#
Amounts owing by joint ventures	69,785	–	#	–	–	–
Trade receivables	61,634	–	#	–	–	–
<b>Financial liabilities:</b>						
Redeemable cumulative preference shares	17,113	–	16,091	–	–	–
Other payables and accruals	68,078	–	#	–	–	–
Floating rate long term borrowings	4,964,103	*	–	1,261,692	*	–
Fixed rate long term borrowings	1,995,082	–	1,913,193	1,995,082	–	1,913,193
Lease liabilities	302	–	#	–	–	–
Amounts owing to subsidiary companies	–	–	–	343,827	–	#

\* The carrying amounts are reasonable approximation of fair values because they are floating rate instruments which are repriced to market interest rates at regular intervals.

# The carrying amounts are reasonable approximation of fair value.

<sup>^</sup> Other investments are measured at fair value through profit or loss.

The carrying amounts of all other financial assets and liabilities of the Group and the Company at the reporting date approximated or were at their fair values due either to their short-term nature or that they are floating rate instruments that are repriced to market interest rates on or near the reporting date. The fair values of the financial assets and financial liabilities above are determined using discounted cash flow method. The most significant input being the discount rate that reflects the credit risk of the counterparties.

There were no transfers between Level 1, Level 2 and Level 3 during the financial year.

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 46. CAPITAL MANAGEMENT

The primary objectives of the Group's and the Company's capital management are to ensure that it maintains a strong capital base and healthy capital ratios in order to support its existing business operations and enable future development of the businesses as well as maximise shareholders' value.

The capital structure of the Group and the Company consists of equity attributable to the shareholders of the Company (i.e. share capital, RCPS-i A and RCPS-i C, reserves and retained earnings), and total debts, which include borrowings.

Management reviews and manages the capital structure regularly and makes adjustments to address changes in the economic environment and risk characteristics inherent in its business operations. These initiatives may include equity capital raising exercises and adjustments to the amount of dividends distributed to shareholders. No changes were made in the objectives, policies and processes during the financial year ended 31 December 2023 and 31 December 2022.

	Note	Group		Company	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
<b>Debt:</b>					
Redeemable cumulative preference shares	25	38,268	38,113	–	–
Long-term borrowings	27	7,101,911	6,959,185	3,729,311	3,256,774
Short-term borrowings	27	3,043,226	4,420,411	1,475,794	1,683,795
		<b>10,183,405</b>	11,417,709	<b>5,205,105</b>	4,940,569
<b>Short-term funds and deposits, cash and bank balances:</b>					
Short-term deposits	20	441,237	774,206	55,675	101,029
Cash and bank balances	21	2,054,402	1,858,702	131,310	173,106
		<b>2,495,639</b>	2,632,908	<b>186,985</b>	274,135
<b>Net debt</b>		<b>7,687,766</b>	8,784,801	<b>5,018,120</b>	4,666,434
<b>Total equity</b>		<b>15,662,781</b>	15,317,501	<b>11,034,908</b>	11,192,461
<b>Gross gearing ratio</b>		<b>0.65</b>	0.75	<b>0.47</b>	0.44
<b>Net gearing ratio</b>		<b>0.49</b>	0.57	<b>0.45</b>	0.42

The gearing ratio is not governed by the MFRS and its definition and calculation may vary from one group/company to another.

### 47. SEGMENTAL ANALYSIS

Primary reporting format – business segment

The operations of the Group are primarily organised into three main segments:

- (i) Property development – Property development
- (ii) Construction – Building construction
- (iii) Others – Manufacturing, trading and investing

Transactions between segments were entered into in the normal course of business and were established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. The effects of such inter-segmental transactions are eliminated on consolidation.

The operations of the Group are primarily carried out in Malaysia. Group income taxes are presented on a group basis and are not allocated to operating segments.

(a) Segment results

2023	Property	Construction	Investment	Eliminations	Consolidated
	Development		Holding & Others		
	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	4,064,703	16,221	292,718	–	4,373,642
Inter-segment revenue	179,002	115,122	22,941	(317,065)	–
<b>Total revenue</b>	<b>4,243,705</b>	<b>131,343</b>	<b>315,659</b>	<b>(317,065)</b>	<b>4,373,642</b>
Gross profit/(loss)	1,310,114	(26,867)	58,050	–	1,341,297
Other income	229,430	4,410	15,602	–	249,442
Operating expenses	(462,235)	(9,503)	(67,907)	–	(539,645)
Share of results of joint ventures	(97,625)	–	14,057	–	(83,568)
Share of results of associated companies	37,273	–	–	–	37,273
Finance costs	(306,764)	(49)	(42,267)	–	(349,080)
Profit/(Loss) before tax	710,193	(32,009)	(22,465)	–	655,719
Taxation	(267,152)	45	(31,499)	–	(298,606)
<b>Profit for the year</b>	<b>443,041</b>	<b>(31,964)</b>	<b>(53,964)</b>	<b>–</b>	<b>357,113</b>

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 47. SEGMENTAL ANALYSIS (CONT'D)

(a) Segment results (cont'd)

2022 Restated	Property		Investment Holding & Others		Eliminations RM'000	Consolidated RM'000
	Development RM'000	Construction RM'000	Others RM'000	Others RM'000		
External revenue	4,240,596	15,990	197,861		-	4,454,447
Inter-segment revenue	165,548	131,018	50,313		(346,879)	-
<b>Total revenue</b>	<b>4,406,144</b>	<b>147,008</b>	<b>248,174</b>		<b>(346,879)</b>	<b>4,454,447</b>
Gross profit/(loss)	1,076,278	(32,818)	21,862		-	1,065,322
Other income	202,075	2,006	8,660		-	212,741
Operating expenses	(403,742)	(6,013)	(28,208)		-	(437,963)
Share of results of joint ventures	(35,187)	-	(1,524)		-	(36,711)
Share of results of associated companies	15,580	-	-		-	15,580
Finance costs	(231,161)	(119)	(29,068)		-	(260,348)
Profit/(Loss) before tax	623,843	(36,944)	(28,278)		-	558,621
Taxation	(176,996)	(282)	(22,728)		-	(200,006)
<b>Profit for the year</b>	<b>446,847</b>	<b>(37,226)</b>	<b>(51,006)</b>		<b>-</b>	<b>358,615</b>

(b) Segment assets, liabilities and other information

2023	Property		Investment Holding & Others		Consolidated RM'000
	Development RM'000	Construction RM'000	Others RM'000	Others RM'000	
Segment assets	<b>23,150,635</b>	<b>25,903</b>	<b>1,713,710</b>		<b>24,890,248</b>
Investments in joint ventures	<b>2,863,801</b>	-	<b>274,273</b>		<b>3,138,074</b>
Investments in associated companies	<b>583,116</b>	-	-		<b>583,116</b>
Current and deferred tax assets					<b>394,940</b>
<b>Consolidated total assets</b>					<b>29,006,378</b>
Segment liabilities	<b>5,596,591</b>	<b>145,131</b>	<b>7,023,319</b>		<b>12,765,041</b>
Current and deferred tax liabilities					<b>578,556</b>
<b>Consolidated total liabilities</b>					<b>13,343,597</b>
Additions to non-current assets* (other than financial instruments and deferred tax assets)	<b>580,085</b>	<b>5</b>	<b>8,212</b>		<b>588,302</b>
Interest income	<b>89,426</b>	<b>252</b>	<b>8,328</b>		<b>98,006</b>
Depreciation and amortisation	<b>(24,720)</b>	<b>(187)</b>	<b>(14,996)</b>		<b>(39,903)</b>
Other material non-cash items	<b>(21,305)</b>	<b>(31)</b>	<b>(13,680)</b>		<b>(35,016)</b>

### 47. SEGMENTAL ANALYSIS (CONT'D)

(b) Segment assets, liabilities and other information (cont'd)

2022 Restated	Property		Investment Holding & Others		Consolidated RM'000
	Development RM'000	Construction RM'000	Others RM'000	Others RM'000	
Segment assets	23,788,988	27,973	1,972,674		25,789,635
Investments in joint ventures	2,809,652	-	212,537		3,022,189
Investments in associated companies	555,383	-	-		555,383
Current and deferred tax assets					414,541
<b>Consolidated total assets</b>					<b>29,781,748</b>
Segment liabilities	6,976,844	117,155	6,822,284		13,916,283
Current and deferred tax liabilities					547,964
<b>Consolidated total liabilities</b>					<b>14,464,247</b>
Additions to non-current assets* (other than financial instruments and deferred tax assets)	550,126	1,056	52,694		603,876
Interest income	74,151	302	3,430		77,883
Depreciation and amortisation	(27,468)	(1,074)	(6,523)		(35,065)
Other material non-cash items	31,649	(263)	(5,855)		25,531

\* Non-current assets comprise property, plant and equipment, right-of-use – property, plant and equipment, investment properties, right of use – investment properties, intangible assets and inventory – land held for property development.

(c) Segment by geographical location

Revenue and non-current assets other than financial instruments and deferred tax assets, by location of the Group's operations are analysed as follows:

	Revenue		Non-current assets (other than financial instruments and deferred tax assets)	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Malaysia	<b>3,258,410</b>	2,961,117	<b>16,137,979</b>	16,250,428
Singapore	-	584,020	<b>3,484</b>	671
Australia	<b>1,107,860</b>	902,896	<b>13,603</b>	13,410
Vietnam	<b>7,372</b>	6,414	<b>95,788</b>	96,479
United Kingdom	-	-	<b>2,708,468</b>	2,598,253
Japan	-	-	<b>61,911</b>	62,827
<b>Total</b>	<b>4,373,642</b>	4,454,447	<b>19,021,233</b>	19,022,068

(d) Information about major customers

There is no significant concentration of revenue from any major customers as the Group mainly sells its development properties to individual end purchasers.

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2023

### 48. PRIOR YEAR ADJUSTMENTS AND CHANGES IN COMPARATIVES

In the current financial year, the Group has effected the following prior year adjustments in relation to the fair value model measurement basis for its investment properties:

- (a) The Group has reassessed and made an adjustment to the carrying value of certain of its investment properties for which accrued lease income have been separately recognised in the statement of financial position. This adjustment is made in accordance with the requirements of MFRS 140: Investment Properties to reflect the carrying amounts of these investment properties at fair value. The effect of this adjustment is accounted for retrospectively as shown below.
- (b) In prior financial years, the Group has sold a parcel of land to its joint venture, which had then accounted for the land as an investment property. At that point in time, the Group's policy was to recognise its investment properties at cost, and hence an unrecognised gain was recorded based on the Group's equity interest in the said joint venture. The Group subsequently changed the accounting policy for its investment properties from the cost model to fair value model. Under the fair value model, the Group was to have made an adjustment for the realisation of the unrealised gain mentioned above. The effect of this adjustment is adjusted for retrospectively as illustrated below.

The financial effects of the abovementioned prior year adjustments and the change in certain comparative amounts to conform to the current year's financial statements presentation of the Group are as follows:

#### Statement of Financial Position As at 1 January 2022

Group	As previously stated RM'000	Adjustment (a) RM'000	Adjustment (b) RM'000	As restated RM'000
<b>Non-current assets</b>				
Investment properties	2,046,487	(79,606)	–	1,966,881
Investments in joint ventures	3,455,185	–	47,666	3,502,851
<b>Equity</b>				
Retained earnings	4,664,527	(48,037)	47,666	4,664,156
Non-controlling interests	1,456,206	(23,609)	–	1,432,597
<b>Non-current liabilities</b>				
Deferred tax liabilities	446,104	(7,960)	–	438,144

#### Statement of Financial Position As at 31 December 2022

Group	As previously stated RM'000	Adjustment (a) RM'000	Adjustment (b) RM'000	As restated RM'000
<b>Non-current assets</b>				
Investment properties	2,057,561	(85,105)	–	1,972,456
Investments in joint ventures	2,974,523	–	47,666	3,022,189
<b>Equity</b>				
Retained earnings	4,807,957	(51,727)	47,666	4,803,896
Non-controlling interests	1,263,912	(24,868)	–	1,239,044
<b>Non-current liabilities</b>				
Deferred tax liabilities	506,016	(8,510)	–	497,506

### 48. PRIOR YEAR ADJUSTMENTS AND CHANGES IN COMPARATIVES (CONT'D)

#### Statement of Comprehensive Income For the financial year ended 31 December 2022

Group	As previously stated RM'000	Adjustment (a) RM'000	Adjustment (b) RM'000	As restated RM'000
Other income	218,240	(5,499)	–	212,741
Profit before tax	564,120	(5,499)	–	558,621
Taxation	(200,556)	550	–	(200,006)
Profit for the year	363,564	(4,949)	–	358,615
Other comprehensive income, net of tax				
Exchange differences on translation of foreign operations	(118,730)	–	–	(118,730)
Total comprehensive income for the year	244,834	(4,949)	–	239,885
Profit attributable to:				
Owners of the Company	308,093	(3,690)	–	304,403
Non-controlling interests	55,471	(1,259)	–	54,212
	363,564	(4,949)	–	358,615
Total comprehensive income attributable to:				
Owners of the Company	189,287	(3,690)	–	185,597
Non-controlling interests	55,547	(1,259)	–	54,288
	244,834	(4,949)	–	239,885

These adjustments do not have an effect on the consolidated statement of cash flows, and the statement of financial position, statement of comprehensive income and statement of cashflows of the Company.

### 49. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 29 February 2024 by the Board of Directors.

# Statement by Directors

Pursuant to Section 251(2) of the Companies Act, 2016

We, Y.A.M Tan Sri Dato' Seri Syed Anwar Jamalullail and Datuk Choong Kai Wai, being two of the Directors of S P Setia Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 258 to 365 are drawn up in accordance with the Malaysian Financial Reporting Standards, the International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a Directors' resolution dated 29 February 2024

**Y.A.M TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL**

Chairman

Shah Alam, Malaysia

**DATUK CHOONG KAI WAI**

Director

# Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Annuar Marzuki Bin Abdul Aziz, being the officer primarily responsible for the financial management of S P Setia Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 258 to 365 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
the abovenamed )  
Annuar Marzuki Bin Abdul Aziz )  
at Shah Alam )  
on 29 February 2024 )  
)  
)

**ANNUAR MARZUKI BIN ABDUL AZIZ**  
[MIA 11345]

Before me:

Commissioner for Oaths

# Independent Auditors' Report

To The Members of S P Setia Berhad (Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of S P Setia Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 258 to 365.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

### Key audit matters in respect of the financial statements of the Group

#### (a) Revenue and cost of sales from property development activities recognised on percentage of completion method

For the financial year ended 31 December 2023, revenue of RM4,064.70 million and cost of sales of RM2,754.59 million from property development activities account for approximately 93% and 91% of the total Group's revenue and cost of sales respectively.

Where the Group uses percentage of completion method to recognise revenue and profit from its property development activities, the amount of revenue and profit recognised are dependent on, amongst others, the extent of costs incurred to the total estimated costs of construction to derive at the percentage of completion, the actual sales value of units sold and the estimated total revenue for each of the respective projects.

## Independent Auditors' Report

To The Members of S P Setia Berhad (Incorporated in Malaysia)

### Key Audit Matters (cont'd)

#### Key audit matters in respect of the financial statements of the Group (cont'd)

##### (a) Revenue and cost of sales from property development activities recognised on percentage of completion method (cont'd)

We identified revenue and cost of sales recognised on percentage of completion method or over time from property development activities as matters requiring audit focus as these areas involved significant management's judgement and estimates in estimating the total property development costs (which is used to determine the percentage of completion and gross profit margin of property development activities undertaken by the Group).

In assessing the appropriateness of the extent of costs incurred, total estimated costs of construction and total estimated revenue collectively, we have:

- Obtained an understanding of the process in deriving the stage of completion which includes verifying the certified work done such as examining the progress claims from contractors, architect certification, and performing site visits on a sampling basis;
- Evaluated the assumptions applied in estimating the property development costs for property development phases on a sampling basis by examining documentary evidence such as letter of award issued to contractors and for amount not contracted for to consider the historical accuracy of management's forecasts for the similar property development projects to support the budgeted costs;
- Verified the gross development value against the signed sales and purchase agreements and estimated selling prices of unsold development to transacted selling price on sampling basis;
- Considered the expected handover date of ongoing development projects on a sampling basis to determine the adequacy of provision for liquidated ascertained damages, if any; and
- Checked the mathematical accuracy of the revenue and profit based on the percentage of completion calculations and considered the implications of identified errors and changes in estimates.

The Group's accounting policies and disclosures on property development activities based on percentage of completion method are disclosed in Notes 1(r)(i), 6, 30 and 31 respectively to the financial statements.

##### (b) Net realisable value of completed properties

As at 31 December 2023, the carrying amount of completed properties stood at RM1,752.19 million, which represents 18% of the Group's total current assets. Completed properties are classified as inventories and are carried at the lower of cost or net realisable value. Management's annual assessment of realisable value of completed properties is significant to our audit because it is based on assumptions that are affected by expected future market and economic conditions as well as the saleable condition of the property units which are slow moving, for which significant judgement is required.

Our procedures in relation to management assessment of the net realisable value of completed properties include:

- Comparing the recent transacted prices of comparable completed properties, after taking into consideration the discount given. We focused our evaluation on those completed properties that are slow moving;
- Evaluated the appropriateness of the data used by the management as input into their determination of net realisable value. We interviewed the management, discussed and challenged the significant estimates and assumptions applied in their determination of net realisable value; and
- Physical sighting of completed properties on a sampling basis and assessed the related cost of maintenance to determine any potential write down due to physical obsolescence.

The Group's accounting policies and disclosures on completed properties are disclosed in Notes 1(k) and 6 respectively to the financial statements.

### Key Audit Matters (cont'd)

#### Key audit matters in respect of the financial statements of the Group (cont'd)

##### (c) Valuation of investment properties

As at 31 December 2023, the carrying amount of investment properties amounted to RM2,026.42 million, representing approximately 10% and 7% of the Group's total non-current assets and total assets respectively. The Group had recognised a net fair value loss on its investment properties of RM20.23 million during the financial year.

Investment properties are stated at fair value and any gain or loss arising from changes in the fair value are included in profit or loss in the year in which they arise. The Group has appointed independent professional valuers to perform valuations on its investment properties. The valuations are based on assumptions, amongst others, comparable historical transactions and adjustments factors to comparable transactions including location, size, condition, accessibility and design and market knowledge, estimated rental value per square foot, expected market rental growth, yield rate, outgoings rate, void rate, reversion rate and discount rate.

We consider the valuation of the investment properties as an area of audit focus as such valuation involves significant judgement and estimates that are highly subjective.

Our procedures to address this area of focus include, amongst others, the following:

- Assessed the objectivity, independence, reputation, experience and expertise of the independent valuers;
- As part of our evaluations of the fair values of investment properties, we had discussions with the independent valuers to obtain an understanding of their valuation process which included assessment of the comparability of historical transactions used and property related data used as input to the valuation models;
- We obtained an understanding of the adjustments factors made by the valuers or management to account for differences in, amongst others, the occupancy rate, property's location, property's size, the physical conditions of the subject property, tenure between the subject property and the comparable properties, and where applicable, the estimated construction costs to erect equivalent buildings;
- We also assessed whether the capitalisation rate used in the valuation models reflects the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive; and
- Reviewed the methodology adopted by the independent valuers or management in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry.

The Group's accounting policies and disclosures on investment properties are disclosed in Notes 1(g) and 4 respectively to the financial statements.

#### Key audit matter in respect of the financial statements of the Company

##### (d) Impairment assessment of investment in subsidiary companies

As at 31 December 2023, the carrying amount of the investment in subsidiary companies of the Company amounted to RM11,851.90 million, representing 78% and 70% of the Company's total non-current assets and total assets respectively. The Company had recognised net impairment loss of investment in subsidiaries of RM196.19 million during the financial year.

## Independent Auditors' Report

To The Members of S P Setia Berhad (Incorporated in Malaysia)

### Key Audit Matters (cont'd)

#### Key audit matter in respect of the financial statements of the Company (cont'd)

##### (d) Impairment assessment of investment in subsidiary companies (cont'd)

At the reporting date, the Company reviewed its investments in subsidiary companies for indications of impairment and where such indications exist, the Company performed an impairment assessment to determine the recoverable amounts of such investments. The Company estimated the recoverable amount of the respective cash generating units ("CGU"s) based on their fair value less cost to sell or their respective value-in-use ("VIU") whichever is higher. Estimating the recoverable amounts based on VIU involved estimates made by management relating to the future cash inflows and outflows that will be derived from the CGU and discounting them at the appropriate rate. The cash flow forecasts included a number of significant judgements and estimates such as the timing of project launches and sales, product pricing and costing, and discount rate.

We consider this to be an area of focus for our audit as the amounts involved are significant, the assessment process is complex and involves significant management's judgements about future market and economic conditions and changes in assumptions may lead to a significant change in the recoverable amount of the investment in subsidiary companies.

Our procedures to address this area of focus included, amongst others, the following:

- Obtained an understanding of the relevant internal controls over the process of estimating the recoverable amounts of the CGUs;
- Evaluated the appropriateness of the methodology and approach applied;
- For impairment assessment based on VIU, we have:
  - Checked the basis of preparing the cash flow forecasts taking into consideration the assessment of management's historical budgeting accuracy; and
  - Evaluated whether key assumptions which comprised the timing of project launches and sales, product pricing and costing, and discount rate were reasonable by making comparisons to historical trends, taking into consideration the current and expected outlook of the economic growth.
- For impairment assessment based on fair value less cost to sell, where applicable, we have:
  - Where applicable, if the management obtain valuation reports provided by independent valuers, assessed the objectivity, independence, reputation, experience and expertise of the independent valuers;
  - Reviewed the methodology adopted in estimating the fair value of the assets and assessed whether such methodology is consistent with those used in the industry; and
  - Evaluated the appropriateness of the data used as input of the valuations. We interviewed the management or independent valuers where applicable, discussed and challenged the significant estimates and assumptions applied in their valuation process.
- Analysed the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions on the recoverable amount.

We also reviewed and assessed the Company's disclosures relating to the impairment of assessment of investment in subsidiary companies in Note 8.

#### Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Director's Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

#### Information other than the financial statements and auditors' report thereon (cont'd)

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

#### Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

#### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

## Independent Auditors' Report

To The Members of S P Setia Berhad (Incorporated in Malaysia)

### Auditors' responsibilities for the audit of the financial statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

### Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Ernst & Young PLT**  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
29 February 2024

**Elina Chan Su Yin**  
No. 03508/07/2024 J  
Chartered Accountant

## Analysis of Shareholdings

As at 19 February 2024

Issued and Paid-Up Share Capital : RM10,484,148,229.59 divided into 4,450,151,275 ordinary shares ("Ordinary Shares") and 1,088,657,886 Islamic redeemable convertible preference shares ("RCPS-i A") and 1,697,569,915 Class C Islamic redeemable convertible preference shares ("RCPS-i C")

Class of Shares : Ordinary Shares, RCPS-i A and RCPS-i C  
Voting Rights : One Vote per Ordinary Share or RCPS-i A or RCPS-i C

### DISTRIBUTION OF SHAREHOLDINGS OF ORDINARY SHARES

Size of Shareholdings	No. of Ordinary Shareholders	%	No. of Ordinary Shares	%
less than 100	1,324	8.93	47,076	0.00
100 – 1,000	2,353	15.86	1,365,199	0.03
1,001 – 10,000	6,638	44.75	32,148,555	0.72
10,001 – 100,000	3,629	24.46	122,361,782	2.76
100,001 to less than 5% of issued shares	887	5.98	1,883,852,761	42.33
5% and above of issued shares	3	0.02	2,410,375,902	54.16
<b>Total</b>	<b>14,834</b>	<b>100.00</b>	<b>4,450,151,275</b>	<b>100.00</b>

### LIST OF THIRTY LARGEST SHAREHOLDERS

No.	Name of Ordinary Shareholders	No. of Ordinary Shares	%
1.	Permodalan Nasional Berhad	1,060,092,558	23.82
2.	Amanahraya Trustees Berhad Amanah Saham Bumiputera	1,007,602,404	22.64
3.	Kumpulan Wang Persaraan (Diperbadankan)	342,680,940	7.70
4.	Amanahraya Trustees Berhad Amanah Saham Malaysia	201,889,588	4.54
5.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA Bhd	160,906,300	3.62
6.	Amanahraya Trustees Berhad Amanah Saham Malaysia 3	120,440,163	2.71
7.	Amanahraya Trustees Berhad Amanah Saham Malaysia 2 – Wawasan	74,901,886	1.68
8.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 – Didik	59,903,255	1.35
9.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Nomura)	48,800,000	1.10
10.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	44,926,792	1.01
11.	Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Prulink Equity Fund	35,457,659	0.80
12.	Amanahraya Trustees Berhad Public Ittikal Sequel Fund	29,579,933	0.66
13.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (RHB Inv)	22,700,000	0.51
14.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Total International Stock Index Fund	22,150,878	0.50

## Analysis of Shareholdings

As at 19 February 2024

### LIST OF THIRTY LARGEST SHAREHOLDERS (CONT'D)

No.	Name of Ordinary Shareholders	No. of Ordinary Shares	%
15.	Cartaban Nominees (Tempatan) Sdn Bhd Prudential Assurance Malaysia Berhad for Prulink Strategic Fund	21,885,624	0.49
16.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad (EDP 2)	20,597,799	0.46
17.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Emerging Markets Stock Index Fund	19,255,845	0.43
18.	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (WEST CLT OD67)	19,208,100	0.43
19.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	18,586,033	0.42
20.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Allianz Life Insurance Malaysia Berhad (MEF)	16,796,300	0.38
21.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (AHAM AM EQ)	15,506,909	0.36
22.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Manulife Insurance Berhad (Equity Fund)	14,915,400	0.33
23.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AsianIslamic)	14,427,000	0.32
24.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Manulife Investment Al-Fauzan (5170)	14,378,000	0.32
25.	Citigroup Group Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LSF)	13,699,500	0.31
26.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Principal Eqits)	13,500,055	0.30
27.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad for Kenanga Shariah Growth Opportunities Fund (50156 TR01)	13,437,000	0.30
28.	Guoline (Singapore) Pte Ltd	12,800,000	0.28
29.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA Public Takaful Bhd	12,388,100	0.28
30.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LBF)	11,615,200	0.26
<b>Total</b>		<b>3,485,029,221</b>	<b>78.31</b>

### DISTRIBUTION OF SHAREHOLDINGS OF RCPS-i A

Size of Shareholdings	No. of Holders of RCPS-i A	%	No. of RCPS-i A	%
less than 100	57	5.03	2,028	0.00
100 – 1,000	326	28.78	176,533	0.02
1,001 – 10,000	460	40.60	1,710,790	0.15
10,001 – 100,000	187	16.50	6,546,917	0.60
100,001 to less than 5% of issued shares	101	8.91	326,331,112	29.98
5% and above of issued shares	2	0.18	753,890,506	69.25
<b>Total</b>	<b>1,133</b>	<b>100.00</b>	<b>1,088,657,886</b>	<b>100.00</b>

### LIST OF THIRTY LARGEST HOLDERS OF RCPS-i A

No.	Name of Holders of RCPS-i A	No. of RCPS-i A	%
1.	Amanahraya Trustees Berhad Amanah Saham Bumiputera	645,884,132	59.33
2.	Kumpulan Wang Persaraan (Diperbadankan)	108,006,374	9.92
3.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 – Didik	42,745,400	3.93
4.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	39,666,122	3.64
5.	Amanahraya Trustees Berhad Amanah Saham Malaysia	32,071,600	2.95
6.	Lembaga Tabung Haji	32,000,000	2.94
7.	Amanahraya Trustees Berhad Amanah Saham Malaysia 2 – Wawasan	27,737,200	2.55
8.	Amanahraya Trustees Berhad Amanah Saham Malaysia 3	24,046,800	2.21
9.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Islamic)	18,714,578	1.72
10.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AHAM AM)	16,673,800	1.53
11.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	15,000,000	1.38
12.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Berhad for AHAM Select Dividend Fund	6,763,800	0.62
13.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Maybank Malaysia Dividend Fund	5,282,233	0.49
14.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Manulife Investment – HW Flexi Fund (270519)	4,599,100	0.42
15.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AberIslamic)	4,533,304	0.42
16.	Amanahraya Trustees Berhad Public Ittikal Sequel Fund	3,605,132	0.33
17.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Aberdeen)	3,325,537	0.31
18.	Maybank Nominees (Tempatan) Sdn Bhd Ting Poi Ling	3,121,200	0.29
19.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	2,833,653	0.26
20.	Maybank Nominees (Tempatan) Sdn Bhd AHAM Asset Management Berhad for MSIG Insurance (Malaysia) Bhd (210236)	2,663,667	0.24
21.	Maybank Nominees (Tempatan) Sdn Bhd AHAM Asset Management Berhad for Hong Leong Assurance Berhad (PAR-220082)	2,647,800	0.24
22.	Universal Trustee (Malaysia) Berhad KAF Tactical Fund	2,339,500	0.21
23.	Ho Chu Chai	2,240,100	0.17
24.	Lim Ban Hwa	1,843,000	0.16

## Analysis of Shareholdings

As at 19 February 2024

### LIST OF THIRTY LARGEST HOLDERS OF RCPS-i A (CONT'D)

No.	Name of Holders of RCPS-i A	No. of RCPS-i A	%
25.	KAF Trustee Berhad KIFB for The Institute of Strategic and International Studies Malaysia	1,770,700	0.16
26.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Ng Paik Pheng (PB)	1,724,100	0.16
27.	Lim Boon Cheng	1,463,000	0.13
28.	Ng Ho Fatt	1,325,000	0.12
29.	Yap Kon Lian	1,189,400	0.11
30.	Ng Ho Fatt	1,046,700	0.10
<b>Total</b>		<b>1,056,912,932</b>	<b>97.08</b>

### DISTRIBUTION OF SHAREHOLDINGS OF RCPS-i C

Size of Shareholdings	No. of Holders of RCPS-i C	%	No. of RCPS-i C	%
less than 100	115	8.40	5,066	0.00
100 – 1,000	158	11.54	100,417	0.01
1,001 – 10,000	630	46.02	2,806,413	0.16
10,001 – 100,000	358	26.23	11,016,960	0.65
100,001 to less than 5% of issued shares	108	7.74	87,763,359	5.17
5% and above of issued shares	1	0.07	1,595,000,000	94.01
<b>Total</b>	<b>1,370</b>	<b>100.00</b>	<b>1,697,569,915</b>	<b>100.00</b>

### LIST OF THIRTY LARGEST HOLDERS OF RCPS-i C

No.	Name of Holders of RCPS-i C	No. of RCPS-i C	%
1.	Amanahraya Trustees Berhad Amanah Saham Bumiputera	1,595,000,000	94.01
2.	Lembaga Tabung Haji	36,296,781	2.13
3.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Manulife Insurance Berhad (Equity Fund)	7,291,304	0.42
4.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee for Manulife Investment Progress Fund (4082)	2,613,067	0.15
5.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad for Kenanga Shariah Growth Opportunities Fund (50156 TR01)	2,240,970	0.13
6.	Phillip Nominees (Tempatan) Sdn Bhd Exempt an for Phillip Capital Management Sdn Bhd	2,069,279	0.12
7.	CIMB Islamic Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Berhad – Kenanga Syariah Growth Fund	1,843,371	0.10
8.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Manulife Investment Dividend Fund (5311-401)	1,779,211	0.10
9.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Manulife Investment Al-Fauzan (5170)	1,313,411	0.07
10.	Sia Tian Poh	1,206,000	0.07

### LIST OF THIRTY LARGEST HOLDERS OF RCPS-i C (CONT'D)

No.	Name of Holders of RCPS-i C	No. of RCPS-i C	%
11.	Citigroup Nominees (Tempatan) Sdn Bhd Manulife Insurance Berhad (OL Par)	1,156,889	0.07
12.	Yap Yoon Kong	1,141,000	0.07
13.	Malacca Securities Sdn Bhd IVT (017) Team MK01	1,122,300	0.06
14.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Choong Yee How	1,070,000	0.06
15.	Yap Goon Kong	1,011,700	0.06
16.	Lim Soo Yong	1,000,000	0.06
17.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Manulife Insurance Berhad (Managed Fund)	893,244	0.05
18.	Yap Hui Fong	855,508	0.05
19.	UOBM Nominees (Tempatan) Sdn Bhd UOB Islamic Asset Management Sdn Bhd for Lembaga Tabung Haji	810,000	0.05
20.	Philip Nominees (Tempatan) Sdn Bhd Exempt AN for Philip Capital Management Sdn Bhd	763,600	0.05
21.	Soh Say Beng	708,500	0.05
22.	Meridian Fortune Sdn Bhd	689,800	0.05
23.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Kim Keong (Desa Jaya-CL)	663,300	0.04
24.	Wong Ah Kau	650,000	0.04
25.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Manulife Investment Growth Fund (4074)	603,737	0.04
26.	Cartanab Nominees (Asing) Sdn Bhd SSBT Fund EBTE for The Regents of the University of California	554,459	0.03
27.	Low You Choo	550,000	0.03
28.	Cartaban Nominees (Asing) Sdn Bhd Exempt for AN Barclays Capital Securities Ltd (SBL/PB)	543,125	0.03
29.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lay Ting	500,000	0.02
30.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheong Kian Tung	500,000	0.02
<b>Total</b>		<b>1,667,440,556</b>	<b>98.23</b>

## Analysis of Shareholdings

As at 19 February 2024

### SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest		% of Issued Shares	
	Direct Interest	% of Issued Shares	Indirect Interest	% of Issued Shares
Permodalan Nasional Berhad	1,060,092,558	23.82	–	–
Amanahraya Trustees Berhad – Amanah Saham Bumiputera	1,007,602,404	22.64	–	–
Kumpulan Wang Persaraan (Diperbadankan)	356,704,550	8.02	57,788,903	1.30
Yayasan Pelaburan Bumiputra	–	–	1,060,092,558	23.82

### DIRECTORS AND THEIR SHAREHOLDINGS

Name	No. of Ordinary Shares Held				No. of RCPS-i A Held	No. of RCPS-i C Held
	Direct	%	Indirect	%		
Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail	–	–	–	–	–	–
Datuk Choong Kai Wai	479,000	0.01	–	–	–	315,235
Dato' Philip Tan Puay Koon	–	–	–	–	–	–
Dato' Azmi Bin Mohd Ali	–	–	–	–	–	–
Dato' Merina Binti Abu Tahir	–	–	–	–	–	–
Dato' Tengku Marina Binti Tunku Annuar	–	–	–	–	–	–
Sheranjiv Sammanthan	–	–	–	–	–	–
Datuk Ir. Khairil Anwar Bin Ahmad	–	–	–	–	–	–
Datin Wan Daneena Liza Binti Wan Abdul Rahman	–	–	–	–	–	–
Lim Fu Yen	–	–	–	–	–	–
Aida Hazrina Binti Mohd Tazaai	–	–	–	–	–	–

## List of Material Properties Held by the Group

As At 31 December 2023

No.	Location	Description	Date of Acquisition	Land Area (sq. ft.)	Tenure	Net Book Value (RM'000)*
1	HSD120100, HSD120110 & HSD120820, Bandar Kuala Lumpur	Land held for development	29/11/2002 13/04/2018	2,250,430	Leasehold	2,817,148
2	308, Exhibition St, Melbourne VIC 3000, Australia	Land under development	29/04/2016	44,563	Freehold	1,296,375
3	Daerah Kelang, Mukim of Klang, Selangor Darul Ehsan	Land under development and held for development	24/10/2001	16,083,223	Freehold	991,943
4	Mukim 06, Daerah Seberang Perai Utara, Pulau Pinang	Land under development and held for development	22/12/2016 28/07/2020	71,907,968	Freehold	982,822
5	HSD184053 & HSD184054 Mukim Beranang, Daerah Ulu Langat, Selangor Darul Ehsan	Land under development and held for development	21/12/2018	14,919,300	Freehold	698,655
6	Lot 39 GRN 45874 Mukim Beranang, Daerah Hulu Langat, Selangor Darul Ehsan	Land under development and held for development	28/11/2012	24,943,904	Freehold	650,714
7	Mukim Beranang, Daerah Ulu Langat, Selangor Darul Ehsan	Land held for development	05/10/2016	35,065,800	Freehold	547,887
8	Daerah Klang, Mukim of Klang Selangor Darul Ehsan	Land held for development	24/10/2001	17,363,452	Freehold	514,322
9	Tanjong Bungah, Mukim 17 & 18 Daerah Timur Laut, Pulau Pinang	Land held for development	05/10/2016	1,535,669	Freehold	436,769
10	Seksyen 95A & 98, Kampung Haji Abdullah Hukum, Kuala Lumpur	Land use right	24/10/2011	–	Leasehold	434,064

\* Amount is inclusive of land held for property development, property development cost and contract cost assets

# Group Directory

<b>HEAD OFFICE</b>	
<p><b>S P SETIA BERHAD</b> 197401002663 (19698-X)</p> <p><b>S P SETIA PROJECT MANAGEMENT SDN BHD</b> 199201015192 (246695-X)</p> <p><b>SETIA IP HOLDINGS SDN BHD</b> 201401046540 (1122728-W)</p>	<p><b>SETIA PRECAST SDN BHD</b> 199501017974 (347177-A) S P Setia Bhd Corporate HQ, 12, Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia T +603 3348 2255 E corp@spsetia.com</p> <p><b>S P SETIA FOUNDATION</b> T +603 5021 2525 E setiacare@spsetia.com</p>

<b>CENTRAL REGION</b>
<p><b>TRIO BY SETIA</b> <b>GANDA ANGGUN SDN BHD</b> 200101001750 (537506-W) 15-G, Jalan Remia 2/KS6, Bandar Botanic, 41200 Klang Bandar Diraja, Selangor Darul Ehsan, Malaysia T +603 3162 3322 F +603 3162 3323 E trio_sales@spsetia.com</p>

<p><b>ALAM DAMAI</b> <b>SYARIKAT PERUMAHAN PEGAWAI KERAJAAN SDN BHD</b> 197101000199 (10586-D) Eight Kinrara - Block B, Jalan BK5A/1, Bandar Kinrara, 47180 Puchong, Selangor Darul Ehsan, Malaysia T +603 8082 9525 F +603 8082 9500 E alamdamai@spsetia.com</p>
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<p><b>SETIA WOOD</b> <b>SETIA-WOOD INDUSTRIES SDN BHD</b> 197501001985 (23725-V) <b>S P SETIA MARKETING SDN BHD</b> 198801007841 (175198-P) Lot 5 &amp; 6, Jalan Indah 1/3, Taman Industri Rawang Indah, 48000 Rawang, Selangor Darul Ehsan, Malaysia T +603 6092 8022 F +603 6092 0322/1805 E setiaewood@spsetia.com</p>
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<p><b>BANDAR KINRARA</b> <b>PERUMAHAN KINRARA BERHAD</b> 192001000029 (305-P) Eight Kinrara – Block B, Jalan BK5A/1, Bandar Kinrara, 47180 Puchong, Selangor Darul Ehsan, Malaysia T +603 8082 9525 F +603 8082 9500 E bandarkinrara@spsetia.com</p>
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<p><b>SETIA BAYUEMAS</b> <b>I&amp;P KOTA BAYUEMAS SDN BHD</b> 200201000854 (568517-V) Setia Bayuemas Welcome Centre, Persiaran Bayu Impian/KS9, Kota Bayuemas, 41200 Klang Bandar Diraja, Selangor Darul Ehsan, Malaysia T +603 3325 1700 F +603 3325 1800 E bayuemas@spsetia.com</p>
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<p><b>SETIA ALAM IMPIAN</b> <b>I&amp;P ALAM IMPIAN SDN BHD</b> 199601021892 (394244-M) LakePoint Gallerie 1, Jalan Panglima Hitam 35/26, Alam Impian, Seksyen 35, 40470 Shah Alam, Selangor Darul Ehsan, Malaysia T +603 5162 7600 E alamimpian@spsetia.com</p>
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<p><b>SETIA ALAM</b> <b>BANDAR SETIA ALAM SDN BHD</b> 200101030381 (566140-D) <b>SETIA ALAMAN INDUSTRIAL PARK</b> <b>PETALING GARDEN SDN BHD</b> 195701000208 (3113-T) S P Setia Bhd Corporate HQ, 12, Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia T +603 5030 2255 E bsa-sales@spsetia.com</p>
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<p><b>SETIA WARISAN TROPIKA</b> <b>PETALING GARDEN SDN BHD</b> 195701000208 (3113-T) Setia Warisan Tropika Welcome Centre, 41, Jalan Warisan Sentral 1, 43900 Sepang, Selangor Darul Ehsan, Malaysia T +603 8706 2552 F +603 8706 2255 E sales@setiawarisanthropika.com</p>
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<p><b>SETIA ALAMSARI</b> <b>SETIA ALAMSARI SDN BHD</b> 200901017492 (860589-P) <b>I&amp;P MENARA SDN BHD</b> 198301002001 (97237-W) Setia Alamsari Welcome Centre, 1, Persiaran Alam Sari 2, Alam Sari, 43000 Kajang, Selangor Darul Ehsan, Malaysia T +603 8736 2255 F +603 8741 2251 E setiaalamsari-sales@spsetia.com</p>
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<p><b>SETIA ECO GLADES</b> <b>SETIA ECO GLADES SDN BHD</b> 200701009474 (767476-H) <b>SETIA SAFIRO</b> <b>SETIA SAFIRO SDN BHD</b> 201801012245 (1274261-M) Setia Eco Glades Lifestyle Gallery, 1, Persiaran Setia Eco Glades, Setia Eco Glades, Cyber 1, 63000 Cyberjaya, Selangor Darul Ehsan, Malaysia T +603 8008 2228 E eco-glades@spsetia.com.my safiro-sales@spsetia.com</p>
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<p><b>SETIA ECOHILL</b> <b>SETIA ECOHILL SDN BHD</b> 201001019878 (903607-T) <b>SETIA ECOHILL 2</b> <b>SETIA ECOHILL 2 SDN BHD</b> 199801010090 (466218-P) Setia Ecohill Welcome Centre, Kelab 360, 1, Persiaran Ecohill Barat, Setia Ecohill, 43500 Semenyih, Selangor Darul Ehsan, Malaysia T +603 8724 2255 F +603 8724 2525 E ecohill@spsetia.com</p>
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<p><b>SETIA CITY CONVENTION CENTRE</b> <b>S P SETIA PROPERTY SERVICES SDN BHD</b> 201201023163 (1007655-H) 1 &amp; 3, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia T +603 3359 5252 E setiacitycc@spsetia.com</p>
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<p><b>SETIA ECOHILL RECREATION SDN BHD</b> 199901018024 (492924-W) Setia Ecohill Welcome Centre, Kelab 360, 1, Persiaran Ecohill Barat, Setia Ecohill, 43500 Semenyih, Selangor Darul Ehsan, Malaysia T +603 8723 5525 F +603 8724 5526 E setia360club@spsetia.com</p>
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<p><b>KL ECO CITY</b> <b>KL ECO CITY SDN BHD</b> 198901007838 (185140-X) Setia International Centre, Lot 215, Pantai Baru, Jalan Bangsar, 59200 Kuala Lumpur, Malaysia T +603 2287 5522 F +603 2287 5225 E klecocity@spsetia.com</p>
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<p><b>SETIA ECO PARK</b> <b>BANDAR ECO-SETIA SDN BHD</b> 200101030379 (566138-A) <b>S P SETIA ECO-PROJECTS MANAGEMENT SDN BHD</b> 199401003986 (289665-V) Setia Eco Park Sales Gallery, Setia Eco Park, Seksyen U13/17, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia T +603 3343 2228 F +603 3343 7228 E eco-sales@spsetia.com</p>
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<p><b>SETIA ECO TEMPLER</b> <b>SETIA ECO TEMPLER SDN BHD</b> 201201036071 (1020553-T) 1, Jalan Ipoh-Rawang, KM-20, Taman Rekreasi Templer, 48000 Rawang, Selangor Darul Ehsan, Malaysia T +603 6092 2288 F +603 6092 2289 E eco-templer@spsetia.com.my</p>
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<p><b>SETIA PUTRAJAYA</b> <b>SETIA PUTRAJAYA SDN BHD</b> 199601029380 (401732-X) Customer Relations Department, 5A, Jalan P15H, Presint 15, 62050 Putrajaya, Wilayah Persekutuan Putrajaya, Malaysia T +603 8893 0006/0008 F +603 8893 0301 E spj-ccd@spsetia.com</p>
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<p><b>SETIA SERAYA RESIDENCES</b> <b>SETIA PUTRAJAYA DEVELOPMENT SDN BHD</b> 199701009459 (424955-P) Setia Putrajaya Galleria, No.5, Jalan P15H, Presint 15, 62050 Putrajaya, Wilayah Persekutuan Putrajaya, Malaysia T +603 8861 6500 F +603 8861 7900 E spj-sales@spsetia.com</p>
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<p><b>SETIA SKY SEPUTEH</b> <b>GITA KASTURI SDN BHD</b> 201101025499 (953635-X) Setia Sky Seputeh Sales Galleria, No.1, Jalan Taman Seputeh Satu, Taman Seputeh, 58000 Kuala Lumpur T +603 2276 5252 F +603 2276 3232 E skyseputeh-sales@spsetia.com</p>
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<p><b>BAYU LAKEHOMES</b> <b>S P SETIA ECO-PROJECTS MANAGEMENT SDN BHD</b> 199401003986 (289665-V) Bayu Lakehomes Sales Gallery, PT21851, Persiaran Tasik Bayu 1, Bayu Lakehomes, 71700 Mantin, Negeri Sembilan, Malaysia T +6013-3251671 E sales@bayulakehomes.com</p>
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<p><b>TEMASYAGLENMARIE</b> <b>TEMASYA DEVELOPMENT CO. SDN BHD</b> 197401002695 (19753-K) Temasya Glenmarie Welcome Centre, 6 &amp; 8, Jalan Kurator U1/61, Temasya Glenmarie, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia T +603 5870 1300 E temasyaglenmarie@spsetia.com</p>
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<b>EASTERN REGION</b>
<p><b>AEROPOD BY SETIA</b> <b>AEROPOD SDN BHD</b> 200701009762 (767765-P) Setia Welcome Centre, I-1-1, Block I, Level 1, Aeropod Commercial Square, Jalan Aeropod, Off Jalan Kelayan, 88200 Kota Kinabalu, Sabah, Malaysia T +608 821 8255 F +608 821 9255 E aeropod-sales@spsetia.com</p>

<b>SOUTHERN REGION</b>
<p><b>BUKIT INDAH</b> <b>BUKIT INDAH (JOHOR) SDN BHD</b> 199401021581 (307260-V) Wisma S P Setia, S3-0111, Laman Indah 3, Jalan Indah 15, Taman Bukit Indah, 79100 Iskandar Puteri, Johor Darul Takzim, Malaysia T +607 241 2255 F +607 241 5955 E bij-sales@spsetia.com</p>

<p><b>SETIA ECO GARDENS</b> <b>SETIA BUSINESS PARK I</b> <b>KESAS KENANGAN SDN BHD</b> 200601026062 (745817-H) Pejabat Tapak, Lot 2110, KM 5.5, Jalan Gelang Patah-Ulu Choh, 81550 Johor Bahru, Johor Darul Takzim, Malaysia T +607 555 2525 F +607 555 2552 E seg-sales@spsetia.com setiabp-sales@spsetia.com</p>
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<p><b>SETIA BUSINESS PARK II</b> <b>SETIA INDAH SDN BHD</b> 198901008253 (185555-H) <b>TAMAN PELANGI INDAH</b> <b>YUKONG DEVELOPMENT (PTE) LIMITED</b> 195102000014 (991872-U) PLO 12062, Jalan Persiaran Pelangi Indah, Taman Pelangi Indah, 81800 Ulu Tiram, Johor Bahru, Johor Darul Takzim, Malaysia T +607 861 0555 E sbp2-sales@spsetia.com tpi-sales@spsetia.com</p>
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<p><b>SETIA SKY 88</b> <b>SETIA CITY DEVELOPMENT SDN BHD</b> 201101005745 (933887-K) <b>TAMAN PELANGI</b> <b>PELANGI SDN BHD</b> 197201001814 (13509-H) 03 &amp; 05, Jalan Sri Pelangi 3, Taman Pelangi, 80400 Johor Bahru, Johor Darul Takzim, Malaysia T +607 333 2255 F +607 333 2552 E sky88-sales@spsetia.com pelangi-sales@spsetia.com</p>
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<p><b>SETIA ECO CASCADIA</b> <b>SETIA INDAH SDN BHD</b> 198901008253 (185555-H) Wisma S P Setia, 1, Jalan Setia 3/6 , Taman Setia Indah, 81100 Johor Bahru, Johor Darul Takzim, Malaysia T +607 351 2255 F +607 357 9923 E sec-sales@spsetia.com</p>
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<p><b>SETIA TROPIKA</b> <b>SETIA INDAH SDN BHD</b> 198901008253 (185555-H) Tropika Welcome Centre, No.10, Jalan Setia Tropika 1/21, Taman Setia Tropika, 81200 Kempas, Johor Bahru, Johor Darul Takzim, Malaysia T +607 237 2255 F +607 237 2225 E st-sales@spsetia.com.my</p>
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<p><b>TAMAN RINTING</b> <b>TAMAN GUNONG HIJAU SDN BHD</b> 197301002956 (16420-U) PTD 46378, Jalan Balau, Taman Rinting, 81750 Masai, Johor Darul Takzim, Malaysia T +607 382 9188 F +607 386 1697 E tr-sales@spsetia.com</p>
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## Group Directory

### NORTHERN REGION

**SETIA FONTAINES**  
**SETIA FONTAINES SDN BHD**  
 200001002967 (505572-T)  
**SETIA SKY VISTA**  
**SETIA PEARL ISLAND**  
**SETIA PROMENADE SDN BHD**  
 199601016034 (388384-W)  
**SETIA V RESIDENCES**  
**SETIA SKY VILLE**  
**KAY PRIDE SDN BHD**  
 198901000466 (177772-V)  
**SETIA GREENS**  
**KEWIRA JAYA SDN BHD**  
 200001002246 (504851-V)  
 2296, Lingkaran Setia, Bandar Setia Fontaines  
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 E sf-sales@spsetia.com  
 spi-sales@spsetia.com  
 svr-sales@spsetia.com.my

**SETIA SPICE ARENA**  
**SETIA SPICE CONVENTION CENTRE**  
**ECO MERIDIAN SDN BHD**  
 201001025513 (909427-K)  
 SPICE, 108/108C, Jalan Tun Dr. Awang  
 11900 Bayan Lepas, Penang, Malaysia  
 T +604 643 2525  
 F +604 641 2250  
 E setiaspice@spsetia.com

**SETIA SPICE AQUATIC CENTRE**  
**SETIA SPICE CANOPY**  
**ECO MERIDIAN SDN BHD**  
 201001025513 (909427-K)  
 SPICE, 108A/108B, Jalan Tun Dr. Awang  
 11900 Bayan Lepas, Penang, Malaysia  
 T +604 637 4555  
 F +604 641 2250  
 E hello@spiceaquatic.com  
 spicecanopy@spsetia.com

### INTERNATIONAL

#### AUSTRALIA

**UNO MELBOURNE**  
**SETIA A'BECKETT (MELBOURNE) PTY LTD**  
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 119 A'Beckett Street, Melbourne,  
 Victoria 3000, Australia  
 T +613 9616 2525  
 F +613 9616 2552  
 E melbourne@spsetia.com

**SAPPHIRE BY THE GARDENS**  
**SETIA (MELBOURNE) DEVELOPMENT**  
**COMPANY PTY LTD**  
 ACN 143 464 804  
 63 La Trobe Street, Melbourne  
 Victoria 3000, Australia  
 T +613 9616 2525  
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 E melbourne@spsetia.com

#### UNITED KINGDOM

**BATTERSEA POWER STATION**  
**DEVELOPMENT COMPANY**  
 Marketing Suite  
 44 Electric Boulevard,  
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#### SINGAPORE

**S P SETIA INTERNATIONAL (S) PTE LTD**  
 200906303E  
 1, Harbourfront Place, #01-06 Harbourfront  
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 T +65 6271 2255  
 F +65 6271 3522  
 E sg-sales@spsetia.com

### VIETNAM

**ECOLAKES MY PHUOC**  
**SETIABECAMEX JOINT STOCK COMPANY**  
 SetiaBecamex JSC Sales Gallery  
 R11-1 Street, EcoLakes My Phuoc  
 Block 6, Thoi Hoa Ward, Ben Cat Town,  
 Binh Duong Province, Vietnam  
 T +84 274 3577 255  
 F +84 274 3577 225  
 E ecolakes-sales@setiabecamex.vn

**ECOXUAN, LAI THIEU**  
**SETIA LAI THIEU ONE MEMBER COMPANY**  
**LIMITED**  
 Sales Gallery  
 No. 1A, NB-N1 Street, EcoXuan Lai Thieu,  
 Lai Thieu Ward, Thuan An City,  
 Binh Duong Province, Vietnam  
 T +84 274 366 2255  
 F +84 274 377 2255  
 E ecouxuan@spsetia.com.vn

#### JAPAN

**SETIA IZUMISANO CITY CENTRE (SICC)**  
**SETIA OSAKA TOKUTEI MOKUTEKI KAISHA**  
 (0100-05-029392)  
 Setia Eco Tower  
 5A, Jalan Setia Nusantara U13/17  
 Setia Eco Park, Setia Alam  
 40170 Shah Alam  
 Selangor Darul Ehsan, Malaysia  
 T +603 3343 2228  
 F +603 3343 2555  
 E setiaosaka@spsetia.com

## GRI Content Index

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# Notice of Annual General Meeting

# Setia

S P SETIA BERHAD

(197401002663 (19698-X))

(Incorporated in Malaysia)

**NOTICE IS HEREBY GIVEN** that the Forty Ninth (49<sup>th</sup>) Annual General Meeting of the Company will be conducted entirely through live streaming from the broadcast venue at **Function Room 1, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan (“Broadcast Venue”) on Thursday, 25 April 2024 at 10.00 a.m.** for the following purposes:

## AGENDA

- |   |   |
|---|---|
| <p>1. To receive the audited financial statements of the Company for the financial year ended 31 December 2023 together with the reports of the Directors and auditors thereon.</p>   | <p><b>Please refer to Explanatory Note A</b></p>  |
| <p>2. To re-elect the following Directors who retire in accordance with Clause 102 of the Company’s Constitution and, being eligible, offer themselves for re-election:</p> <p>(1) Dato’ Azmi Bin Mohd Ali</p> <p>(2) Dato’ Merina Binti Abu Tahir</p>  | <p><b>Resolution 1</b></p> <p><b>Resolution 2</b></p> <p><i>[Explanatory Note 1]</i></p>                            |
| <p>3. To re-elect the following Directors who retire in accordance with Clause 107 of the Company’s Constitution and, being eligible, offer themselves for re-election:</p> <p>(1) Datuk Ir. Khairil Anwar Bin Ahmad</p> <p>(2) Datin Wan Daneena Liza Binti Wan Abdul Rahman</p> <p>(3) Lim Fu Yen</p> | <p><b>Resolution 3</b></p> <p><b>Resolution 4</b></p> <p><b>Resolution 5</b></p> <p><i>[Explanatory Note 1]</i></p> |
| <p>4. To approve the payment of Directors’ fees amounting to RM50,000 per month for the Non-Executive Chairman and RM12,000 per month for each of the Non-Executive Directors for the period from 26 April 2024 up to the date of the next Annual General Meeting.</p>                                  | <p><b>Resolution 6</b></p>  |
| <p>5. To approve the payment of Directors’ other remuneration and benefits to the Non-Executive Directors for the period from 26 April 2024 up to the date of the next Annual General Meeting amounting up to approximately RM2,400,000.</p>  | <p><b>Resolution 7</b></p> <p><i>[Explanatory Note 2]</i></p>   |
| <p>6. To re-appoint Messrs Ernst &amp; Young PLT, Chartered Accountants, the retiring auditors, as the auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.</p>   | <p><b>Resolution 8</b></p> <p><i>[Explanatory Note 3]</i></p>   |

## AS SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions:

### 7. ORDINARY RESOLUTION

**PROPOSED SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AS SPECIFIED IN SECTION 2.3.1 OF THE CIRCULAR TO SHAREHOLDERS DATED 27 MARCH 2024** **Resolution 9**  
*[Explanatory Note 4]*

“**THAT**, subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries (“S P Setia Group”) to enter into and give effect to specified recurrent related party transactions of a revenue or trading nature of the S P Setia Group with specified classes of Related Parties (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and as specified in Section 2.3.1 of the Circular to Shareholders dated 27 March 2024) which are necessary for the day to day operations in the ordinary course of business and are carried out at arm’s length basis on normal commercial terms of the S P Setia Group and on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to minority shareholders of the Company and such approval shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (“Act”) (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

**AND THAT** authority be and is hereby given to the Directors of the Company to complete and do all such acts and things as they may consider necessary or expedient in the best interest of the Company (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

### 8. ORDINARY RESOLUTION

**PROPOSED RENEWAL OF THE AUTHORITY TO ALLOT AND ISSUE NEW ORDINARY SHARES IN THE COMPANY (“S P SETIA SHARES”), FOR THE PURPOSE OF THE COMPANY’S DIVIDEND REINVESTMENT PLAN (“DRP”) THAT PROVIDES THE SHAREHOLDERS OF THE COMPANY (“SHAREHOLDERS”) THE OPTION TO ELECT TO REINVEST THEIR CASH DIVIDEND IN NEW S P SETIA SHARES** **Resolution 10**  
*[Explanatory Note 5]*

“**THAT** pursuant to the DRP as approved by the Shareholders at the Extraordinary General Meeting held on 20 March 2014 and subject to the approval of the relevant regulatory authority (if any), approval be and is hereby given to the Company to allot and issue such number of new S P Setia Shares from time to time as may be required to be allotted and issued pursuant to the DRP upon such terms and conditions and to such persons as the Directors of the Company at their sole and absolute discretion, deem fit and in the interest of the Company PROVIDED THAT the issue price of the said new S P Setia Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted five (5) market days volume weighted average market price (“VWAP”) of S P Setia Shares immediately prior to the price-fixing date, of which VWAP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price of S P Setia Shares;

## Notice of Annual General Meeting

**AND THAT** the Directors and the Secretary of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements, deeds, undertakings and documents as may be necessary or expedient in order to give full effect to the DRP with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed or agreed to by any relevant authorities (if any) or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, by the Directors as they, in their absolute discretion, deem fit and in the best interest of the Company."

9. To transact any other business of which due notice shall have been given.

By Order of the Board

### LEE WAI KIM

SSM PC No. 202008001422

MAICSA 7036446

Company Secretary

27 March 2024

Selangor Darul Ehsan

### NOTES:

1. A member of the Company shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of members of the Company, subject to the Constitution of the Company. The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 60 of the Company's Constitution** which require the Chairman of the meeting to be present at the main venue of the meeting. Shareholders/proxies/corporate representatives **WILL NOT BE ALLOWED** to attend the 49<sup>th</sup> AGM of the Company in person at the Broadcast Venue on the day of the meeting.
2. Shareholders are to attend, speak (including posing questions to the Board of Directors of the Company via real time submission of typed texts) and vote (collectively, "participate") remotely at the 49<sup>th</sup> AGM of the Company via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at <https://tiih.online>.
3. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with shares of the Company standing to the credit of the securities account.
6. The Form of Proxy, in the case of an individual, shall be signed by the appointor or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.
7. The Form of Proxy duly completed and signed must be deposited at the Company's share registrar, Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Counter at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof. You may also submit the Form of Proxy electronically via **TIIH Online** at <https://tiih.online> not less than 48 hours before the time for holding the meeting or any adjournment thereof. Kindly refer to the Administrative Guide for the 49<sup>th</sup> AGM on the procedures for electronic submission of proxy form via **TIIH Online**.
8. Only members whose names appear in the Record of Depositors on 18 April 2024 shall be entitled to participate in the 49<sup>th</sup> AGM of the Company via RPV or appoint proxy/proxies to attend and/or vote on his/her behalf.
9. To participate in the 49<sup>th</sup> AGM of the Company via RPV and appoint proxy/authorised representative, please follow the Procedures for RPV in the Administrative Guide.

### EXPLANATORY NOTE A

This Agenda item is meant for discussion only as under the provisions of Sections 248(2) and 340(1)(a) of the Act and the Company's Constitution, the audited accounts do not require the formal approval of shareholders. As such, this item is not put forward for voting.

### OTHER EXPLANATORY NOTES

#### 1. Resolutions 1, 2, 3, 4 and 5 – Re-election of Directors

The Board is satisfied that in consideration of the wealth of expertise and experience of the following Directors of the Company, they will continue to bring sound judgment and valuable contribution to board deliberations through active participation in discussions and decision making by the Board:

- (1) Dato' Azmi Bin Mohd Ali;
- (2) Dato' Merina Binti Abu Tahir;
- (3) Datuk Ir. Khairil Anwar Bin Ahmad;
- (4) Datin Wan Daneena Liza Binti Wan Abdul Rahman; and
- (5) Lim Fu Yen.

The aforesaid Directors have also confirmed that they satisfy all the requirements as set out in the Fit and Proper Policy for Directors of the Company. Their profiles are set out on pages 195, 196, 199, 200 and 201 of the Integrated Report 2023. The skillsets of the aforesaid Directors have also been mapped against the Board Succession Plan and Diversity Policy. In view thereof, the Board supports their re-election at the 49<sup>th</sup> AGM.

#### 2. Resolution 7 – Payment of Other Remuneration and Benefits to Non-Executive Directors of the Company

Based on the Non-Executive Directors' Remuneration Framework, the Non-Executive Directors' remuneration (other than fee) comprised of the following:

#### Description of Remuneration/Benefits

Monthly Fixed Allowance	Chairman of Audit Committee – RM5,000 Chairman of other Board Committee – RM3,000 Member of Board Committee – RM2,000
Meeting Allowance	Chairman and Board Member – RM2,000 per meeting Board Committee Chairman and Member – RM2,000 per meeting
Allowance for membership on the board of directors of significant project/investment as appointed by the Board of the Company	RM5,000 per month
Other Benefits	Car, petrol and driver for Chairman, security services, Directors and Officers Liability Insurance, medical, hospitalisation and travel insurance and other claimable benefits

The estimated amount of up to approximately RM2,400,000 is calculated based on the expected number of meetings and other monthly allowances and benefits for the period from 26 April 2024 up to the date of the next AGM of the Company.

## Notice of Annual General Meeting

### 3. Resolution 8 – Re-appointment of Messrs Ernst & Young PLT (“EY”)

The Audit Committee (“AC”) has in February 2024, undertaken an External Auditors Evaluation to assess the performance of EY for the financial year ended 31 December 2023. This assessment was undertaken when deciding on the re-appointment of external auditors and took into account the following criteria:

- (1) Quality of Services Provided;
- (2) Sufficiency of Audit Firm Resources;
- (3) Communication and Interaction; and
- (4) Independence, Objectivity and Professional Skepticism.

The feedback from the Finance Department of all the Business Units in the Group was taken into consideration in the AC’s assessment.

The AC and the Board were satisfied with the performance of EY based on the criteria of assessment and the requirements as prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. In this regard, the Board recommends the re-appointment of EY as external auditors of the Company for the financial year ending 31 December 2024.

### 4. Resolution 9 – Proposed Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Resolution 9, if approved, will allow the S P Setia Group to enter into recurrent related party transactions of a revenue and trading nature relating to sale of properties by the S P Setia Group to related parties. The details of the proposal are set out in the Circular to Shareholders dated 27 March 2024 which is published together with the Notice of 49<sup>th</sup> AGM.

### 5. Resolution 10 – Proposed Renewal of the Authority to Allot and Issue New S P Setia Shares for the purpose of the Company’s DRP that provides the Shareholders the Option to Elect to Reinvest their Cash Dividend in New S P Setia Shares

The proposed Resolution 10, if approved, will re-new the authority given to the Directors to allot and issue new S P Setia Shares pursuant to the DRP under the resolution passed at the 48<sup>th</sup> AGM held on 27 April 2023, the authority of which will lapse at the conclusion of the 49<sup>th</sup> AGM of the Company.

## Form of Proxy

S P SETIA BERHAD (197401002663 (19698-X))

For appointment of two (2) proxies, percentage of shareholdings to be represented by each proxy must be indicated below:

No. of Ordinary Shares held		First proxy:
		Second proxy:
No. of Islamic Redeemable Convertible Preference Shares held		First proxy:
		Second proxy:
No. of Class C Islamic Redeemable Convertible Preference Shares held		First proxy:
		Second proxy:
CDS Account Number		

I/We \_\_\_\_\_ NRIC No./Company No. \_\_\_\_\_  
(full name in block letters)

of \_\_\_\_\_  
(full address)

being a member/members of S P SETIA BERHAD, hereby appoint \_\_\_\_\_  
(full name in block letters)

NRIC No. \_\_\_\_\_ of \_\_\_\_\_  
(full address)

and/or failing him/her, \_\_\_\_\_  
(full name in block letters)

NRIC No. \_\_\_\_\_ of \_\_\_\_\_  
(full address)

or failing him/her, the Chairman of the Meeting as \* my/our proxy to attend and vote for \* me/us and on \* my/our behalf at the Forty Ninth (“49<sup>th</sup>”) Annual General Meeting (“AGM”) of the Company to be conducted entirely through live streaming from the broadcast venue at **Function Room 1, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan (“Broadcast Venue”) on Thursday, 25 April 2024 at 10.00 a.m.** and at any adjournment thereof in the manner as indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	Re-election of Dato’ Azmi Bin Mohd Ali.		
2.	Re-election of Dato’ Merina Binti Abu Tahir.		
3.	Re-election of Datuk Ir. Khairil Anwar Bin Ahmad.		
4.	Re-election of Datin Wan Daneena Liza Binti Wan Abdul Rahman.		
5.	Re-election of Lim Fu Yen.		
6.	Approval for the Directors’ Fees for the period from 26 April 2024 up to the date of the next Annual General Meeting.		
7.	Approval for the Payment of other Remuneration and Provision of Benefits to Directors of the Company for the period from 26 April 2024 up to the date of the next Annual General Meeting.		
8.	Re-appointment of Messrs Ernst & Young PLT as the Auditors of the Company and to authorise the Directors to fix their remuneration.		
9.	Approval for the Proposed Shareholders’ Mandate as specified in Section 2.3.1 of the Circular to Shareholders dated 27 March 2024.		
10.	Approval for the Proposed Authority to Allot and Issue New Ordinary Shares under the Company’s Dividend Reinvestment Plan.		

\* Strike out whichever is not applicable

(Please indicate with an “X” in the spaces above how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion).

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2024.

\_\_\_\_\_  
Signature of Member(s) or Common Seal

**NOTES:**

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4. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with shares of the Company standing to the credit of the securities account.
6. The Form of Proxy, in the case of an individual, shall be signed by the appointor or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.
7. The Form of Proxy duly completed and signed must be deposited at the Company's share registrar, Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Counter at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof. You may also submit the Form of Proxy electronically via **TIIH Online** at <https://tiih.online> not less than 48 hours before the time for holding the meeting or any adjournment thereof. Kindly refer to the Administrative Guide for the 49<sup>th</sup> AGM on the procedures for electronic submission of proxy form via **TIIH Online**.
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9. To participate in the 49<sup>th</sup> AGM of the Company via RPV and appoint proxy/authorised representative, please follow the Procedures for RPV in the Administrative Guide.

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Here

**The Company Secretary**  
**S P Setia Berhad**  
c/o Tricor Investor & Issuing House Services Sdn Bhd,  
Unit 32-01, Level 32, Tower A, Vertical Business Suite,  
Avenue 3, Bangsar South, No. 8 Jalan Kerinchi,  
59200 Kuala Lumpur

Fold here

**S P Setia Bhd Corporate HQ,**

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Setia Alam, Seksyen U13, 40170 Shah Alam,  
Selangor Darul Ehsan, Malaysia.

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[www.spsetia.com](http://www.spsetia.com)

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