

MANAGEMENT DISCUSSION AND ANALYSIS

Building Construction



Sunway Belfield, Kuala Lumpur

BUILDING CONSTRUCTION SERVICES

3 projects completed in 2023
Total Contract Value:

▲ RM1.06 billion

COST COMPONENTS



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

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

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

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

The division was also successfully awarded a second data centre project in Sedenak, Johor,

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

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comprising of 2 packages for a total of RM291 million during the reporting year. The fast-track project is to be completed in 9 months and will be constructed using a containerised modular building approach.

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

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

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

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

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

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

WORKFORCE

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

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

OUTLOOK AND PROSPECTS

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

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

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

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

REVENUE MIX

