PESONA METRO

PESONA METRO HOLDINGS BERHAD

(Registration No. 201101029741) (957876-T)

ANNUAL REPORT 2021

OUR VISION

To be the preferred construction company in Malaysia as well as a trusted and passionate partner that delivers sustainable value and builds enduring relationships with all stakeholders.

OUR MISSION

To achieve excellence in all that we undertake by leveraging on exceptional performance, superior teamwork, strong value creation, good ethical conduct and unwavering customer satisfaction.

OUR CORE VALUE

- **Superior Teamwork**
- **Exceptional Performance**
- **Unwavering Customer Satisfaction**
- **Good Ethical Conduct**
- **Strong Value Creation**

11th ANNUAL GENERAL MEETING

BROADCAST VENUE
TRICOR BUSINESS CENTRE, GEMILANG ROOM, UNIT 29-02, LEVEL 29, TOWER A, VERTICAL BUSINESS SUITE, AVENUE 3, BANGSAR SOUTH, NO. 8, JALAN KERINCHI, 59200 KUALA LUMPUR, MALAYSIA

TIME
10.30 a.m.

DATE
WEDNESDAY, 29 JUNE 2022

INSIDE THIS REPORT

NOTICE OF 11TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 11th Annual General Meeting of the Company will be conducted virtually from the broadcast venue at **TRICOR BUSINESS CENTRE, GEMILANG ROOM, UNIT 29-02, LEVEL 29, TOWER A, VERTICAL BUSINESS SUITE, AVENUE 3, BANGSAR SOUTH, NO. 8, JALAN KERINCHI, 59200 KUALA LUMPUR, MALAYSIA** ("Broadcast Venue") **ON WEDNESDAY, 29 JUNE 2022 AT 10.30 A.M.** for the following purposes:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. ***(Please refer to the Explanatory Notes to the Agenda)***

2. To approve the payment of Directors' fees of up to RM384,000.00 for the financial year ending 31 December 2022 to be paid quarterly in arrears. ***(Ordinary Resolution 1)***

3. To approve the payment of Directors' benefits up to an aggregate amount of RM35,000.00 from the date of the forthcoming Annual General Meeting until the next Annual General Meeting of the Company. ***(Ordinary Resolution 2)***

4. To re-elect Mr Loh Kong Fatt who is retiring in accordance with Clause 76(3) of the Constitution of the Company. ***(Ordinary Resolution 3)***

5. To re-appoint UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. ***(Ordinary Resolution 4)***

AS SPECIAL BUSINESS:
To consider and, if thought fit, to pass the following resolutions, with or without modifications:-

6. **Authority to Issue and Allot Shares of the Company pursuant to Sections 75 and 76 of the Companies Act 2016** ***(Ordinary Resolution 5)***

   "**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental/ regulatory authorities (if any), the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time until the conclusion of the next Annual General Meeting, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit PROVIDED THAT the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 20% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 20% General Mandate").

   THAT such approval on the Proposed 20% General Mandate shall continue to be in force until 31 December 2022.

   THAT with effect from 1 January 2023, the general mandate shall be reinstated from a 20% limit to a 10% limit pursuant to Paragraph 6.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer by the Company from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 10% General Mandate").

NOTICE OF 11TH ANNUAL GENERAL MEETING (CONT'D)

THAT such approval on the Proposed 10% General Mandate shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting of the Company held after the approval was given;

(b) the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or

(c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

(The Proposed 20% General Mandate and Proposed 10% General Mandate shall hereinafter referred to as "Proposed General Mandate".)

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for such New Shares on the Main Market of Bursa Malaysia Securities Berhad.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate."

7. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of Shareholders' Mandate for RRPTs")** ***(Ordinary Resolution 6)***

"**THAT** subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiaries ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.4 of Part A of the Circular to Shareholders dated 29 April 2022 ("the Related Parties") provided that such transactions are:-

(a) necessary for the Group's day-to-day operations;

(b) undertaken in the ordinary course of business at arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and

(c) not detrimental to the interest of the minority shareholders of the Company.

THAT the authority conferred shall continue to be in force until:-

(i) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by a resolution passed at such Annual General Meeting whereby the authority is renewed; or

(ii) the expiration of the period within which the next Annual General Meeting of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

NOTICE OF 11TH ANNUAL GENERAL MEETING (CONT'D)

(iii) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed Renewal of Shareholders' Mandate for RRPTs."

8. **Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares ("Proposed Renewal of Share Buy-Back Authority")** ***(Ordinary Resolution 7)***

"**THAT** subject always to the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and all other applicable laws, guidelines, rules and regulations, approval be and is hereby given for the Company to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company provided that:-

(a) the aggregate number of ordinary shares in the Company purchased and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time;

(b) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase; and

(c) the Directors of the Company may decide either to retain the shares so purchased as treasury shares or cancel the shares so purchased or retain part of the shares so purchased and cancel the remainder or resell the treasury shares on Bursa Malaysia Securities Berhad or distribute the treasury shares as dividends or transfer the treasury shares under an employees' share scheme or as purchase consideration or otherwise use the treasury shares for such other purpose in the manner as prescribed by the applicable laws, guidelines, rules and regulations.

THAT the authority conferred by this resolution will be effective upon the passing of this resolution and will continue to be in force until:

(a) the conclusion of the next Annual General Meeting of the Company, at which time it shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next Annual General Meeting of the Company after that date is required by law to be held; or

(c) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own shares before the aforesaid expiry date and, in any event, in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

NOTICE OF 11TH ANNUAL GENERAL MEETING (CONT'D)

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back Authority with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as the Directors deem fit and expedient at their discretion in the best interest of the Company.

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

By Order of the Board

LIM HOOI MOOI (MAICSA 0799764) (SSM PC NO. 201908000134)
TE HOCK WEE (MAICSA 7054787) (SSM PC NO. 202008002124)
WONG WAI FOONG (MAICSA 7001358) (SSM PC NO. 202008001472)
Company Secretaries
Kuala Lumpur

29 April 2022

NOTES:

1. *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting.*

   Shareholders will not be allowed to attend the 11th Annual General Meeting in person at the Broadcast Venue on the day of the meeting.

   Shareholders are to attend, speak (including posing question to the Board via real time submission of typed texts) and vote remotely at the 11th Annual General Meeting via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at https://tiih.online.

   For further information, kindly refer to the Administrative Guide for the 11th Annual General Meeting.

2. *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 21 June 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, participate, speak and vote on his/her/its behalf.*

3. *A member who is entitled to attend and vote at a general meeting may appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.*

4. *A member who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the general meeting.*

5. *Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*

6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*

NOTICE OF 11TH ANNUAL GENERAL MEETING (CONT'D)

7. *Where a member, an authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the proportions of his shareholdings to be represented by each proxy.*

8. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 11th Annual General Meeting or adjourned general meeting at which the person named in the appointment proposes to vote:*

   (i) *In hard copy form*
   Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

   (ii) *By electronic means via Tricor TIIH Online website at https://tiih.online*
   Please follow the procedure as set out in the Administrative Guide of the 11th Annual General Meeting for further information on electronic submission of proxy form via TIIH Online.

9. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the general meeting or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*

10. *Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.*

11. *Last date and time for lodging the proxy form is* ***Monday, 27 June 2022 at 10.30 a.m.***

12. *For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please deposit the* ***ORIGINAL*** *certificate of appointment executed in the manner as stated in the proxy form with the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia if this has not been lodged at the Company's Share Registrar's office earlier.*

13. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 11th Annual General Meeting will be put to vote by way of poll.*

EXPLANATORY NOTES TO THE AGENDA

(i) *Item 1 of the Agenda*
Audited Financial Statements for the financial year ended 31 December 2021

This item is meant for discussion only. The provision of Section 248(2) and Section 340(1)(a) of the Companies Act 2016 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such, this Agenda item is not a business which requires a motion to be put forward to vote by shareholders.

(ii) *Ordinary Resolution 1*
Directors' fees for the financial year ending 31 December 2022

The proposed Ordinary Resolution 1, if passed, will facilitate the payment of Directors' fees for the financial year ending 31 December 2022. The amount of Directors' fees payable includes fees payable to Non-Executive Directors as members of the Board and Board Committees and assuming that all Non-Executive Directors will hold office until the next Annual General Meeting. In the event the Company appoints additional Non-Executive Directors, approval will be sought at the next Annual General Meeting.

NOTICE OF 11TH ANNUAL GENERAL MEETING (CONT'D)

(iii) Ordinary Resolution 2
Directors' benefits from the date of the forthcoming Annual General Meeting until the next Annual General Meeting

Directors' benefits consist of meeting allowances payable to Non-Executive Directors and in determining the estimated amount, the Board of Directors ("Board") has considered various factors including the current board size and number of scheduled meetings for the Board and Board Committees for the period from the date of the forthcoming Annual General Meeting until the next Annual General Meeting as well as the number of Non-Executive Directors involved in the meeting. In the event the proposed amount is insufficient (due to more meetings/enlarged board size), approval will be sought at the next Annual General Meeting for the shortfall.

(iv) Ordinary Resolution 3
Re-election of Director

Mr Loh Kong Fatt is standing for re-election as Director of the Company and being eligible, has offered himself for re-election at the 11th Annual General Meeting.

Datuk Hj Subhi Bin Dziyauddin has expressed his intention not to seek for re-election as Director of the Company at the forthcoming 11th Annual General Meeting. Hence, he will retain office until the conclusion of the 11th Annual General Meeting.

The profile of Mr Loh Kong Fatt who is standing for re-election is as follows:-

Ordinary Resolution 3 – Loh Kong Fatt (Senior Independent Non-Executive Director)	
Nationality/ Age/ Gender *Malaysian/ 68/ Male* ***Present Directorship(s)*** - ***Family relationship with any Director and/or major shareholder of the Company*** *He does not have any family relationship with other Directors and/or major shareholders of the Company*	***Working experience*** *He was principally involved in the formulation of new strategies, business plans and directions of UMBC Finance Bhd in his secondment from the parent UMBC Bank Bhd in 1987. He was nominated by the UMBC Finance's Board and approved by Bank Negara Malaysia to assume the Chief Executive Officer's position for then troubled financial institution, Kuala Lumpur Finance Bhd in 1989. He subsequently successfully paved the merger of the two financial institutions and became the Head for Credit and Marketing of the enlarged portfolio thereafter.* *In 1993, he returned to UMBC Bank to assume the post of General Manager, Corporate and Commercial Banking. He was also with Alliance Bank Bhd ("ABB") as the Senior General Manager for Corporate Banking. He was the Acting CEO of ABB for a short duration and left the position in 2005 when the new CEO came onboard.*

Saved as disclosed in the 2021 Annual Report, the retiring Director has no conflict of interest with the Company.

The Board had, through the Nomination Committee, carried out the necessary assessment on the aforesaid Director and concluded that he met the criteria as prescribed under Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time commitment to effectively discharge his role as Director. The aforesaid Director has devoted sufficient time to carry out his responsibilities throughout his tenure. He also possesses relevant qualification, knowledge and experience which complement the Board's competencies. The aforesaid Director has exercised due care and carried out his professional duties proficiently during his tenure as Independent Non-Executive Director of the Company. He remains objective and independent in expressing his view and participating in Board's deliberation and decision-making process.

Based on the above, the Board is supportive of the re-election of the aforesaid retiring Director.

(v) Ordinary Resolution 4
Re-appointment of Auditors

The Board had, through the Audit Committee, considered the re-appointment of UHY as Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table their re-appointment at the 11th Annual General Meeting are disclosed in the Audit Committee Report of the 2021 Annual Report.

NOTICE OF 11TH ANNUAL GENERAL MEETING (CONT'D)

(vi) Ordinary Resolution 5
Authority to Issue and Allot Shares of the Company pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 5, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate") up to 31 December 2022. With effect from 1 January 2023, the Proposed 20% General Mandate will be reinstated to a 10% limit ("Proposed 10% General Mandate") according to Paragraph 6.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The authority for the Proposed 10% General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

This proposed Resolution is a renewal of the previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time.

The Board of Directors of the Company is of the view that the Proposed 20% General Mandate is in the best interest of the Company and its shareholders as it would allow the Company to raise funds quickly and efficiently during this challenging time.

The purpose of this general mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this notice, the Company did not implement its proposal for new allotment of shares under the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by the shareholders at the 10th Annual General Meeting held on 28 June 2021 and will lapse at the conclusion of the 11th Annual General Meeting to be held on 29 June 2022. As at the date of this notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

(vii) Ordinary Resolution 6
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 6, if passed, will allow the Group to enter into recurrent related party transactions of a revenue or trading nature with its related parties as identified in Section 2.4 of Part A of the Circular to Shareholders dated 29 April 2022 in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad without the necessity to convene separate general meetings to seek shareholders' approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company and is subject to renewal on an annual basis. Further details relating to this proposed resolution are set out in Part A of the Circular to Shareholders dated 29 April 2022, which is available at the Company's website at www.pesona.com.my.

(viii) Ordinary Resolution 7
Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 7, if passed, will empower the Company to purchase its own shares up to ten per centum (10%) of the total number of issued shares of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

Further information relating to this proposed resolution is set out in Part B of the Statement to Shareholders dated 29 April 2022, which is available at the Company's website at www.pesona.com.my.

CORPORATE MILESTONES

1996

ESTABLISHED

Pesona Metro Sdn Bhd ("PMSB") was established and commenced business as sub-contractor.

2002

FIRST "DESIGN & BUILD"

PMSB won its first "Design and Build" project as the main contractor. This "Rehabilitation and Beautification of Melaka River Project" Phase 1, 2 and 3 ("Sg. Melaka Project") came with a contract value exceeding RM234 million.

2005

PMSB won its first "Design and Build" highway project at Jalan Pantai Luluan T1/T3, from Merang to Kuala Besut, Terengganu.

2006

FIRST HIGH-RISE

PMSB secured its first high-rise residential project, Zehn Bukit Pantai, Kuala Lumpur comprising two blocks of 25-storey luxury condominium.

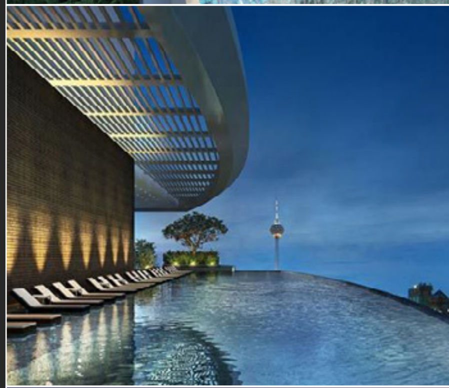
2008

Secured "Design and Build" project for the upgrading of Timah Tasoh Dam, Perlis.

2009

CERTIFICATION OF QUALITY MANAGEMENT SYSTEMS

- PMSB was certified as having complied with ISO 9001:2008, the international standard for quality management systems.
- The Sg. Melaka project was named the Winner for Category 8 (Special Category) for PAM 2009 Awards.
- PMSB received a Letter of Appreciation from JKR Terengganu for the Jalan Pantai Laluan T1/T3 dari Merang to Kuala Besut, Terengganu project.
- PMSB received the 2009 Malaysia Independence Award under the Malaysia's Prominent Property Construction Company category.



CORPORATE MILESTONES (CONT'D)

2010

- PMSB received a Letter of Appreciation from Melaka State Government for the Sg. Melaka project.
- PMSB received a Letter of Appreciation from Juta Asia Properties and CapitaLand (Singapore) for the Zehn Bukit Pantai Project.
- PMSB won the Best Brand in Engineering and Construction in the BrandLaureate SME Chapter Award.
- PMSB emerged as the 2nd Runner Up for the Golden Bull Award 2010.
- PMSB again was awarded with the Malaysia Independence Award under the Malaysia's Prominent Property Construction Company category.

2011

- PMSB received a Letter of Appreciation (Grade A Status) from JKR (HQ) in relation to the construction of a government building project in Johor.
- The Sg. Melaka Project received the FIABCI Award under the Special Category Award for National Contribution.

2012

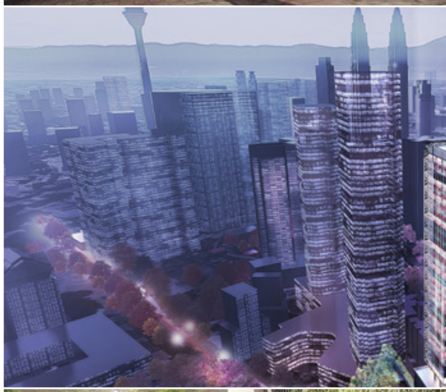
LISTED ON THE MAIN MARKET OF BURSA SECURITIES

- Pesona Metro Holdings Berhad ("PMHB") was listed on the Main Market of Bursa Malaysia Securities Berhad under the Construction Sector.
- The CIQ Melaka Project was named the Overall Champion or Best Project Management in the Design and Build Category from the Ministry of Work.
- Sastra U-Thant project was certified as the First Condominium Construction Project to receive the 5-S certification in Malaysia.

2013

CERTIFICATION FOR ENVIRONMENTAL MANAGEMENT SYSTEMS

- PMSB was certified as having complied with ISO14001:2004, the international standard for environmental management systems.
- The Sg. Melaka project received the Silver Award of Merit for Category 1-Infrastructure from ACEM.
- The CIQ project championed the Contractor Excellence Award for the Large Infrastructure Project Exceeding RM50 million category from JKR.
- PMHB acquired the entire issued and paid-up capital of Pesona M2 Sdn Bhd ("PM2") making it a wholly-owned subsidiary of the Company. PM2 subsequently changed its name to PM2 Building System Sdn Bhd ("PM2") on 15 January 2014.








CORPORATE MILESTONES (CONT'D)

2014

COMPLETION OF ITS FIRST GREEN BUILDING

- PMSB completed the construction of its first green building, Menara Technip at Kuala Lumpur, which carries a Gold GBI certification. This building achieved a score of 73% in QLASSIC by CIDB. PMSB was certified as having complied with OHSAS 18001:2007, the international standard for occupational health and safety management systems.
- Pesona Saferay Sdn Bhd ("PSSB") received the Malaysia Good Design Mark 2013 from Majlis Rekabentuk Malaysia for the Architecture and Environment category.
- PM2 obtained the IBS status as a manufacturer for EPS panels, a certified IBS component by CIDB.
- PSSB won the Silver Award for MIIP Interior Industry 2014 Award under the Interior Products for Furniture, Furnishing and Fittings category for Bibik Heritage project at KLIA 2, Sepang.

2015

OBTAINED 3 GREEN 5S CERTIFICATIONS OF RECOGNITION FROM SIRIM

- The Menara SPR project received the Highest Merit Points 2014 for the Health, Safety and Environment category for high-rise buildings. Subsequently, the same building achieved a score of 81% in QLASSIC by CIDB and 77.3% in CONQUAS by Building & Construction Authority Singapore. Both the scores are among the highest scores achieved by premium contractors in Malaysia.
- The Central Spine Road Pakej 3: Gua Musang, Kelantan ke Kg. Relong, Pahang Seksyen 3F1: Kg. Kubang Rusa ke Kg. Sg. Yu project won the First Runner Up for the Innovative Project Management 2014 Award by the Ministry of Works Malaysia.
- PM2 panel had been certified by Green Pages Malaysia as a sustainable building material which passed the application Green Building Index credits for (1) Energy Efficiency (EE); (2) Indoor Environment Quality (EQ); (3) Sustainable Site Planning and management (SM); and (4) Material and Resource (MR).
- PMSB obtained 3 Green 5S certifications of recognition from SIRIM Berhad for the implementation of Green 5S Program according to SIRIM's Green 5S Criteria at The Mews, Third Avenue and UNIMAP project sites respectively.

CORPORATE MILESTONES (CONT'D)

2016

- PMSB won the QLASSIC Excellence Awards 2016 in Category C for achieving 81% in QLASSIC for the Menara SPR project.
- Menara Technip attained the Gold Rating under Malaysia's Green Building Index.

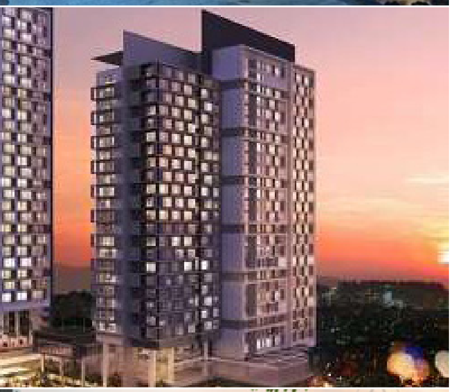
2017

- PMSB bagged 2 awards from the prestigious Sin Chew Business Excellence Award 2017, namely the Business Service Excellence Award and Property Excellence Award.
- PMSB walked away with the Super Golden Bull Award 2017 at the 11th Malaysia Outstanding SMEs Award organised by Business Media International for achieving an annual sales turnover of RM100 million and above in the last three financial years.
- The Central Spine Road Package 3 project won the Mino Best Project Award (Category 1 – High Volume road) by the Road Engineering Association of Asia and Australasia ("REAAA") at its 15th REAAA Conference in Bali, Indonesia.
- PMSB won the silver award for the PAM Awards 2017 for category 4 (Public & Institutional) for the Menara SPR project.

2018

- The KPJ Bandar Dato' Onn Specialist Hospital project achieved a score of 79% in the QLASSIC Assessment from CIDB.
- The Gua Musang Seksyen 3E2 Central Spine Road project was awarded with unprecedented outstanding performance certifications by Jabatan Kerja Raya Malaysia for completing the project ahead of time and within budget with zero accident.
- PMSB bagged the GOLD CLASS 2 for the 2017 OSH Performance Award by Malaysian Society for Occupational Safety and Health for its Residensi Gen project. This project also scored 93% in SHASSIC by CIDB in December 2018.
- The Central Plaza i-City Mall project achieved a score of 92% in the SHASSIC Assessment from CIDB.
- PMSB emerged as the Top Winner for the Eminent Eagles category of the Golden Eagle Award 2018 organised by Nanyang Siang Pau.







CORPORATE MILESTONES (CONT'D)

2019

- PMSB was awarded with the Gold Award at the 15th MOSHPA OSH Excellent National Award 2019 ceremony by the Malaysian Occupational Safety & Health Practitioner's Association for its excellent OSH practices at the TRIA Seputeh project.
- PMSB bagged the Gold Class 2 award for the 2018 OSH Performance Award by the Malaysian Society for Occupational Safety and Health for its Lot 15 SJCC project.
- The Central Spine Road Package 3E2 project emerged as the Champion for EXCELLENT CONTRACTOR Award (Category: Infrastructure) by Jabatan Kerja Raya Malaysia.

2020

- PMSB received the SHASSIC Achiever recognition from CIDB for achieving a score of 95% (5 star rating) in SHASSIC Assessment for its Lot 15 SJCC project.

2021

- The Eaton Residences project achieved a score of 80% in the QLASSIC Assessment from CIDB and a score of 81% in the BuildQAS Assessment from BuildQAS Consulting Singapore.
- The Conlay 301 project achieved a score of 83% in the BuildQAS Assessment from BuildQAS Consulting Singapore.

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' SRI LEE TUCK FOOK
Chairman
(Independent Non-Executive Director)

DATUK HJ SUBHI BIN DZIYAUDDIN
Deputy Chairman
(Non-Independent Non-Executive Director)

WIE HOCK BENG
Managing Director
(Non-Independent Executive Director)

WIE HOCK KIONG
(Non-Independent Non-Executive Director)

LOH KONG FATT
(Senior Independent Non-Executive Director)

SALWA BINTI SHAMSHUDDIN
(Independent Non-Executive Director)

COMPANY SECRETARIES

Lim Hooi Mooi
(MAICSA 0799764)
(SSM PC NO. 201908000134)
Te Hock Wee
(MAICSA 7054787)
(SSM PC NO. 202008002124)
Wong Wai Foong
(MAICSA 7001358)
(SSM PC NO. 202008001472)

HEAD OFFICE/ REGISTERED OFFICE

39, Jalan SB Indah 1/19
Taman Sungai Besi Indah
43300 Seri Kembangan
Selangor Darul Ehsan
Malaysia
Tel : +60 3 8941 0818
Fax : +60 3 8941 0817
Website : www.pesona.com.my

AUDIT COMMITTEE

Loh Kong Fatt (Chairman)
Dato' Sri Lee Tuck Fook
Wie Hock Kiong
Salwa Binti Shamshuddin

REMUNERATION COMMITTEE

Loh Kong Fatt (Chairman)
Dato' Sri Lee Tuck Fook
Wie Hock Kiong

NOMINATION COMMITTEE

Dato' Sri Lee Tuck Fook (Chairman)
Wie Hock Kiong
Loh Kong Fatt

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
Construction Sector

STOCK NAME AND CODE

PESONA (8311)

CORPORATE INFORMATION (CONT'D)

AUDITORS

UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia
Tel : +60 3 2279 3088
Fax : +60 3 2279 3099

REGISTRAR

Tricor Investor & Issuing
House Services Sdn Bhd
(Registration No. 197101000970)
(11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Tel : +60 3 2783 9299
Fax : +60 3 2783 9222

Customer Service Centre
Unit G-3, Ground Floor,
Vertical Podium, Avenue 3,
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

BANKERS

Alliance Bank Malaysia Berhad
AmBank (M) Berhad
CIMB Bank Berhad
Malayan Banking Berhad
Standard Chartered Bank Malaysia Berhad
United Overseas Bank (Malaysia) Berhad

CORPORATE STRUCTURE

PESONA METRO

PESONA METRO HOLDINGS BERHAD
(Registration No. 201101029741)
(957876-T)

- 100% **PESONA METRO SDN BHD** *199601029306 (401658-P)*
  - 100% **IMEJ MAYANG SDN BHD** *199601030201 (402553-M)*
  - 100% **INSAMEWAH SDN BHD** *200201023239 (590902-X)*
  - 100% **RATUS SYABAS SDN BHD** *201401044279 (1120461-X)*
- 100% **PESONA SAFERAY SDN BHD** *199101018863 (229174-V)*
- 100% **PM2 BUILDING SYSTEM SDN BHD** *201301042003 (1071828-W)*
- 100% **LUMAYAN METRO SDN BHD** *202101014359 (1414659-A)*
- 100% **MEGAH MESTIKA SDN BHD** *201201016132 (1001643-P)*
  - 100% **AWANA INFRA SDN BHD** *201101005063 (933204-M)*
    - 30% **SALURAN ARENA SDN BHD** *201001030461 (914382-X)*
- 100% **PESONA ASSET MANAGEMENT SDN BHD** *201201029841 (1014328-M)*
- 70% **SEP RESOURCES (M) SDN BHD** *201301013382 (1043220-T)*
  - 100% **BUDAYA POSITIF SDN BHD** *201201039032 (1023510-U)*

BOARD OF DIRECTORS

LOH KONG FATT
Director

SALWA BINTI SHAMSHUDDIN
Director

WIE HOCK KIONG
Director

WIE HOCK BENG
Managing Director

DATO' SRI LEE TUCK FOOK
Chairman

DATUK HJ SUBHI BIN DZIYAUDDIN
Deputy Chairman

PROFILE OF DIRECTORS

DATO' SRI LEE TUCK FOOK

Chairman (Independent Non-Executive Director)

Male

67 years old

Malaysian

Dato' Sri Lee Tuck Fook was appointed to the Board as the Chairman of the Company on 8 August 2012. He is currently the Chairman of the Nomination Committee, and a member of the Audit Committee and Remuneration Committee of the Company.

Dato' Sri Lee is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. He also holds a Masters Degree in Business Administration from International Management Centre, Buckingham, United Kingdom.

He began his career with KPMG in 1974 under articleship and was subsequently admitted as a partner of the firm in 1985. He was responsible for KPMG's Malaysian management consultancy practice until he left the practice in 1990. From 1990 to 1992, Dato' Sri Lee was appointed the Vice President of the Samling Group in Sarawak. He later joined the Renong Group as the Managing Director of Renong Overseas Corporation from 1992 to 1994. From 1994 to 2000, he was the Chairman of the Executive Committee of the Board of Peremba-Kentz Ltd, an engineering company with operations from South Africa to the Middle East, Thailand, Ireland and Malaysia. He was the Managing Director of Cement Industries of Malaysia Bhd from 2001 to 2002.

From 2002 to 2006, Dato' Sri Lee was the Managing Director of Paracorp Berhad. In 2003, he was appointed as the Executive Director of Malton Group, and was re-designated as its Managing Director in December 2003. He retired from the Board of Malton Berhad in 2009. From 2006 to 2007, he was the Non-Independent Non-Executive Director of Landmarks Berhad.

He is currently the Managing Director of WCT Holdings Bhd. He is also the Executive Director of Pavilion REIT Management Sdn Bhd and a Director of Kuala Lumpur Pavilion Sdn Bhd and Makna Mujur Sdn Bhd.

Dato' Sri Lee does not have any family relationship with other Directors and/ or major shareholders of the Company. He has no conflict of interest and does not hold any shares in the Company and its subsidiaries. He has no conviction of any offences within the past 5 years.

Dato' Sri Lee attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2021.

PROFILE OF DIRECTORS (CONT'D)

DATUK HJ SUBHI BIN DZIYAUDDIN

Deputy Chairman (Non-Independent Non-Executive Director)

Male

58 years old

Malaysian

Datuk Hj Subhi Bin Dziyauddin was appointed to the Board as the Director and Deputy Chairman of the Company on 8 August 2012.

He graduated with a Bachelor of Science Degree in Engineering Physics from the University of Texas El Paso, Texas, USA. He began his career as a Pilot Trainer with the Royal Malaysian Air Force Flying School ("RMAF") in Kepala Batas, Alor Setar, Kedah with the rank of Lieutenant. In 1994, he left the RMAF Flying School and joined Indah Water Konsortium Sdn Bhd as a Senior Manager of the Entrepreneur Development Program Department.

He later joined Puncak Niaga (M) Sdn Bhd ("Puncak Niaga") as the General Manager for Special Projects. His significant achievement during his tenure in Puncak Niaga was the vital role he played in the listing of Puncak Niaga Holdings Bhd on the then Main Board of the Kuala Lumpur Stock Exchange in 1997. In February 1999, he joined the Malaysian Resources Corporation Berhad as a Director, responsible for Special Projects. In 2000, he became a Director in Puncak Niaga Overseas Capital Sdn Bhd, a subsidiary of Puncak Niaga. He was also previously a Director of Metronic Global Berhad.

Datuk Hj Subhi does not hold any directorship in public companies and listed issuers other than the Company. He does not have any family relationship with other Directors and/or major shareholders of the Company. He has no conflict of interest and does not hold any shares in the Company and its subsidiaries. He has no conviction of any offences within the past 5 years.

Datuk Hj Subhi attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2021.

WIE HOCK BENG

Managing Director (Non-Independent Executive Director)

Male

49 years old

Malaysian

Wie Hock Beng was appointed to the Board as the Managing Director of the Company on 8 August 2012. Wie Hock Beng, also the founder of Pesona Metro Sdn Bhd, has engineered the growth of the same until the commendable size as of today.

He obtained his Diploma in Civil Engineering from the Federal Institute of Technology Malaysia in 1995. He began his career with Invescor Venture Sdn Bhd and was involved in the construction of Starhill Shopping Centre in Kuala Lumpur. To date, he has 30 years of working experience in the rehabilitation and beautification of river and dam, constructions of bridge and flyover, roadwork, drainage, industrial, and high-rise luxury residential building projects.

Wie Hock Beng does not hold any directorship in public companies and listed issuers other than the Company. He is the substantial and major shareholder of the Company and brother to another Director, Wie Hock Kiong. He has no conflict of interest with the Company and its subsidiaries. He has no conviction of any offences within the past 5 years.

Wie Hock Beng attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2021.

PROFILE OF DIRECTORS (CONT'D)

WIE HOCK KIONG

(Non-Independent Non-Executive Director)

Male

61 years old

Malaysian

Wie Hock Kiong was appointed to the Board as a Director of the Company on 8 August 2012. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company.

Wie Hock Kiong is an engineer by profession with a Bachelor of Science (Hons) Degree in Civil and Structural Engineering from the University of Aberdeen, United Kingdom. He has more than 30 years of working and management experience in the fields of civil and structural works locally and abroad. After five years as Project Engineer, he founded Kamunting Construction Sdn Bhd in 1989 on behalf of Kamunting Corporation Berhad. Subsequently, he transformed Kamunting Construction Sdn Bhd into a giant construction and property development conglomerate, Putrajaya Perdana Berhad ("PBB") where he held the position as PPB's CEO from 1998 till 2011.

With his wealth of experience in construction and a keen interest in property development, Wie Hock Kiong subsequently ventured into property development and has to-date, successfully delivered a number of developments comprising of both commercial building and luxury residences.

Wie Hock Kiong does not hold any directorship in public companies and listed issuers other than the Company. He is the substantial and major shareholder of the Company and brother to the Managing Director, Wie Hock Beng. He has no conflict of interest with the Company and its subsidiaries. He has no conviction of any offences within the past 5 years.

Wie Hock Kiong attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2021.

LOH KONG FATT

(Senior Independent Non-Executive Director)

Male

68 years old

Malaysian

Loh Kong Fatt was appointed as a Director of the Company on 8 August 2012. He is currently the Chairman of the Audit Committee and Remuneration Committee, and a member of the Nomination Committee of the Company.

He holds a Bachelor of Business Degree from Deakin University, Warrnambool, Australia.

Loh Kong Fatt was principally involved in the formulation of new strategies, business plans and directions of UMBC Finance Bhd in his secondment from the parent UMBC Bank Bhd in 1987. Leading to UMBC Finance Bhd's turnaround and set the company towards profitability, he was nominated by the UMBC Finance's Board and approved by Bank Negara Malaysia to assume the Chief Executive Officer's position for then troubled financial institution, Kuala Lumpur Finance Bhd in 1989. He subsequently successfully paved the merger of the two financial institutions and became the Head for Credit and Marketing of the enlarged portfolio thereafter.

In 1993, he returned to UMBC Bank to assume the post of General Manager, Corporate and Commercial Banking. The bank turned in very healthy profit by the time he left in 1996. He was also with Alliance Bank Bhd ("ABB") as the Senior General Manager for Corporate Banking. He was the Acting CEO of ABB for a short duration and left the position in 2005 when the new CEO came onboard.

Loh Kong Fatt does not hold any directorship in public companies and listed issuers other than the Company. He does not have any family relationship with other Directors and/or major shareholders of the Company. He has no conflict of interest and does not hold any shares in the Company and its subsidiaries. He has no conviction of any offences within the past 5 years.

Loh Kong Fatt attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2021.

PROFILE OF DIRECTORS (CONT'D)

SALWA BINTI SHAMSHUDDIN

(Independent Non-Executive Director)

Female

45 years old

Malaysian

Salwa binti Shamshuddin was appointed to the Board as a Director of the Company on 1 October 2018. She is currently a member of the Audit Committee of the Company.

She holds a Master of Industrial Psychology from Universiti Kebangsaan Malaysia and a Bachelor of Human Resources Management Degree from Universiti Utara Malaysia.

She began her career with Rasah Kemayan Golf Club & Country Club as its Sports & Recreational Officer in 1998 and subsequently joined Universiti Kebangsaan Malaysia in 1999 as a Tutor and Research Assistant. In 2000, she was recruited as a Management Trainee for SKF Bearing Industries (Malaysia) Sdn Bhd for a year. In 2002, she joined Kurnia Insurans Sdn Bhd primarily responsible for the corporate business development of the insurance company.

Salwa binti Shamshuddin is currently the Director of Kelik Highway Sdn Bhd, Sungai Klang Link Sdn Bhd, Propadu Development Sdn Bhd and Kinetic Green Technology Asia Sdn Bhd. She is also the Chairman of Epad Kinetic Asia Sdn Bhd, Juta Hajat Sdn Bhd and Poteck Enterprise Sdn Bhd

Salwa binti Shamshuddin does not hold any directorship in public companies and listed issuers other than the Company. She does not have any family relationship with other Directors and/or major shareholders of the Company. She has no conflict of interest and does not hold any shares in the Company and its subsidiaries. She has no conviction of any offences within the past 5 years.

Salwa binti Shamshuddin attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2021.

KEY SENIOR MANAGEMENT

The Key Senior Management of Pesona Metro Holdings Berhad ("PMHB") consists of two key personnel, namely the Chief Financial Officer and the Chief Operating Officer who are assisting the Managing Director in all operational matters of the Group.

CHONG KIEN ENG

Chief Financial Officer

Male • 50 years old • Malaysian

Mr. Chong Kien Eng brings with him 16 years of expertise in Accounting and Finance before joining PMHB as the Chief Financial Officer in September 2012.

He is a member of the Malaysian Institute of Accountants ("MIA") and The Malaysian Institute of Certified Public Accountants ("MICPA"). Prior to joining PMHB, he held senior position in public listed companies namely Melewar Industrial Group Berhad, Mithril Berhad and The Media Shoppe Berhad with principal responsibilities in accounting, finance and corporate restructuring.

He is currently tasked with the responsibility to oversee the accounting and finance functions of the Group.

He does not hold any directorship in public companies and listed issuers. He does not have any family relationship with other Directors and/or major shareholders of the Company. He has no conflict of interest and does not hold any shares in the Company and its subsidiaries. He has no conviction of any offences within the past 5 years.

SOH CHOON GUAN

Chief Operating Officer (Building Division)

Male • 54 years old • Malaysian

Mr. Soh Choon Guan, a Bachelor Degree holder of Technology (Honours) in Construction Management, has to-date more than 30 years of experience in the construction and property development industry in construction and project management.

His vast exposures in both the construction and development industries are backed by his previous employment with IRDK Land Group, Acmar International Group and Ralco Corporation Berhad from liaising with local authorities on land takeover, contracts to setting up of system operating procedure leading to ISO compliance, corporate strategic planning and business development.

His specializes in building construction and management for both commercial and residential construction activities including high-rise luxury condominiums in Malaysia.

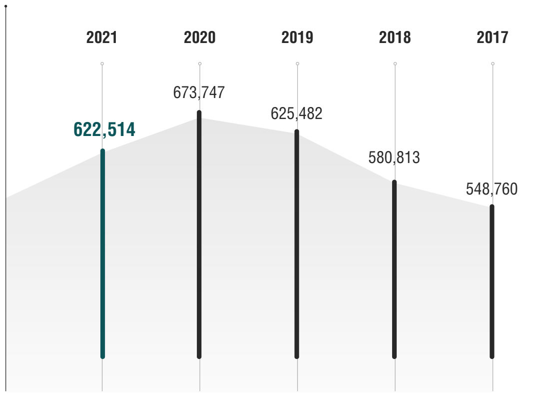
On 26 June 2014, he joined PMHB as the Chief Operating Officer for the Building Division overseeing the Building Division from project planning to execution.

He does not hold any directorship in public companies and listed issuers. He does not have any family relationship with other Directors and/or major shareholders of the Company. He has no conflict of interest and does not hold any shares in the Company and its subsidiaries. He has no conviction of any offences within the past 5 years.

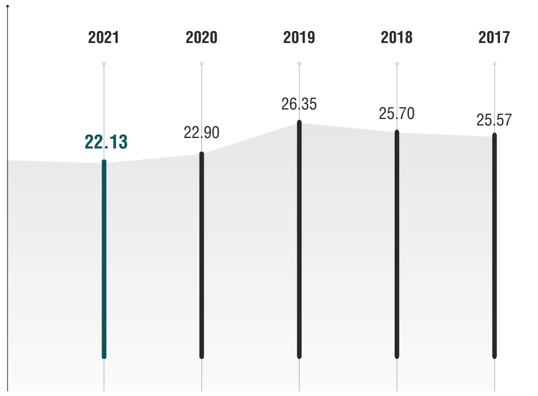
FINANCIAL HIGHLIGHTS

In RM'000 (Except otherwise indicated)	2021	2020	2019	2018	2017
Revenue	622,514	673,747	625,482	580,813	548,760
Profit/(Loss) before tax	(1,907)	(12,805)	17,745	14,057	29,235
Profit/(Loss) after tax	(2,090)	(14,020)	13,642	9,490	20,683
Total assets	662,634	704,838	700,555	569,128	531,066
Share capital	194,032	194,032	194,020	194,020	194,008
Total equity attributable to owners of the parent	153,779	159,146	183,101	178,998	177,683
No. of shares ('000) (Unit)	694,987	694,987	694,941	694,910	694,891
Earnings/(Loss) per share (Sen)	(0.77)	(2.45)	1.59	1.19	2.76
Net assets per share (Sen)	22.13	22.90	26.35	25.70	25.57
Dividend (Sen)	-	-	1.00	1.00	1.00

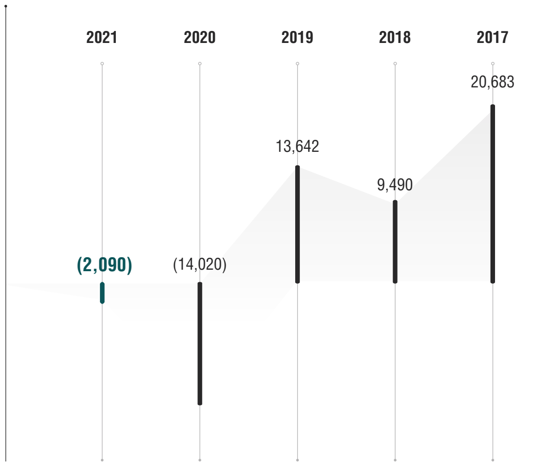
Revenue
RM'000



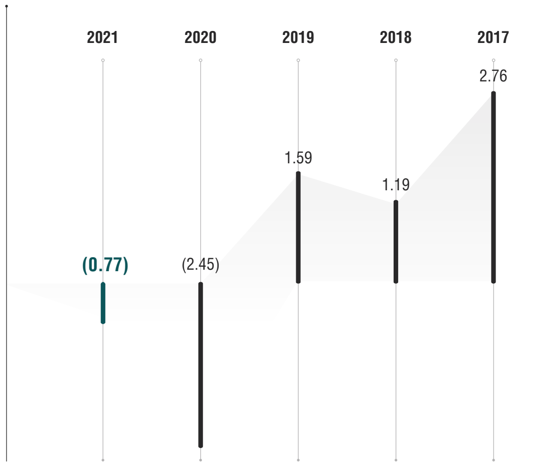
Net assets per share
(Sen)



Profit/(Loss) after tax
RM'000



Earnings/(Loss) per share
(Sen)



MANAGEMENT DISCUSSION & ANALYSIS

Dear Valued Shareholders,

Pesona Metro Holdings Berhad's ("PMHB" or "the Group") resilience was severely tested in the year under review amidst the ongoing pandemic and other challenges faced by the construction industry. Nevertheless, we continued to focus on the projects in hand and pressed in and pressed on with the business of remaining relevant to our diverse stakeholders and our markets. It is my privilege to present an overview of the Group, the details of our operational and financial performance for the financial year ended 31 December 2021 ("FY2021"), as well as our strategic direction and prospects moving forward.

OVERVIEW OF THE GROUP

PMHB is an investment holding company that has built a reputation for itself in the construction industry as a builder of residential and commercial buildings as well as infrastructure works. The Group offers a wide scope of offerings ranging from the construction of luxury residential and commercial buildings to infrastructural works such as highways and irrigation projects. The Group's construction endeavours are undertaken by subsidiary, Pesona Metro Sdn Bhd ("PMSB"), which is the main contributor to the Group's overall performance. In FY2021, PMSB generated some RM596 million or 96% of the Group's revenue.

Seeing the merits in diversifying its revenue streams into businesses that will provide recurring income and consistent cash flows, the Group ventured into construction-related concessionaire activities in 2017 by taking up a 70% equity stake in SEP Resources (M) Sdn Bhd ("SEP"). SEP's concession encompasses the development and management of student hostels at Universiti Malaysia Perlis ("UNIMAP"). In FY2021, the concessionaire arm contributed RM24 million to PMHB's revenue.

In contrast, PMHB's Manufacturing Division continued to see its revenue decline in FY2021 due to the reduction of overseas orders and full impairment of Industrialised Building System ("IBS") equipment. In line with our efforts to consolidate our resources and moderate further losses, we have decided to divest the manufacturing business.

Although the ongoing effects of the COVID-19 pandemic coupled with unexpected setbacks and restrictions had a negative impact on the Group's overall performance in FY2021, we were able to complete several construction projects as well as continue with our concessionaire activities.

STRATEGIC OBJECTIVES

The Group remains committed to upholding sustainable practices while delivering value to its stakeholders in every aspect of its business, be this via the quality of our products, or our dividend pay-out. We have in place groupwide strategies which aim to ensure that we can uphold a sustainable performance for the both the near and long-term.

OUR NEAR-TERM STRATEGIES

One of PMHB's near-term strategies calls for us to focus our efforts on increasing the efficiency and quality of our operations by minimising waste through decreasing the margin for error in our processes. These efforts come under the ambit of our enhanced cost control management initiative which seeks to impact the Group's profit margins for the better.

At the working level, our efforts to mitigate waste and error have seen the Group implement a 'buddy-system' among our workforce to inculcate a culture of peer-to-peer training. We continue to implement in-house and external training sessions for our workforce to ensure that our employees are equipped to remain responsive and adaptive to changes in the economic cycle. In upskilling our employees, we aim to develop a capable workforce that can effectively implement the solid work processes and workflows that we uphold at our project sites. By ensuring a skilled workforce is in place to implement processes in an efficient manner, the Construction Division continues to deliver high-quality products (with a minimum QLASSIC score of 73%) within the specified timeframe.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

OUR LONG-TERM STRATEGIES

The Group's strategy for the long-term involves a four-phase plan that is geared towards strengthening our assets while driving our value creation efforts. The first two phases of the plan saw PMHB successfully establishing suitable systems and human resource measures that were complemented by the strengthening of our workforce, assets and equipment. In the third phase, the Group successfully implemented a strategy to bid and acquire projects in an assertive, yet fair manner that remained respectful of industry peers.

The fourth phase of our long-term strategy, calls for the Group to continue with its efforts to deliver long-term sustainable profits. To this end, our main subsidiary, PMSB, continues to spearhead the Group's ventures on the domestic front while growing its reputation as a dependable builder with the capabilities to deliver high-quality works for development of various sizes. Today, PMSB is mapping out a pathway to venture into property development activities – the affordable homes segment in particular – that will provide the company a consistent stream of construction projects. Seeing that market conditions in the property development segment have been rather low-key these past few years, we continue to evaluate market trends and put the necessary building blocks in place to reinforce our position so that we are ready to launch out when the property market rebounds.

2021'S HIGHLY CHALLENGING OPERATING ENVIRONMENT

The year 2021 began with the hope that the impact of the COVID-19 pandemic would decline, bringing with it a return to normalcy for both the global and Malaysian economies. On the domestic front, even as the National Immunisation Programme (NIP) gathered good momentum, a possible path out of the pandemic began to emerge as the economy started to gradually reopen. However, the exit was not as clear-cut as several challenges emerged over the course of the year.[1]

In early 2021, new variants of the COVID-19 virus led to further waves of infection and deaths and the reimposition of Movement Control Orders ("MCOs") by the Malaysian government. As what came to be dubbed as "MCO 2.0" was imposed in certain parts of Malaysia, this sent huge shockwaves across the nation as all economic activities except for five permitted sectors – manufacturing, construction, services (including supermarkets, banks and health services), trade and distribution and plantations – came to a standstill. Upon MCO 2.0 ending, life slowly returned to some sense of normalcy. However, as the daily number of new cases continued to rise, MCO 3.0 was imposed nationwide in June 2021.[2]

On 15 August 2021, the government revealed a four-phase National Recovery Plan ("NRP") to nurse an ailing Malaysian economy back to health. One month later, restrictions began to be eased for those who had been fully vaccinated while more business sectors were allowed to resume operations under Phase One of the NRP. By the year's end, Malaysia's overall GDP had grown to 3.1% in 2021, as compared to a 5.6% contraction in 2020, on the back of the successful rollout of the NIP.[3]

Apart from the pandemic, the nation also experienced one of the worst floods in its recent history. The devastating floods that hit Malaysia towards the end of December 2022 resulted in the loss of lives, impacted communities and caused damage amounting to billions of Ringgit. These floods also impacted the progress of construction projects, including two projects under the ambit of PMSB.

[1] Adapted from the Foreword in the Bank Negara Malaysia (BNM) Annual Report 2021 - refer https://www.bnm.gov.my/publications/ar2021

[2] Extracted from an article in The Sun Daily dated 8 December 2021 titled "Covid-19 still the nemesis of economic growth in 2021"- refer https://www.thesundaily.my/home/covid-19-still-the-nemesis-of-economic-growth-in-2021-CX8635488

[3] Source as per footnote 2

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

2021'S HIGHLY CHALLENGING OPERATING ENVIRONMENT (CONT'D)

Notwithstanding the fact that some sectors were allowed to operate during the various MCO phases in 2021, sectors such as high-touch services, tourism related industries and construction were slower to recover due to continued restrictions on movement, labour and operating capacity. Given these limitations and the stop-start nature of construction works which disrupted the commencement and normal progress of construction projects, the construction sector contracted by 5.2% in 2021 (although this was much lower than 2020's contraction of 19.4%).[4]

Special trade was the sole sub-sector that saw positive growth, supported by end-works from selected commercial and civil engineering projects, as well as the implementation of small-scale projects. Construction activities in the residential and non-residential sub-sectors remained subdued following extended periods of lockdown and reduced operating capacity. The easing of the containment measures from August 2021 and the reopening of the economy helped support the gradual improvement across all sub-sectors towards the end of the year. [5]

Excluding the COVID-19 jolt in the first quarter of 2020, data shows that spending in the construction sector has been on a decline across eight straight quarters – from RM16.5 billion in the third quarter of 2019, to RM11.1 billion in the second quarter of 2021. Although the number of jobs has been at record levels, the value of construction contracts has reduced greatly. The number of construction-related projects in the country reached a record high of 16,589 in 3Q2021, but the value of work done during the quarter declined to RM24.77 billion — the lowest since 4Q2013. Similarly, the total work done in 9M2021 (worth RM84.35 billion), was the lowest in eight years. Half of the construction activity in 9M2021 comprised building construction, which typically has tighter margins. This is opposed to infrastructure projects such as roads and railways, which made up a quarter of the activities in the same period.[6]

The year 2021 was also tough year for almost all segments of the property sector. According to data from the National Property Information Centre (NAPIC), in 1H2020, Malaysia's property market transaction volume and value decreased 27.9% and 31.5% respectively compared to 2020.[7]

Against 2021's challenging backdrop of ongoing pandemic restrictions, the woes faced by the respective sectors, and the unexpected floods that hit the state of Selangor towards the end of the year, PMHB had to contend with its fair share of uphill battles in 2021.

Due to pandemic-related challenges, all works at our project sites were halted temporarily. This caused further delay in the progress of projects and resulted in additional daily expenses which ultimately impacted our bottom line. On top of this, we had to contend with a shortage of foreign workers and a surge in construction material prices. The price of steel in particular, our main building material, rose because of global supply disruptions that caused a delay in material supply and drove prices up.

As pandemic restrictions were eased and a more upbeat sentiment ensued towards the end of 2021, the nation was then hit by devastating floods in December which caused major social upheaval to communities as well economic and environmental damage. Two of our projects, namely the teaching hospital in Terengganu and a residential project in Damansara, were affected by the disruption of materials delivery to site. We were able to mitigate some of these challenges through the extension of deadlines from our gracious clients and the ability to expedite other existing projects. The year also saw us continuing to face stiff competition due to the reduced number of available projects in the market. In all this, the Group worked hard to resiliently overcome the many challenges we faced.

[4] Adapted from BNM's Economic & Monetary Review 2021 – refer https://www.bnm.gov.my/publications/emr2021
[5] Source as per footnote 4
[6] Extracted from an article in The Edge Markets dated 17 February 2022 titled "Construction industry in the doldrums" – refer https://www.theedgemarkets.com/article/cover-story-construction-industry-doldrums
[7] Extracted from an article in The Edge Markets dated 19 January 2022 titled "What to look out for in the property market this year" – refer https://www.theedgemarkets.com/article/cover-story-what-look-out-property-market-year

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

FINANCIAL PERFORMANCE

Statement of Comprehensive Income

Statement of Comprehensive Income				
	2021 RM'000	2020 RM'000	Variance	
			RM'000	%
Revenue	622,514	673,747	(51,233)	-8%
Gross Profit	33,592	33,626	(34)	0%
Other Income	3,577	3,336	241	7%
Administrative Expenses	29,737	38,150	(8,413)	-22%
Finance Costs	9,339	11,617	(2,278)	-20%
Loss Before Tax	(1,907)	(12,805)	10,898	85%

For FY2021, the Group registered total revenue amounting to RM623 million marking a RM51 million or 8% decrease in revenue against revenue of RM674 million in FY2020. The Group, however, incurred a lower loss before tax ("LBT") of RM1.9 million as compared to LBT of RM12.8 million in FY2020. The lower LBT was mainly due to the lower interest expense as well as the absence of impairment of assets made in FY2020.

Statement of Financial Position

Statement of Financial Position				
	2021 RM'000	2020 RM'000	Variance	
			RM'000	%
Non-current Assets	298,518	320,917	(22,399)	-7%
Current Assets	364,117	383,921	(19,804)	-5%
Equity	171,803	173,893	(2,090)	-1%
Non-current Liabilities	167,365	183,855	(16,490)	-9%
Current Liabilities	323,466	347,090	(23,623)	-7%

In FY2021, PMHB's non-current assets declined by RM22 million or 7% from the previous year, while current assets decreased by RM20 million or 5%. The decrease in non-current assets was mainly due to the depreciation charges for the year, while the decrease in current assets was mainly due to the lower construction work-in-progress incurred for the year.

Meanwhile the Group's non-current liabilities decreased by RM16 million or 9%, while current liabilities decreased by RM24 million or 7% due to the repayments made on sukuk and hire purchase creditors during the year, as well as the reduction in contract liabilities.

In respect of the FY2021, the Board did not recommend any dividend pay-outs due to the need to conserve the cash for operations in order to navigate through the unfolding pandemic.

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MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

PERFORMANCE OF THE BUSINESS SEGMENTS

CONSTRUCTION DIVISION

Financial Highlights

The Group's Construction Division under PMSB remains the primary contributor to the Group's revenue. In FY2021, the Construction Division recorded revenue of RM596 million which marked a RM51 million or 8% decrease in comparison to revenue of RM647 million in the prior year. This decrease was largely due to the lower construction activities caused by the ongoing effects of the pandemic. Despite of the lower revenue, the Construction Division registered a lower LBT of RM12 million in FY2021, as compared to LBT of RM17 million in FY2020.

Performance Highlights

In FY2021, as MCO-related restrictions and supply chain issues disrupted normal operations, we focused our resources on stabilising our ongoing construction projects, rather than setting our sights on pursuing new contracts in a highly competitive playing field. The temporary suspension of all economic and construction activities as a result of lockdowns, alongside mandatory COVID-19 screening and safety measures, resulted in further delays in the completion of several of our projects. We also experienced additional challenges when the year-end floods delayed the delivery of materials to our project sites. Nevertheless, we resiliently pushed forward and went on to complete and deliver three out of nine ongoing projects.

The year saw PMSB successfully completing another Green Building Index or GBI-certified building project – Conlay 301. This integrated commercial building consists of one block of 32-storey offices and suites on top of an eight-storey podium, at the heart of the Kuala Lumpur City Centre ("KLCC"). Today, the Group has four GBI-certified buildings to our name with another project ongoing, namely, TRIA Seputeh (GBI Certified Rating - Provisional). This cements our market position as a key developer of green buildings.

PMSB also successfully brought the Eaton Residences project to completion in 2021. This luxurious residential building, which is also located in the capital city's triple-A precinct at the heart of KLCC, features 632 versatile and privacy-centric living spaces, as well as Kuala Lumpur's highest and longest cantilevered sky pool.

In 2021, PMSB also brought the Universiti Sultan Zainal Abidin ("UniSZA") Teaching Hospital project in Terengganu to completion. PMSB's scope entailed constructing Phase 1 of the hospital project which consists of 200 beds. The state-of-the-art UniSZA teaching hospital will serve as a healthcare centre for excellence on the East Coast of Peninsular Malaysia and is also set to serve as a state-of-the-art research centre for chronic diseases in the country.

The Construction Division also focused a significant amount of its time and effort on implementing preventive measures and SOPs to establish the safety of its employees, workforce, offices and work sites amidst the ongoing pandemic. All initiatives were aligned with the operational guidelines and practices issued by the Ministry of Health ("MOH").

In May 2021, the Construction Division bagged a mixed development project worth RM319 million involving construction and mechanical and engineering ("M&E") works for a 44-storey office tower in Kuala Lumpur. The 27-month project, which commenced on 17 May 2021, is expected to contribute positively to the Group's earnings and enhance our net assets during the duration of the project. The project will be funded via a combination of internally generated funds and short-term project financing facilities from financial institutions.

Moving Forward

As we venture forth, we will continue to tap innovative technology as part of our competitive advantage over our industry peers. This will see us strengthening our efforts in embedding Building Information Modelling ("BIM") technology into our construction management processes. Featuring a 3D model-based process, BIM technology integrates the various aspects of architecture, engineering and construction to produce a more holistic overview of a building. These insights are enabling us to more efficiently plan out projects resulting in significant savings in time and cost. BIM technology is also enabling us to considerably minimise wastage as the coordination of a project's various design facets does away with the need for rework. The adaptability of BIM technology has enabled its users to constantly deliver solid results while remaining flexible to marketplace changes and emerging technological trends. To date, PMHB has constructed three projects using BIM technology, namely, Eaton Residences, Conlay 301 in Kuala Lumpur and Lot 15 SJCC in Subang Jaya.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

We also continue to employ the Industrialised Building System or IBS methodology as an integral component of our construction works. IBS entails the systematic construction or pre-fabrication of construction components, from design to production, in a controlled environment. The manufactured components are then easily assembled onsite and integrated into construction works, not unlike building blocks. Although IBS methodology has already been used to construct some of Malaysia's most iconic structures, the technology has only more recently begun to gain momentum on the local front. The Group has to date employed IBS methodology at both the UNIMAP and UniSZA projects which were completed in 2016 and 2021 respectively.

While the Group has decided to divest of its IBS manufacturing capabilities (helmed by subsidiary, PM2 Building System Sdn Bhd), we will continue to utilise the IBS methodology in our projects given its proven benefits. Similarly, we will continue to incorporate BIM technology in our construction practices. We will also further explore the digitalisation of our construction operations as we aim to enhance the key aspects of efficiency, relevancy and excellence in all our projects to ensure the sustainability of our business.

Moving forward, PMSB will continue to prioritise the completion of the seven projects it currently has in hand, as well as focus its efforts on strengthening and streamlining its resources following a challenging year.

CONCESSIONAIRE DIVISION

The Concessionaire Division continues to manage the Group's 70% equity stake in SEP which currently holds the concession for the development and management of student hostels at UNIMAP. The scope of work for this project has seen SEP involved in every aspect of the project's development – from the planning, construction and installation of fittings at the hostels, to ensuring their upkeep via the provision of asset management services.

SEP's UNIMAP project has been a steady source of income for the Group since 2017 and underscores the fact that our management was on point when looking to diversify our revenue streams at that time. In FY2021, the Concessionaire Division continued to contribute positively towards the Group's revenue contributing total revenue of RM33 million and a Profit Before Tax ("PBT") of RM14 million as compared to revenue of RM34 million and a PBT of RM13 million in FY2020. As our contract with UNIMAP carries on for the next 16 years, we look forward to this business being a consistent contributor to the Group's income for the foreseeable future.

MANUFACTURING DIVISION

Originally established to complement the role of the Group's Construction Division, PMHB's Manufacturing Division consists of two subsidiaries, namely Pesona Saferay Sdn Bhd ("PSSB") and PM2 Building System Sdn Bhd ("PM2"). PSSB's business revolves around the manufacturing of polyurethane for overseas markets, while PM2 caters specifically to the IBS and green building segments through its provision of expanded polystyrene EPS panels.

For FY2021, the Manufacturing Division registered a lower LBT of RM0.57 million compared to LBT of RM5 million the year before. This was due to the full impairment of IBS assets made in FY2020. Due to lacklustre performances from both these subsidiaries these past few years, the Group has been looking to divest these businesses to mitigate further losses.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

BUSINESS RISKS AND MITIGATION STRATEGIES

PMHB is committed to upholding robust risk management practices that align with the Group's agenda of sustainability. The effective management of business risks helps us to efficiently preserve our operations, performance, financial condition and liquidity from any unexpected negative material impact. We endeavour to mitigate all anticipated and known risks through strategically applying the appropriate decisions and actions. These measures can be seen in the following table:

Key Area	Risk	Description	Mitigation Measures
Operational	Over-dependence on a single business segment.	The Group's over-reliance on its Construction Division poses a significant risk to the Group's financial health should this segment experience difficulties due to poor market and economic conditions.	PMHB will continue to explore opportunities to diversify and strengthen both its concessionaire and property development businesses. This will serve to cushion the impact of a potential slump in the construction industry.
Operational	Unsatisfactory performance by sub-contractors.	The overall performance of the Group could be negatively impacted by delays, unplanned abortive works and additional project costs caused by the lack of proper planning and coordination by sub-contractors.	PMSB's architectural, civil and structural project team is to closely monitor and supervise the quality and progress of work being conducted. This includes intensifying the frequency of Quality Assurance and Control ("QA/QC") audits on the progress of work and issuing warning letters leading to back-charges whenever necessary to ensure that sub-contractors deliver on their promises. The team will also conduct frequent discussions with sub-contractors at the end of each work day to discuss and resolve issues they face from work so as to ensure smooth work progress on the following day. On-site induction courses for site workers and sub-contractors will also be conducted.
Operational	Shortage of construction materials.	The temporary shutdown of manufacturing plants for maintenance every now and then could potentially result in the shortage of construction materials such as steel bars and cement.	Implement the monitoring of a centralised construction material procurement process on a weekly basis.
Operational	The occurrence of personal injuries and accidents.	Due to the nature of work, the construction of high-rise buildings tends to yield a higher number of personal injuries.	As per the Project Occupational Safety and Health ("POSH") Plan, Toolbox Meetings are conducted daily before the commencement of any work to emphasise the importance of observing safety guidelines at sites. All critical tasks are verified via the Hazard Identification Risk Assessment and Risk Control Measures or HIRARC standard to ensure that all safety risks are mitigated. A minimum of two Health and Safety personnel are positioned at each site to constantly assist, advise, audit and inspect activities to ensure all aspects of the Group's safety measures are stringently observed. Weekly internal training sessions for workers are conducted and machinery and equipment inspections are implemented as per the POSH Plan. A minimum of one safety audit per month is to be carried out at all sites.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

BUSINESS RISKS AND MITIGATION STRATEGIES (CONT'D)

Key Area	Risk	Description	Mitigation Measures
External	Volatile material prices.	Unstable market prices for raw materials could cause the Group to incur additional expenses, thus affecting financial losses and profit margins.	The Group is to monitor material prices daily and to align all material purchases to allow for bulk purchases at better prices for all our projects. PMHB will also negotiate for and incorporate a Price Fluctuation Clause during tenders as a safeguard against sudden price hikes in the market.

UPHOLDING RESPONSIBLE CORPORATE PRACTICES

CONTINUING TO KEEP OUR PEOPLE SAFE

In response to the ongoing COVID-19 pandemic, the Group has implemented several health and safety measures to ensure the wellbeing of our workforce. Our emergency contingency plan closely aligns with the COVID-19 SOPs announced by the MOH. These ongoing measures include ensuring that our offices and sites are properly sanitised and that temperature checks and hand sanitisers are made available at all major entryways. All employees and workers are required to observe stringent health and safety SOPs which include wearing masks, practicing social distancing and undertaking contract tracing, among others. Our preventive measures also include minimising movement at our offices, implementing shifts and conducting meetings online, whenever possible. The Group also continues to conduct COVID-19 testing for all our construction workers to prevent the potential spread of the virus to project sites.

GOOD GOVERNANCE AND ROBUST RISK MANAGEMENT

Being a reputable industry player, PMHB is committed to upholding the highest standards of corporate governance and ensuring that all our dealings are conducted in an ethical and transparent manner. We also practice robust risk management and implement stringent internal control measures throughout our organisation. All these efforts are part of our mission to create value in a sustainable manner that is supported by strong ethical practices.

UPHOLDING THE AGENDA OF SUSTAINABILITY

Sustainability is an integral component of our business and the Board is committed to embedding the agenda of sustainability in greater measure within the length and breadth of our operations. For detailed perspectives into our sustainability endeavours, please turn to the Sustainability Report in this Annual Report.

RECOGNISED FOR OUR COMMITMENT TO EXCELLENCE

The Group's commitment to upholding excellence continues to be recognised in the various awards and accolades that we have received over the years through our primary subsidiary, PMSB. In 2021, PMSB's Ativo, Damansara project bagged a Gold Class 2 Award at the Malaysian Society for Occupational Safety and Health's OSH Performance Award 2021 event, and a Gold Superior Award at the Malaysian Occupational Safety and Health Practitioners' Association ("MOSHPA") OSH Excellence Award 2021 event. At the latter MOSHPA event, PMSB's RMM, Bukit Jalil project went on to win a Platinum Silver. Prior to this, PMSB's Lot 15 SJCC project won a Gold Premier Award at the MOSHPA OSH Excellence Award 2020 event. The Lot15 SJCC project was also accorded a Special HSSE Recognition Award by Sime Darby Property in 2021.

The year also saw PMSB's Eaton Residences project gaining recognition from the Construction Industry Development Board ("CIDB") for attaining a Quality Assessment System in Construction or QLASSIC score of 80%. Eaton Residences also went on to achieve a BuildQAS score of 81%, while Conlay, Kuala Lumpur achieved a BuildQAS score of 83%. All these honours underscore the market's continued confidence in PMSB's capabilities and track record as a reputable construction player.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

MOVING FORWARD INTO FY2022 AND BEYOND

The year 2022 is set to be a defining moment for most countries as they progressively transition towards endemic management of COVID-19. Even as the global economy is expected to continue along a recovery path, policymakers the world over are adjusting their policy settings against rapidly evolving uncertainties, such as the military conflict in Ukraine that began in late February 2022.[8]

The Malaysian economy is expected to improve further in 2022, with growth projected to be between 5.3% and 6.3%. The pace of economic recovery is expected to gather further momentum underpinned by the continued expansion in external demand, full upliftment of containment measures, reopening of international borders, and further improvement in labour market conditions. Moreover, the implementation of investment projects and targeted policy measures will provide further support to economic activity and aggregate demand. With better COVID-19 management and higher vaccination rates, Bank Negara Malaysia ("BNM") expects less disruption to domestic economic activity and spending in the event of any resurgences of the virus. Malaysia is expected to continue benefitting from the expansion in global demand.[9]

According to BNM, growth in the construction sector is expected to rebound in 2022 following the reopening of the economy. Ongoing construction activity in large infrastructure projects and the implementation of small-scale projects under the Budget 2022 measures will support growth in the civil engineering and special trade sub-sectors. Meanwhile, the residential sub-sector will benefit from new housing projects and launches, in tandem with the expected recovery in demand as income and employment prospects improve. Growth in the non-residential sub-sector is expected to be lifted by both existing and new commercial and industrial projects. Meanwhile, production in the construction-related manufacturing clusters is also expected to grow following the resumption of construction projects and improvement in the residential property market.[10]

According to a study by market intelligence and advisory firm, Mordor Intelligence, the Malaysian construction market is expected to grow at a compound annual growth rate or CAGR of approximately 6% during the forecast period 2022-2027. The construction industry is expected to register a growth driven by investment in large-scale transport and energy projects.[11]

The two most talked about mega infrastructure projects that are expected to serve as catalysts to kickstart the construction industry are the Mass Rapid Transit Circle Line ("MRT3") and the Sabah portion of the Pan Borneo Highway. These timely projects will serve as a shot in the arm for a rather muted construction sector. The MRT3 tenders are expected to be awarded by Q42022, which is a positive development for the sector. This will keep the construction players busy for the next eight years until 2030 with strong order book replenishments whilst providing them with the earnings visibility. As for the Sabah portion of the Pan Borneo Highway, progress has been painfully slow when compared with the implementation of the project in Sarawak.

These two projects notwithstanding, some RM25 billion has been allocated under Budget 2022 for maintenance works and the continuation of existing infrastructure projects. All these will provide project opportunities for all contractor categories, big or small, from Grade G1 to G7. Infrastructure will be a key area of support when the immediate COVID-19 crisis dissipates. Ongoing developments under the 12th Malaysia Plan include eight highway projects (four of which are in the Klang Valley), five railway projects and a hydroelectric dam project in Baleh, Sarawak.

Other previously canned projects, such as the Kuala Lumpur-Singapore High-Speed Rail or HSR project too may be revived with Malaysia's Transport Ministry expected to engage its Singaporean counterpart in the second quarter of 2022. On top of this, the Melaka state government has announced that it is considering building (over the long term), an undersea tunnel for a rail system network linking Melaka and Dumai in Sumatra, Indonesia. All these potential projects augur well for the domestic construction industry in the long run. However, it remains to be seen whether these projects will be enough to lift the construction sector out of the doldrums.[12]

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8 Adapted from BNM's Economic and Monetary Review– refer https://www.bnm.gov.my/publications/emr2021
9 Source as per footnote 8
10 Source as per footnote 8
11 Extracted from a study by Mordor Intelligence titled "Malaysia Construction Market - Growth, Trends, COVID-19 Impact and Forecasts (2022-2027)" at https://www.mordorintelligence.com/industry-reports/malaysia-construction-market
12 Adapted from an article in The Edge Markets titled "Construction industry in the doldrums" dated 17 February 2022 - refer https://www.theedgemarkets.com/article/cover-story-construction-industry-doldrums; and an article in The Edge Property titled "MRT3 to keep construction players busy for next eight years; Gamuda main beneficiary - analysts" dated 16 March 2022 0 - refer https://www.edgeprop.my

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Even as the nation and the construction industry slowly but surely make their way to recovery, PMHB remains cautiously optimistic of its prospects. Moving forward, while we will leverage our strengths and resources in order to diversify our earnings – such as in the affordable housing segment within the property development sector – we will do so with much prudence.

As we move forward, we will continue to enhance the sustainability of our business by aligning our value-creation endeavours with our strategic objectives, both for the near-term and the long-term. These initiatives will see us prioritising the strengthening of our workforce and construction standards, as well as driving efficiency in project timelines and the management of our cashflow and resources. As we focus on the domestic market, we will elevate our brand-building efforts to cement our positioning as a preferred contractor. In line with this, we aim to achieve SIRIM Green 5-S certification with zero non-conformance reports for all our projects and our operations at Group headquarters.

Our efforts will be spearheaded by our main subsidiary, PMSB, which is steadily expanding its reputation as a trustworthy builder that delivers excellent results within budget. As at the end of December 2021, the Group had an outstanding order book of RM0.9 billion comprising seven ongoing projects. These ongoing projects are expected to largely continue contributing towards our construction income for FY2022. In addition to this, we also expect the earnings from our concessionaire business to provide consistent additional income due to the concession's stability despite the various MCOs.

However, there are still uncertainties arising from the COVID-19 pandemic. The stringent COVID-19 SOP compliance measures which include periodic screening, a minimum standard for workers' accommodation, the tight supply of foreign construction workers, and the increase in construction material prices, may further increase construction costs.

Having considered economic conditions and fluctuating market trends, the Board and Management of PMHB remain steadfast in our commitment to creating value for our diverse stakeholders. We will ensure that we adopt a laser-focused approach in all our undertakings, as well as ensure that we are guided by prudent strategies and careful insights that will help propel our business forward for the long-term in a sustainable manner. As we venture forth into FY2022, PMHB is cautiously optimistic of turning in a resilient performance.

ACKNOWLEDGEMENTS

On behalf of PMHB, i wish to express my sincere gratitude to the many parties who have stood with us through these challenging times.

To our valued shareholders, customers and clients, bankers, government departments and agencies, as well as vendors, suppliers and all others who have supported PMHB and journeyed with us, please accept my utmost gratitude.

To all the Management Team as well as employees of our subsidiaries and associate companies, we applaud your steadfast resilience, diligence and dedication as the catalysts behind our progress and we are truly grateful for your commitment to excellence.

Last but not least, i wish to convey my utmost appreciation to my esteemed colleagues on PMHB's Board and Management Team for their leadership and invaluable insights that helped us resiliently navigate the deep waters of uncertainty to reach our destination safely.

As we move forward into both uncertain but hopeful times, i call upon all PMHB's stakeholders to continue lending us their unwavering support. Rest assured that as the market rebounds and we set our sights on creating sustainable value for the long-term, we will continue to work hard to overcome all challenges and capitalise on any opportunities that may come our way.

Thank you and stay safe.

WIE HOCK BENG
Managing Director
Pesona Metro Holdings Berhad

OUR SUSTAINABILITY COMMITMENT

Pesona Metro Holdings Berhad ("PMHB" or "the Group") remains committed to operating in a responsible and sustainable manner that delivers holistic, long-term value to its stakeholders including the communities in which it operates. PMHB is also mindful of the need to uphold sustainable practices to preserve the environment that it operates in. These sustainability goals, which are embedded into the Group's sustainability agenda, are upheld via a sustainable business model that enables PMHB to safeguard the interests of its internal and external stakeholders as well as implement efficient operations across the Group.

COMMITTED TO CREATING SUSTAINABLE VALUE

PMHB is an investment holding company listed under the Construction segment on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Group specialises in diverse activities including civil engineering, building construction, river rehabilitation and beautification, concessionaire activities, as well as the manufacturing-cum-trading of building-related materials.

PMHB's primary commitment is to develop a sustainable future for the Group through the creation of long-term value for its stakeholders. This value is developed and achieved by the Group's continual efforts in creating sustainable progress on the Economic, Environmental and Social ("EES") fronts. PMHB continues to gain business momentum and grow from strength to strength through the implementation of responsible and sustainable management practices as well as by enhancing operational efficiencies across the Group as a whole.

SUSTAINABILITY REPORT

SCOPE OF REPORT

This is PMHB's sixth Sustainability Report ("Report") to date. It covers the key material EES activities that PMHB carried out in financial year 2021 ("FY2021") through engagement with its internal and external stakeholders. In crafting this Report, the Group has ensured that the highest levels of transparency and accountability have been observed in the reporting process.

Reporting Period

1 January 2021 – 31 December 2021.

Reporting Cycle

Annually.

Business Entity Covered

The scope of this Report is limited to the activities of Pesona Metro Sdn Bhd ("PMSB"), the Group's Construction Division and its main subsidiary that contributes 96% of the Group's annual turnover. It does not cover the activities of PMHB's other subsidiaries but only details the material issues arising from PMSB's principal business activities. The Group's chief business ventures revolve predominantly around the construction of commercial and residential buildings as well as infrastructural works in Peninsular Malaysia.

Guidelines

This Report aligns with and complies with Bursa Securities' Sustainability Reporting Guide (2nd Edition).

Report Content

The contents of this Report detail the significant material matters which are material or important to the Group's stakeholders. This Report complies with the rules and regulations of the related local authorities and is to be read in conjunction with the rest of PMHB's 2021 Annual Report which covers other financial and non-financial aspects of the Group's business. This Report has not been subjected to external assurance. This is in line with the Group's aim to streamline its sustainability data collection and monitoring activities first and then seek external assurance in due course.

Methodology

As per the Group's regular practice, PMHB's Executive Committee have proposed the various aspects and concerns highlighted in this Report. These have been approved by the Board of Directors and executed by the Working Committee. .

PMHB's Sustainability Journey

Since PMHB's establishment in 1996, it has remained unwavering in its commitment to growing and operating as a responsible corporate citizen. PMHB's Sustainability Framework guides its business activities and operations to ensure that the Group's efforts are directed towards building a sustainable business and future for its stakeholders. The Group first incorporated the Sustainability Framework in its processes following Bursa Securities' introduction of Sustainability Reporting in 2016. The Group also aims to strengthen its focus on operational efficiencies, cost savings, enhanced revenue generation and innovation for the long-term through rigorous compliance with sustainability standards and by embedding the relevant sustainability components into its businesses.

SUSTAINABILITY REPORT (CONT'D)

SUSTAINABILITY THEMES

The Group has applied the following sustainability themes across its operations to ensure that its sustainability efforts remain congruent:

HEALTH & SAFETY

The health and safety of the Group's employees and the public remain as a top priority to PMHB. We believe that ensuring the good health and safety of our employees and the people within the vicinity of our project sites is our responsibility. To this end, we continuously upgrade our equipment to ensure that our safety, health and environmental practices comply with regulatory requirements

LABOUR PRACTICES

The Group's inclusive human resource practices ensure that all employees and workers, whether contractual or permanent, are treated fairly and justly, within our highly diverse demography of nationality, race, religion and gender. PMHB also advocates the practice of having a good work-life balance that ensures the physical, mental and emotional wellbeing of all our people.

ENVIRONMENT

As a conscientious contractor, PMHB is highly aware of the impact our projects may have on the environment. We view the environment as being "close to our hearts" as we have direct contact with the soil, plants, air, water bodies and animals. Hence, we regard it as our duty to perform our daily operations with great awareness and sensitivity towards these exhaustible resources which are crucial to the survival of mankind. The Group is determined to approach all environmental matters with the utmost care and respect so as to mitigate any imbalance in the scheme of things that may negatively affect people or the environment.

PROFITABILITY

PMHB exists to generate profits and value as well as to ensure the long-term, sustainable growth of our businesses in our stead as a responsible corporate entity. We are determined to keep to our promise of delivering excellent products within the stipulated budgets and timeframes while catering to the public as best as we can.

SUSTAINABILITY GOVERNANCE

PMHB's sustainability reporting process is conducted and supervised in accordance with the highest governance standards. The following governance structure enables the Group to ensure that transparency and accuracy are present in every stage of our reporting process:

Group Sustainability Governance Structure

BOARD OF DIRECTORS

Chairman of Audit Committee

EXECUTIVE COMMITTEE

Top Management chaired by Managing Director ("MD")

SUSTAINABILITY WORKING COMMITTEE

- Health & Safety (Head of Health & Safety)
- Environment (Head of Environment)
- Labour Practices (Head of Human Resources)
- Profitability (MD)

SUSTAINABILITY REPORT (CONT'D)

The roles and responsibilities of the Board of Directors and the various committees are as follows:

Governance Body	Roles and Responsibilities
Board of Directors	Guide and Support
Executive Committee	Strategise and Standardise
Sustainability Working Committee	Plan and Execute

Board of Directors

The Group's Board of Directors ("the Board") is dedicated to upholding an agenda that endorses good and consistent EES practices. This agenda also includes the creation of long-term value for shareholders through investing in measures that promote the sustainable growth of the Group's businesses.

The responsibility of overseeing, supporting and promoting EES efforts within PMHB is undertaken by the Board. PMHB strives to ensure that the Board is run by a team which consists of professionals with a broad and diverse range of experiences and expertise. The Board remains committed to enhancing the Group's business strategy through upholding the best practices of corporate governance through the incorporation of relevant sustainable material matters in its evaluations. In addition, part of the Board's responsibilities includes the implementation of planning activities that aim to enhance transparency, integrity and accountability towards the Group's stakeholders in all areas of its operations and management activities.

Executive Committee

PMHB's Executive Committee oversees the processes involved in studying, formulating and strategising the sustainability framework for the Group. Comprising the Chief Financial Officer ("CFO") and Chief Operating Officer ("COO"), the Committee is led by the MD who reports the findings and progress of the Group's sustainability development efforts to the Board. In line with these processes, the role and responsibilities of the committee consists of duties which pertain to the development of the Sustainability Report and Policy. These responsibilities comprise setting sustainability objectives and targets, identifying internal and external stakeholders, as well as prioritising all material matters in relation to the EES aspects of sustainability reporting.

The Board is committed to upholding corporate governance best practices and sound internal controls in its evaluation and incorporation of relevant sustainable material matters into the Group's business strategy.

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All of the committee's findings are shared at quarterly reviews where any gaps between the targets and the results are subsequently finetuned.

Sustainability Working Committee

PMHB's Sustainability Working Committee closely monitors the alignment of our efforts to achieve our sustainability targets with PMHB's implementation of group-wide policies and best practices. These targets are closely monitored by the Committee whose members are selected based on the relevance of their roles to the Group's sustainability material matters. The committee meets on a quarterly basis to review findings and to finetune any gaps between the targets.

PMHB will continue to evaluate the Group's sustainability governance structure, strengthening and restructuring where necessary. This is done with the aim of enhancing efficiency within the Group's planning, implementation and reporting processes. For more detailed information on the Group's overall corporate governance and risk management structures, please refer to the Statement on Corporate Governance as well as the Statement on Risk Management and Internal Control in this Annual Report.

SUSTAINABILITY REPORT (CONT'D)

STAKEHOLDER ENGAGEMENT

As PMHB's businesses and markets continue to evolve and expand, stakeholder engagement remains an integral aspect of the Group's sustainability strategy. The Group aims its efforts towards developing and reinforcing ties with its stakeholders to strengthen its position as a stakeholder-centric organisation. Stakeholder engagement within the Group is continuously aligned with the project development process that runs throughout the project life cycle. The Group ensures that the interests and expectations of its stakeholders are addressed in an accurate and timely manner through frequently interacting with its stakeholders.

PMHB also evaluates the needs of its stakeholders to ensure that it addresses them in a timely and efficient manner on a regular basis. This is achieved through identifying and categorising our stakeholders into specific groups based on their direct and indirect impact on the Group's business and supply chain and vice versa. Our stakeholders' expectations and the methods by which PMHB engages with them and meet their expectations are outlined in the Stakeholder Engagement Matrix below:

Stakeholder Engagement Matrix

Stakeholder	Stakeholder Expectations	Engagement Methods	How We Meet Our Stakeholder's Expectations
Clients	Project to be completed on time, within budget and good quality. Full compliance with authorities' rules and regulations with minimal penalties or summons. Zero fatalities. Proper project management and communications.	Progress meeting (fortnightly). Site walk with client (ad hoc). Client satisfaction survey (upon completion of the project).	QLASSIC score of 73% and above. Submission of monthly progress reports on time. Achieve a minimum 80% client satisfaction rate. All correspondence to be answered within 24-48 hours. Always assign a point of contact for clients e.g., Project Manager or Contract Manager.
Authorities & Regulators	Compliance with rules and regulations.	Site inspections. Audits. Accreditation. Training sessions.	Weekly internal site meeting and site inspection on HSE issues, 5S methodology, GBI matters to ensure compliance. Regularly attend trainings/seminars/ conferences/discussions to improve work methods and get updates on new regulations.
Employees	Attractive pay-out and job security. Career development and progression. Good HSE practices. Fair and equal treatment.	Annual Staff Survey. Annual Appraisal. Staff activities.	Corporate Social Responsibilities ("CSR") activities to encourage off-site relationships with stakeholders. The operation of a transparent and fair rewarding mechanism based on merit. Regular updates on Group-related news and progress via the Group intranet. Feedback on the matters raised by staff via all the engagement activities to assure them that the Group cares and will act upon the requests/concerns which are deemed right for the Group.

SUSTAINABILITY REPORT (CONT'D)

Stakeholder Engagement Matrix (cont'd)

Stakeholder	Stakeholder Expectations	Engagement Methods	How We Meet Our Stakeholder's Expectations
Business partners (suppliers & sub-contractors)	Timely payment. Fair and transparent procurement processes. Safe work sites.	Toolbox meetings. Weekly meetings. Transparent tender processes. Suppliers & sub-contractors evaluation.	Achieve a minimum of 75% in Grade C and above rating for supplier evaluations. Achieve a 75% in Grade B- and above rating for sub-contractor evaluations. Factory/warehouse visits.
General Public & Community	Responsible corporate citizen. Transparent and timely information.	Corporate website. Feedback platform.	An updated website with the latest information made available to all.
Media	Timely and transparent financial and corporate information.	Press conferences. Corporate website. Press releases.	Meetings with the Media after the Annual General Meeting. Press releases uploaded on the website for easy access by the Media.

STAKEHOLDER PRIORITISATION

An annual stakeholder prioritisation exercise is practiced to ensure that our stakeholders' needs are met in a timely and efficient manner. This practice enables the Group to prioritise how it handles different stakeholder groups. Under this exercise, stakeholders are divided into two categories, with the determining factors being the level of dependency on the Group and how these stakeholders influence the Group. The findings from the last exercise undertaken are tabulated below:

Stakeholder Group	Dependency on the Company 1 = lowest dependency 4 = highest dependency	Influence on the Company 1 = least influence 4 = strong influence
Employees	4	4
Sub-contractors	4	4
Consultants	2	4
Clients	2	4
Government/local authorities	2	4
Suppliers	2	2
Competitors	1	4
Bankers	1	2
Media	1	1
Community	1	1

The Group's Stakeholder Prioritisation Matrix was developed from the findings of the stakeholder prioritisation exercise. Stakeholders were categorised in accordance with the extent of influence their opinions and views have for the advancement and development of the Group. The seven top stakeholders have been categorised in terms of their High Dependency-High Influence, while others fall into the Low Dependency-High Influence category for the purpose of this Report.

SUSTAINABILITY REPORT (CONT'D)

Stakeholder Prioritisation Matrix

Stakeholder dependency on the organisation					
	High Dependency	**CONSULT/INVOLVE**		**COLLABORATE/EMPOWER (Maximum Attention)**	
					1) Employee 2) Sub-contractors
	Low Dependency	**KEEP INFORMED (Minimal Effort)**		**INFORM/ENGAGE**	
		Community	Competitors Media		3) Consultants 4) Clients 5) Government/ Local Authorities 6) Bankers 7) Suppliers
		No Influence	Low Influence	Some Influence	Formal Power/High Influence
		Stakeholder influence on the organisation			

MATERIAL MATTERS

Materiality topics are issues of high importance as they hold the power to impact the Group's ability to create, preserve or erode EES value for the Group, its stakeholders and the community. PMHB strategically addresses these material topics through material analyses which provide detailed insights into the EES-related topics that the Group's stakeholders deem most important. These analyses include details on effective engagement methods such as face-to-face meetings, surveys, feedback and a brief analysis of our peers' practices.

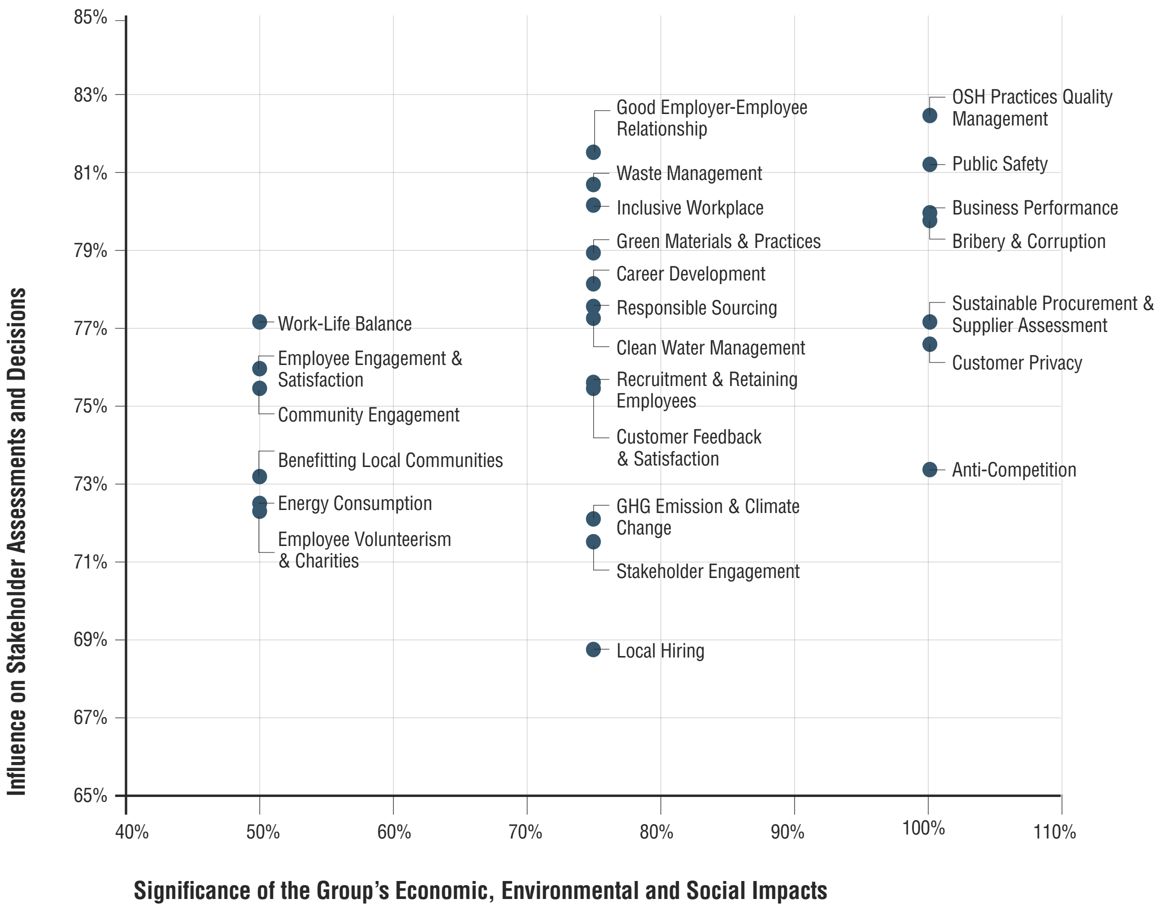
The Group conducted two material analyses back in February and December 2018. Utilising Google Forms, a survey was sent to stakeholders within the High-Dependency and High Influence category, namely the Group's employees, customers, suppliers, sub-contractors, regulators and authorities, consultants and bankers. The parameters of the survey are outlined below:

Stakeholders	Parameters
Clients	Existing and past clients who have engaged the Company in jobs - both private and public organisations.
Authorities & Regulators	Governments, local councils, the Construction Industry Development Authority or CIDB, SIRIM, the Fire Department, and the regulators for Green Building Index or GBI certification.
Consultants	Professionals who have a direct influence on the Company's operations including architectural, structural, electrical, mechanical, and landscaping professionals.
Employees	Permanent, contractual and interns; locals and foreign workers.
Business partners (suppliers & sub-contractors)	Product and service providers.
General Public & Community	People living/working within a 5 km radius of our workplaces; Other non¬governmental organisations (NGOs) with influence.
Bankers/Financiers	Financing bodies that conduct monetary transactions with the Company.

SUSTAINABILITY REPORT (CONT'D)

The Group's current Materiality Matrix below was based on the findings of these analyses. Consequently, the matrix was used to plot out PMHB's 2021 Sustainability updated Roadmap.

EES Materiality Matrix



UPHOLDING GOOD ECONOMIC PRACTICES

Strategic Direction

PMHB is continuously focusing its efforts on finetuning the course of its core businesses to ensure the Group's sustainable growth. In order to maintain the Group's momentum, PMHB implements strategic changes where they are necessary. This practice enables the Group to adapt to everchanging market and economic conditions. For insights into the PMHB's overall strategic direction plus its financial and operational performance, please refer to the Management Discussion and Analysis section within this Annual Report.

SUSTAINABILITY REPORT (CONT'D)

2021 Sustainability Roadmap (Targets and Achievements)

Health & Safety	
Target	Achievements
Zero Fatality	Yes
Zero Lost Time	Yes
Zero Stop Work Orders	Yes
Zero Dengue Cases	Yes

Labour Practices	
Target	Achievements
Annual Staff Survey	Achieved
3 Major Festive Celebrations	COVID-19 pandemic
Minimum 14 hour/staff Training	0.62 Training hours / Employee (COVID-19)
4 CSR activities	Not achieved -COVID-19 pandemic
Internship i) 10 HQ ii) 25 Site	Not Achieved i) 3 HQ ii) 7 Site
8 Scholarships	1 Scholarship

Environment	
Target	Achievements
Allowable Construction Waste i) Steel 7% ii) Concrete 5% iii)Timber 10%	Yes 1.58% 1.00% 3.17%
Zero Environmental Summons/ Notices	Yes

Product Quality	
Target	Achievements
QLASSIC 73%	Yes
80% Customer Satisfaction	Yes
75% Sub-Contract Grade B	Yes
75% Supplier Grade C and above	Yes

The detailed achievements for all the sustainability themes are spelt out in the respective sections of this Sustainability Report.

Strengthening the Market Ecosystem

From its suppliers to its customers, PMHB prioritises marketplace engagement activities with the aim of establishing meaningful connections at every level of the supply chain. The Group aims to cultivate synergistic and strategic relationships that will generate sustainable growth through its sincere efforts as an active member of the construction industry in Malaysia. PMHB is also committed to enriching the diverse social and industrial circles in which it operates through the investment of its resources in initiatives that will help to create value. The Group's main subsidiary PMSB continues to lead the way in driving our marketplace efforts in the construction industry. With construction being a significant factor in the nation's economic cycle, PMHB looks forward to playing a part in the projected growth and recovery of the economy throughout the course of 2022.

The Group's humble beginnings go back to its establishment in 1996 with just 20 employees. The Group has grown from strength over the years and today commands a steady workforce of approximately 400 employees comprising both permanent and contract workers. PMHB employs both local and foreign workers to work at its construction sites in support of trans-border employment and diversity. Its diverse workforce also consists of general workers with special skills in specific trades such as carpenters, bar benders, electricians and special trade workers to assist with the construction work at its sites.

PMHB also plays its part in supporting the domestic economy through the provision of jobs within its project sites and its prioritisation of local SMEs for the purchase of raw materials such as cement, steel and timber. This practice not only opens up avenues of opportunity and growth for our local producers, it also limits the Group's dependency on foreign suppliers and decreases the risk of external macroeconomic factors in our dealings, resulting in a more significant contribution towards the growth of the Malaysian economy. The Group's efforts are further complemented by its commitment to engage in prudent procurement practices aimed at encouraging healthy market competition. The Group also continues to contribute to the domestic construction industry through its utilisation of new methodologies and technologies in its projects.

SUSTAINABILITY REPORT (CONT'D)

Transparent Marketplace Practices

Due to the hazardous nature of its work, PMHB is committed to upholding the strict regulations that govern the construction industry. Its activities are governed by the rules and regulations of the CIDB, of which it is a member, and is subject to audits by SIRIM. Furthermore, in its capacity as a public listed company, PMHB is governed by the Main Market Listing Requirements ("MMLR") of Bursa Securities.

As a company that prioritises transparent dealings throughout its operations, the Group focuses its efforts on promoting good industry and market behaviour. In line with this, PMHB upholds a zero-tolerance stance towards bribery and corruption through the various practices, values and policies that it is continually implementing. One such example is the PMHB Induction Programme which was introduced back in 2019. This programme ensures that all new employees are well-acquainted with the Group's firm stand against white-collar crime, enabling PMHB to strengthen transparency across the Group. This initiative is further supported by the groupwide introduction and implementation of the Zero Tolerance Policy, which can be found in the Group Employee Handbook.

The Group has also implemented these policies in its fight against unethical practices:

- A Code of Conduct underlining the Group's approach towards business ethics and employee integrity;
- The Overview Statement on Corporate Governance which explains the functions of the Board of Directors and various Board committees, including other additional information. This is published in the Annual Report, while the Board Charter is published on its website;
- The Open Tender Policy which is applied to all sub-contractor awards where the attendance of three out of five committee members is required at the opening of the Tender Box. One of the three committees must be from a department other than the Tender and Contract Department to ensure non-biased decisions are made; and
- The Whistleblowing Policy that provides employees a safe mechanism for raising genuine concerns on potential improprieties in matters of financial reporting, compliance and other malpractices, in an appropriate manner at the earliest opportunity, The Whistleblowing Policy is further explained in our Employee's Handbook while the general public can access this on our website at https://www.pesona.com.my

To ensure that our governance framework remains comprehensive and up-to-date, PMHB works in close compliance with the relevant regulatory bodies. To this end, the Board continues to evaluate potential risks and introduce the necessary compliance measures in response to Section 17A of The Malaysian Anti-Corruption Commission ("MACC") Act 2009 which was put into effect on 1 June 2020. In addition to this legislation, the Group also incorporated its Anti-Corruption Anti-Bribery Policy and Procedures into its Code of Conduct, in accordance with Bursa Securities' MMLR and in compliance with the MACC's Section 17A ruling.

Our Commitment to Excellence

PMHB continues to be recognised for its commitment to upholding excellence throughout the length and breadth of its operations. For details on the awards and accolades the Group received during the year in review, please refer to the Social: Occupational Health and Safety section of this Report.

SUSTAINABILITY REPORT (CONT'D)

UPHOLDING GOOD ENVIRONMENTAL PRACTICES

Education and Awareness Programmes

PMHB remains fully committed to protecting the environment through its incorporation of more effective sustainable practices. With the goal of decreasing the negative environmental impact of its operations and businesses, the Group puts into practice strategic initiatives that strengthen the protection and preservation of the environment in a sustainable manner.

To ensure that environmental awareness continues to be advocated across the Group, PMHB continues to roll out educational and awareness programmes to its valued employees, workers, sub-contractors and suppliers with the aim of instilling environmental conservation throughout every level of its operations.

Green 5S Practices

PMHB was one of the first builders on the domestic front to subscribe to the 5S methodology, a move that is in line with our aim to cultivate a greener organisation. The 5S methodology helps us to ensure our project sites remain organised, clean and incident-free. All of PMHB's projects have been audited by the SIRIM Green 5S team for their relevant Green 5S practices. The Group's The Mews project site was the first of its sites to achieve a Zero Non-Conformance Report under SIRIM's Green 5S Audit in 2017.

Under a recently revamped 5S Awareness Campaign, the Group conducted a total of two 5S Induction Training sessions and 5S Awareness training at 14 project sites during the year in review. In addition, the Group also organised 28 weekly 5S Site Coordination and Surveillance sessions as well as 7 HQ 5S Monthly Audit sessions.

The SIRIM Green 5S Audit keeps track of the Group's 5s efforts. These audits enable us to track our progress in our Zero Non-Conformance commitment at our project sites. PMHB's accomplishments in this area have helped establish the Group as a trusted builder in the construction industry. In 2021, the Group did not undertake any SIRM Green 5S Audits.

6-Year SIRIM 5S External Audit Results

Year of Audit	Project Sites	Number of Non-Conformance Reports	Number of Issues Under Observation
2015	UNIMAP, Perlis	3	23
	The Mews, Kuala Lumpur	3	24
	Third Avenue, Cyberjaya	4	35
2016	The Mews, Kuala Lumpur	0	13
	Third Avenue, Cyberjaya	2	11
	KPJ Bandar Dato' Onn Specialist Hospital, Johor	5	13
2017	Residensi Gen, Kuala Lumpur	0	3
	Central Plaza i-City Mall, Selangor	0	6
	Gua Musang Seksyen 3E2, Pahang	3	9
2018	UniSZA, Terengganu	0	5
2019	Eaton Residences, Kuala Lumpur	0	10
	Lot 15 SJCC, Selangor	3	17
	Conlay 301, Kuala Lumpur	0	18
2020	Conlay 301, Kuala Lumpur	0	3
2021	-	0	0

For the year 2021, due to the COVID-19-induced operational restrictions, PMHB did not conduct any auditing exercises at its sites.

SUSTAINABILITY REPORT (CONT'D)

Environmental Talks

As part of its efforts to be a good practitioner, the Group's environmental preservation efforts are regulated by systems that keep it on course. These regulatory systems are complemented by quarterly refresher courses and sharing sessions with its project teams. These practices enable PMHB to remain compliant with regulatory requirements as well as adopt a more comprehensive approach to its check-and-balance efforts.

The successful maintenance of the Group' Green 5S performance can be attributed to its effective on-site implementation of environmental and 5S practices. The number of in-house environmental talks that the Group conducted for its employees between 2018 and 2021 can be seen in the following table:

	2017	2018	2019	2020	2021
Environmental Talks during EMS Internal Audits at Project Sites	6	5	7	7	14
Environmental Talks during EMS Internal Audits at Headquarters	4	1	4	5	7
Induction Programme (EMS Session) – introduced in Nov 2018	NA	1	5	2	2

All new employees of the Group are required to undergo an introduction to the Group's culture as well as understand its commitment to environmental conservation and 3R activities as part of their induction process. They are also encouraged to uphold groupwide campaigns such as the Styrofoam Food Packaging Campaign which the Group continues to implement. The campaign strictly prohibits the use of plastic/polystyrene food and beverage packaging at PMHB's offices and project sites. By urging our workers and employees to utilise reusable containers in lieu of single-use plastic we aim to minimise the use of non-biodegradable waste.

Materials Management

In line with its goal to minimise waste, PMHB has implemented a materials management programme at all its project sites. The Group's materials management programme at its project sites continues to deliver stable results by mitigating processes that may lead to waste. This is done by meticulously budgeting construction materials at all project sites. The decrease in wastage has enabled the Group to consolidate its resources as well as garner more savings from the decreased landfill input.

Raw Materials Management

In line with PMHB's goal to minimise waste, it sources raw materials locally as well as sets budgets for its purchases in accordance with the number of projects being carried out. For the purpose of this Report, we focus on the three main construction materials which make up some 80% of the Group's raw materials.

	2019	2020	2021
Steel Bar (tonnes)	18,487	10,557	10,472
Concrete (m3)	188,944	95,222	114,721
Timber (tonnes)	1,159	506	288

The Group has set a limit for the maximum amount of acceptable wastage within its operations to ensure the efficiency of the utilisation of construction materials. The following table portrays the amount of waste generated from the Group's ongoing projects in 2021.

	Target/Allowed Wastage	Actual Wastage
Steel Bars	7%	1.58%
Concrete	5%	1.00%
Timber (with a 4-time lifecycle)	10%	3.17%

SUSTAINABILITY REPORT (CONT'D)

Raw Materials Management (cont'd)

The Group will continue to further review and enhance the materials management programme for better results as it makes progress in its conservation of resources. Through the dedication of site management teams and the decrease of the materials management percentage, as well as the continuous monitoring of the construction materials wastage output, the programme has been successful thus far. Moving forward, the Group will continue to work closely with its teams to take the necessary actions to mitigate any potential wastage.

Utilities Management

As part of its aim to become more eco-friendly, PMHB practices resource consolidation particularly in the area of construction materials and the consumption of utilities at its project sites. The consumption of essential utilities such as diesel, petrol, water and electricity at PMHB's construction sites are closely monitored to further reduce the Group's carbon footprint.

PMHB also advocates the conservation of water through the utilisation of rain-water harvesting methods. The recycled water is used to supply water for cleaning purposes at sites, to wash tyres and other objects. In addition, the amount of potable water used is also monitored and determined by the number of workers residing at each site.

Water Usage (m^3)

	2019	2020	2021
Project Sites	94,728	90,614	127,532
Headquarters	1,754	1,735	1,711

The on-site use of diesel often peaks in the beginning of the construction cycle, when it is used to power machinery before the electricity supply is established. Consequently, the amount of diesel usage on-site tends to downtrend once electricity is made available on site and fully utilised. In 2021, the Group's total amount of diesel utilisation significantly decreased as all construction projects came to a halt as various movement control orders were reinstated by the government throughout the year, due to the COVID-19 pandemic.

Diesel Usage (litres)

	2019	2020	2021
Project Sites	656,640	473,248	108,099
Headquarters	9,120	8,610	7,669

Electricity Usage (kWh)2

	2019	2020	2021
Project Sites	2,464,521	2,892,113	3,347,919
Headquarters	142,885	139,412	109,515

The use of petrol within the Group is limited primarily to fuelling the vehicles that ferry workers and employees to and from the Group's sites. The amount used is significantly smaller than other utilities because of its limited use. Since petrol remains a contributor to the Group's carbon footprint, we have included it in this Report.

Petrol Usage (litres)

	2019	2020	2021
Project Sites	67,726	68,655	52,123
Headquarters	89,616	70,300	53,962

Waste Management

The Group's initiatives to limit the generation of general waste comes under the ambit of its comprehensive waste management programme which covers the general scope of its operations. The programme comprises the following targets:

- To minimise formwork wastage (by recycling formworks or using alternative non-traditional formworks which are recyclable);
- To minimise packaging waste resulting from products purchased;
- To minimise rework and thus reduce the cost, materials, time and effort spent;
- To minimise materials damage due to negligence; and
- To minimise the quantity of unused materials and wrongly-ordered materials which cannot be returned/ reused due to their specifications.

The following programmes help us to achieve these targets in a sustainable manner.

SUSTAINABILITY REPORT (CONT'D)

Waste Management Targets and Programmes

Minimising Formwork Wastage

PMHB utilises non-conventional recyclable formworks in order to reduce the high percentage of timber wastage that is involved in the manufacturing and temporal usage of conventional frameworks. The recyclable formworks in use include table-forms, jump-forms, aluminium forms, as well as proprietary-type system formworks which can be reused for extended periods. Despite the usage of these reusable formworks, the Group still requires timber formworks for project structures that are not uniform and which require more flexible formwork.

Optimising Formwork Usage

Since the Group first achieved a stable 90% rate of system formworks usage at all its sites in 2019, it has continued to maintain this milestone. This achievement reflects the Group's efforts to reduce the usage of timber formworks at its sites through its investment in fixed assets such as system formworks for the long-term.

Minimising Packaging Waste

Approximately 60% of all construction waste is derived from the protective packaging of building materials. In line with its sustainability agenda, the Group recycles the generated waste from this protective packaging as often as possible to decrease the amount of waste that is disposed in landfills. The waste which predominantly comprises timber pallets, timber crates, cardboard boxes, plastic wrappers as well as metal strips, is later re-purposed to be used at the Group's sites in features such as temporary walling systems, walkways, temporary low-fencing and road barriers.

Minimising Rework

The Group addresses waste management in its project works by decreasing the level of rework in the construction process through the careful inspection of projects while still in the blueprint phase. Employing innovative technologies such as Building Information Modelling ("BIM") and Virtual Design and Construction ("VDC") enable the Group to locate any errors that may occur prior to the construction phase of our project. Bringing correction to these errors during the planning phase of a project reduces risk as it allows for the mitigation of additional expenses as well as the potential loss of resources and time. The Group's BIM team continues to oversee this vital aspect of the construction process.

Minimising Instances of Damaged Materials

The Group's implementation of the 5S system ensures that safe and proper storage of materials is present at its construction sites. This facilitates the decrease in unnecessary expenses incurred by the Group as the issue of materials being damaged is eliminated. The system outlines the following undertakings:

- Prefabricated steel frames are used to store steel bar bundles which helps prevent corrosion when the bundles encounter moisture from the ground;
- Proper designation of boxes/areas for the storing of scaffolding components such as joint pins, swivel clamps, jack bases, u-heads, cross bracing, catwalk platforms and frames. Boxes are also placed on every floor to enable workers to return the unused smaller components in a convenient manner so that they do not get misplaced; and
- Fragile materials are appropriately tagged and materials with expiry dates are organised according to their dates in a 'first-in, first-out' order.

Recycling Efforts

In 2021, the Group continued its partnership with NGOs to process the recyclable waste collected from our Headquarters ("HQ") and the homes of our employees in its efforts to minimise waste. This practice serves to instil a sense of responsibility amongst our employees when recycling, resulting in a year-on-year increase in the number of recycled items. In addition to this, our project sites continue to uphold proper recycling practices by repurposing construction waste where possible as well as transporting recyclable waste to recycling centres.

SUSTAINABILITY REPORT (CONT'D)

Results of 2021 Recycling Efforts (kg)

	Headquarters				All Project Sites			
	2018	2019	2020	2021	2018	2019	2020	2021
Carton Boxes/Cardboard	6,687	4,222	6,458	4,080	9,333	13,974	51,950	44,439
Plastics & PVC	883	343	343	94	2,297	8,812	26,398	6,667
Metal/Aluminium/Iron	0	20	25	5	547	624	1,763	1,363
Others (shredded paper, glass, unused film)	1,699	2,852	3,613	-	116	1,705	9,780	9,897

Pollution Control and Management

Prior to the commencement of each project, the Group thoroughly estimates the potential carbon output of every project to strategically manage its carbon footprint. With the trusted help of a sustainability consultant, every project is developed in compliance with regulatory requirements known as the Environmental Management Plan ("EMP"). The sustainability consultant is responsible for overseeing the EMP which covers the monthly monitoring system for water quality, air quality, noise levels and vibrations, ensuring that the activities carried out comply with Department of Environment Malaysia's requirements.

PMHB also continues to uphold the reinforcement of its environmental performance in its construction activities through several measures which are both friendly to the environment and which help deter contamination. These measures include metal drip trays for oil leakage protection, grease/oil interceptors at all canteen and kitchen facilities, proper Imhoff tanks for toilets, water browsers to reduce air particulate, and the use of water jets and wash troughs to clean lorries and the tyres of other vehicles.

Our Commitment to Implementing Good Environmental Management Systems

The Group's environmental initiatives are aligned with the latest International Standard for Environmental Management Systems ("EMS"), ISO14001:2015. The Group's initiatives are carried out by its main subsidiary, PMSB, which remains committed to implementing the following EMS formulation processes which are in line with the new standard:

- Strategic Environmental Management Planning: PMSB's newly enhanced strategic planning process prioritises the actions that revolve around mitigating risk and capitalising on opportunities. The process enables the identification of risks and opportunities related to environmental matters, compliance obligations and other issues that are driven by the business context, including the needs and expectations of internal and external stakeholders;

- Risk-Based Thinking: PMSB's application of risk-based thinking supports the Group's aim to identify and focus on actions that can reduce its environmental impact;

- Leadership: PMSB has appointed key people to take the lead role in advocating environmental management within its organisation. The Group's top management and senior managers are committed to advocating greater leadership to ensure all action plans across the board are in line with the Group's EMS objectives and requirements;

- Protecting the Environment: PMSB's goal to further expound on the organisation's environmental protection goals comes under the ambit of this initiative which includes the prevention of pollution and the proper use of sustainable resources;

- Process Approach: PMSB is redirecting its sole focus on EMS to include other outcomes as well as results;

- Environmental Performance: PMSB aims to redirect its focus from solely highlighting the organisation's policy, commitment and continuous environmental performance to include other measures such as the reduction of emissions, effluents and carbon footprint;

- Lifecycle Perspective: The Group aims to enhance the entire lifecycle of its products and services to be more environmentally efficient for the long term. This will include lifecycle stages such as the acquisition of raw materials, design, production, transportation/ delivery, end of life treatment and final disposal in addition to onsite activities;

- Integration with Business Process: The Group's EMS objectives have been integrated as part of its business processes so that it now incorporates procurement, subcontract management, construction implementation, asset management and human resource activities. This integration is in line with the Group's objectives and Bursa Securities' requirements for sustainable development on the EES fronts.

SUSTAINABILITY REPORT (CONT'D)

UPHOLDING GOOD SOCIAL PRACTICES SOCIAL

SOCIAL: LABOUR & DECENT WORKPLACE PRACTICES

PMHB is committed to treating all of its employees respectfully and equally, regardless of race, background, gender and age. The Group's 'fair and equal opportunity policy' guides its approach to human resources as outlined in its Employee Handbook. As a forward-thinking organisation, PMHB will continue to uphold its role as a preferred employer of committed individuals who originate from different backgrounds, cultures, religions, races and nationalities.

Composition of the Board

PMHB's Board currently comprises one female member, namely Pn. Salwa Binti Shamshuddin, an Independent Non-Executive Director, who serves as a member of the Audit Committee. As a valued member of the Board, Pn. Salwa's input enables us to maintain a well-rounded and more balanced sharing of views and opinions between the genders through her diverse experiences and insightful perspectives. Furthermore, her appointment to the Board is in compliance with Bursa Securities' recommendations to foster gender equality on the Board.

PMHB's Workforce

The Group's success can be attributed to the tremendous efforts of the ever committed, hard-working and talented individuals who form its workforce. As of December 2021, the Group registered a total count of 296 employees (end 2020: 367 employees). The following table details the composition of the Group's workforce over the past two years:

	2020	2021
Total number of Employees	**367**	**296**
Gender (gender equality):		
Male	77%	73%
Female	23%	27%
Age (inclusivity):		
> 50 years old	17%	18%
30 – 50 years old	55%	57%
< 30 years old	28%	25%
Race (Diversity):		
Malay	56%	52%
Chinese	35%	38%
Indian	7%	7%
Others	2%	2%
Type of Employment (Fair employment policy):		
Permanent	45%	48%
Contractual	55%	52%
Nationality (local labour employment):		
Malaysian	100%	100%
Non-Malaysian	0%	0%
Skills (product quality):		
Technical	79%	77%
Non-technical	21%	23%
Year of service (talent attraction & retention):		
< 1 year	23%	5%
1 – 3 years	22%	29%
> 3 – 6 years	27%	26%
> 6 – 10 years	17%	23%
> 10 years	11%	17%
Staff Turnover Rate	20%	26.67%
Health & Safety:		
Worked Manhours	11,400,772	8,435,172
Fatal Accidents	0	0
Lost Time Injury Accidents	0	0
Accident Frequency Rate/Million Hours	0	0

SUSTAINABILITY REPORT (CONT'D)

As a progressive organisation, the Group continues to direct its efforts towards further developing the demographic of its female employees in the very much male-dominated construction industry. This growth is reflected in the Group's current workforce gender ratio and will remain a top priority for PMHB.

With regard to racial diversity, the Group's Malay and Chinese employees continue to form the majority of its workforce, followed by Indians and other races.

The Group's staff turnover rate increased to 26% in 2021 from 20% in the prior year. PMHB optimistically views the staff turnover cycle as a healthy contributor to operational sustainability as the stream of new recruits into the Group allows for the cultivation of new ideas, fresh perspectives and approaches to take place on a yearly basis. In addition to this, younger employees are motivated to gain more experience by climbing up the corporate ladder while filling in the roles left vacant by their former seniors in the company.

The Group's positive health and safety record has been maintained since 2019, with zero hours lost to injury or accidents. For information on our health and safety initiatives, please refer to the Occupational Health & Safety section of the Social segment.

Human Rights

The Group continues to uphold and safeguard the rights of all its employees and workers. With regard to our general on-site workers (blue collar workers), PMHB has established the following standards to ensure that their wellbeing and rights remain protected and prioritised:

- Separate sanitary areas (i.e., shower areas and toilets) for both males and females, ensuring their privacy;
- Proper cooking area which includes easily accessible fire extinguishers as well as a proper wash area to ensure cleanliness and good hygiene at the cooking and canteen area;
- A designated worship area in the worker's camp, ensuring workers are able to exercise their faith in a suitable environment;
- An entertainment area equipped with television, that workers can utilise during interval breaks;
- A clean water dispenser where potable water is readily made available;
- Resting areas equipped with beds to ensure that workers get appropriate rest;
- A 30-minute break given during an interval of 1.5 to 2 hours of work; and
- A 60-minute lunch break.

PMHB has strong views against the enslavement of individuals and child labour both as a practice in general and especially within our operations. We strive to ensure that the equal and humane treatment of our workers remains free of any kind of discrimination, be it in nationality, gender or age. In line with our honest practices, all the Group's workers are employed via legal means and own CIDB green cards issued by the Construction Industry Development Board of Malaysia.

Our employee policies on the fair and equal treatment of our white-collar employees are communicated to all personnel via the PMHB Employee Handbook. In addition, this guide also highlights the various benefits that our employees are entitled to.

Work-Life Integration

Working in the construction industry often requires lengthy periods of strenuous activity for the Group's employees and workers. To offset the potential constraint of a construction work-cycle and ensure the wellbeing of our workforce, we continue to take up measures that will help us to create a supportive and beneficial workplace. These initiatives are in line with our understanding that the physical and mental health of our employees are crucial to the sustainable success of our business and operational endeavours.

Sports for Physical and Mental Wellbeing

The Group encourages its members to prioritise a healthy work-life balance as part of its belief that all members of PMHB should remain healthy in both mind and body. This belief has led to the organisation of after-work sports activities held at both its HQ and construction sites for members of its workforce. These activities include various sports such as futsal, bowling and badminton which are held on a weekly basis. In addition to this, PMHB's staff have also been given access to the fitness centre located near its HQ where fully functional facilities including a gymnasium and heated showers are available for utilisation. The option of participating in group fitness classes is also available to staff based at HQ. In 2021, PMHB was only able to organise a total of 55 physical activities for its members compared to138 activities in the prior year, due to COVID-19 related restrictions.

Education and Personal Development

The Group continues to contribute to the nation's economic development through its offering of undergraduate internship programmes at both its construction sites and offices. In 2021, PMHB continued to implement this programme which provides practical work experience at its construction sites and offices to students who need to fulfil practical training as per their academic requirements.

SUSTAINABILITY REPORT (CONT'D)

Internship Programme

During the year in review, the Group accepted a total of 10 brand new interns with three interns at HQ and an additional seven interns at its construction sites. These internship placements are the results of the sponsorship initiatives which the Group continues to carry out in conjunction with Universiti Tunku Abdul Rahman ("UTAR").

	2019	2020	2021
Interns at HQ	10	11	3
Interns at Project Sites	46	29	7
Total	56	40	10

Training & Development

In 2021 PMHB's employees underwent a total of 0.62 training hours (2020: 4.58 training hours) per employee as per the training categories listed below:

	2019	2020	2021
Health & Safety	25	10	1
Quality & Technical	29	13	9
Environmental	9	4	1
Corporate Governance	5	1	0

The decrease in the number of hours of training can be attributed to the limits in operations and circumstances that were unique to the year in review.

Employee Reward and Recognition Practices

PMHB strongly believes in recognition our employees for their good work ethic and commitment shown to our organisation. As such, the Group continues to reward the hard work of those employees who stood out during each operational year in review. These activities are part of the Group's initiative to strengthen its position as an employer of choice.

Employee Recognition Awards

PHMB has organised the following recognition programmes over the past few years in recognition of the diligent, loyal and exceptionally high-performing individuals within the Group:

- **PMHB's Good Action Award** recognises the additional contributions/efforts by employees or project teams that increase the efficiency of working methods, leading to enhanced productivity and effectiveness in the delivery of quality products to the Group's customers.

- **PMHB's HSE Excellence Award** recognises employees who prioritise good HSE practices while fully complying with HSE requirements.

- **PMHB's Good Attendance Award** recognises employees who have achieved full attendance, prioritise punctuality and have not taken any sick leave during the year.

- **The Group's 10-year and 20-year Long Service Awards** honours long-serving employees who are loyal and have served the Group over a period of 10 or 20 years.

- **PMHB's Green 5S Award** recognises employees and project sites that have contributed to organising and implementing 5S practices at the workplace through team effort; carried out good communications to motivate other colleagues to join in the 5S efforts via posters, notices and labels; as well as implemented a good 5S setup at the workplace.

Our recognition programmes were not carried out in 2021 as operational restrictions during the year in review made it difficult to gather the sufficient data necessary for the efficient execution of these programmes.

Annual Appraisal

In addition to the Group's recognition awards, PMHB's employees are also rewarded at the end of every financial year following an evaluation and appraisal of their performance, competency and personal attributes. This appraisal exercise serves to help our employees shape and frame their career paths. This process also allows for the examination of each employee's performance, highlighting areas for improvement, and identifying the appropriate training and development activities that will best benefit the employee. PMHB will continue to uphold implementing the necessary measures to further assist and inspire its employees to aim high and achieve their career goals while meeting the Group's requirements.

Employee Welfare and Benefits

PMHB offers standard employee benefits such as general group health insurance, medical claims, paid and special leave, as well as travelling and outstation allowances to members of the Group's workforce. In addition, the Group also provides the following employee welfare benefits:

- Staff housing for overseas and outstation employees;
- Medical benefits and group health insurance are provided to each and every employee fairly and equally without discrimination to their job grades;
- Sanitary toilet facilities are prepared for worker convenience on all alternate floors at high-rise building construction sites; and
- All on site workers are provided with masks and full Personal Protective Equipment ("PPE") to ensure that they are well protected from potential hazards at construction sites.

SUSTAINABILITY REPORT (CONT'D)

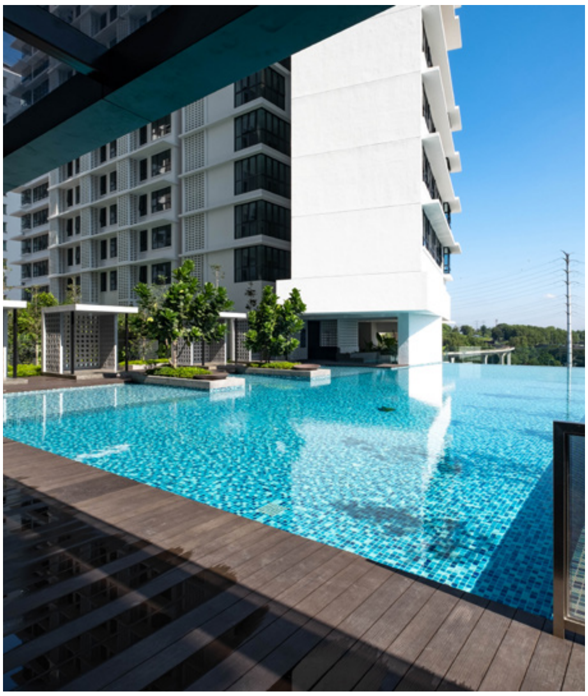
Employee Welfare and Benefits (cont'd)

Regardless of nationality and background, these benefits are provided equally to each and every employee of the Group. Aside from these benefits, education on PMHB's Work Culture, Employee Benefits, Health & Safety Practices, Quality and Environment Practices as well as PMHB's Fair & Equal policy is also provided for all new employees via the Employee Induction Programme. All new employees are required to attend this mandatory induction programme within a month of assuming their roles in the Group.

Group employees are required to uphold the Employee Code of Conduct as ambassadors of PMHB. The code is highlighted in the Employee Handbook which also includes an outline of the Group's policies on work ethics as well as anti-corruption and bribery practices.

Employee Engagement

The Group understands and acknowledges that clear and consistent communication plays a key role in the element of success. As such, it continues to organise opportunities for healthy employee engagement. These beneficial engagement activities include events such as corporate social responsibility initiatives, sport activities, festive celebrations and the Group's Annual Dinner. These events assist in the cultivation of strong management-employee relationships, through developing trust and communication. The following initiatives are also part of the Group's agenda for engagement:



Annual Employee Survey

The Group carried out its fourth groupwide employee survey in 2021 to further determine the valued concerns and perspectives of our employees. The term 'employees' refers to all staff members who are registered under the Group's payroll. PMHB garnered a total of 120 responses to the 2021 survey, thus meeting the Group's target of reaching a minimum response rate of 25%.

Greater Use of Technology Platforms

The utilisation of advanced technological communication enables PMHB's employees to maintain a steady line of communication with the Group's diverse stakeholders. Easy access to social interaction platforms such as WhatsApp assists our teams in tracking project progress as it seamlessly provides informative data on a real time basis. The Group also employs its intranet platform, eBoard, which enables the dissemination of corporate information, project updates and groupwide activities to all employees on a common platform, resulting in better communication across the Group.

SOCIAL: OCCUPATIONAL HEALTH AND SAFETY

Recognised for Good Health and Safety Measures

In recognition of the Group's commitment to upholding excellent health and safety measures, it continues to be lauded by various esteemed organisations. In 2021, PMSB's Ativo, Damansara project was awarded a Gold Class 2 Award at the Malaysian Society for Occupational Safety and Health's OSH Performance Award 2021 event, and a Gold Superior Award at the Malaysian Occupational Safety and Health Practitioners' Association ("MOSHPA") OSH Excellence Award 2021 event. At the same MOSHPA event, PMSB's RMM, Bukit Jalil project came away with a Platinum Silver. Prior to this, PMSB's Lot 15 SJCC project bagged a Gold Premier Award at the MOSHPA OSH Excellence Award 2020 event, while the Lot15 SJCC project was also accorded a Special HSSE Recognition Award by Sime Darby Property in 2021. These awards and accolades reflect the industry's continued confidence in the Group's capabilities and track record as a reputable construction player.

PMHB garnered a total of 120 responses to the 2021 survey, thus meeting the Group's target of reaching a minimum response rate of 25%.

SUSTAINABILITY REPORT (CONT'D)

Continuing to Uphold Stringent Health and Safety Standards

Upholding high standards of excellent health and safety measures are a top priority for PMHB. As such, the Group continues to subscribe to the best practices through the most recent upgrade of ISO 45001:2018, a system under the renowned international standards for occupational health and safety. The required participation of leadership within this new standard propels our management teams to be continuously intentional of the inclusion of health and safety measures within the purchase-decision-making process, resulting in a healthier and safer working environment within the Group.

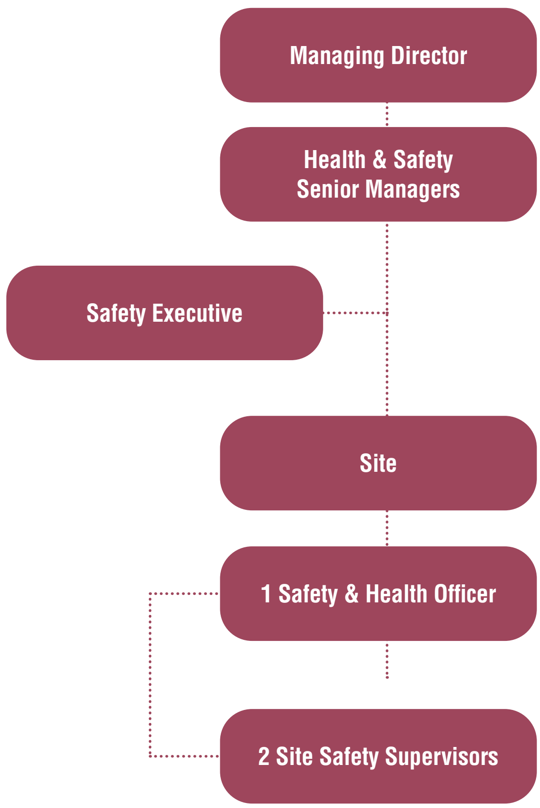
Our Health and Safety Policy

PMHB continues to directs its efforts towards establishing a more coherent and preventative working environment as the reinforcement of safety remains a fundamental priority to the Group. In line with our health and safety agenda, we have embedded strict regulations within our operational facilities which requires all personnel to fully comply to these mandatory regulations. Establishing a comprehensive definition of rules and regulations within our operational workflows has not just equipped our workforce to be more insightful with their roles and responsibilities but has developed safe working practices throughout the Group.

In addition, the Group has established a standard organisational flow for health and safety measures to ensure that all work procedures are carried out safely and in accordance with the law. These measures aim to mitigate, eliminate and avoid all possible health and safety risks towards our valued employees, co-workers and assets across the Group.

The following chart highlights the typical organisational flow for health and safety matters:

A Typical Health & Safety Organisational Chart for Project Sites



SUSTAINABILITY REPORT (CONT'D)

Safety Efforts

The Group's maintenance of high standards of OSH practices is ensured through the implementation of the following activities at its project sites in 2021:

Target	Actual	Remarks/Reasons
A minimum of one Safety Health Officer ("SHO") and two Site Safety Supervisors ("SSS") at each project site.	Achieved	All sites complied with the minimum requirements.
A minimum of one on-the-job coaching session for workers every week.	Achieved	On-the-job training was conducted every Wednesday with the aim of educating workers on how to deal with high-risk situations in their work. The coaching conducted sought to train employees to reduce the possibility of a situation by avoiding potential hazards. All project sites have complied with this requirement since 2018.
A minimum of one OSH training session on a half-yearly basis for employees and a minimum of one OSH training session per annum for sub-contractor staff.	Achieved	In 2021, all the employees and sub-contractors complied with COVID-19 preventive measures.
Not more than two medical treatment cases for every 1,000,000 man-hours worked.	Achieved	In 2021, there were only five medical treatment cases over the 8,435,172 man-hours worked.
A minimum of one recordable audit per month per site.	Achieved	Every site-walk was followed by a meeting where all matters raised from the audit were discussed and rectified immediately to make the workplace safer for employees.
Set KPIs for tasks incorporated into the Occupational Health and Safety Assessment Series ("OHSAS") and POSH planning.	Achieved	Monthly KPIs were set in line with the OHSAS 18001 and POSH Plan. On top of this, the HSE team was tasked with adhering to a daily To-Do List.
Emergency Response Planning drill on a quarterly basis.	Achieved	-
Safety inspections and maintenance on plant, accessories and equipment per week per site.	Achieved	Safety inspections were carried out as scheduled on a weekly basis at all sites. These inspections covered welding sets, power tools, air compressors, mobile and tower cranes.
Achieve 100% passes for CIDB credential programme for Site Supervisors.	60% achieved	In 2021, 60% of our Site Supervisors passed, this amount increased compared to the 57% passing rate we achieved in 2020.
A minimum of two training sessions per annum under the Continuous Education Programme for safety staff by an external training provider.	Achieved	All SHOs attended - external courses/training sessions in 2021 while SSS attended - external courses/training sessions in the same year.

SUSTAINABILITY REPORT (CONT'D)

Training

Throughout the year, PMHB conducts various training sessions at its project sites which cater specifically to the needs of each individual project site and its workers. These sessions serve as platforms to promote safe work practices while reducing potential incidents that may occur due to human error. These sessions are divided into three types of training:

- On-the-Job Training: PMHB's on-the-job training module aims to equip its workers specifically for the various high-risk jobs that they will undertake. It is conducted by safety personnel such as Safety Officers or professional Site Safety Supervisors.

- Internal Training: PMHB's internal training aims to educate its safety staff and all personnel on the Group's standard operating procedures pertaining to safety. The training is led by professional practitioners and trainers who form part of the management team. Team members include the Senior Safety and Health Manager who communicates the Group's safe work practices standards, while our Safety and Health officer trains other staff on HIRARC procedures.

- External Training: This training further educates those in the workforce who conduct high-risk jobs. Considering the high-risk nature of their jobs, the training offers detailed theoretical information and practical on-the-job training which are absolutely crucial to ensuring the safety of the Group's valued workers and staff members.

Inspections

Throughout 2021, HQ scheduled site inspections that took place on a weekly basis. These schedules guide each site on the relevant KPIs that need to be fulfilled. In addition, these comprehensive schedules also provide an overview of health and safety guidelines covering the scope of all heavy machinery such as tower cranes, mobile cranes, passenger hoists, air compressors, oxy-tanks, forklifts, bob-cats as well as small power tools that were in use such as welding tools, fire extinguishers and even ladders.

Internal Audit

The Group's Head of Department Senior Safety and Health Manager conducts internal audits at each project site on a quarterly basis. These audits assess each site's safety records, documentation and site practices to ensure that all construction sites are operating in compliance with the Group's safety standards.

To date, PMHB continues to undertake these tested and proven training practices at its HQ and all its work sites.

Behaviour-Based Safety Programme

Behaviour-Based Safety ("BBS") is a strategic coaching programme that encourages project teams to adopt the best safety frameworks and habits, irrespective of their positions and trades. The implementation of the Group's BBS programme is led by each site's respective Head of Project. The aim of this programme is to encourage frontline supervisors to further strengthen their responsibilities in the respective areas under their jurisdiction as well as to foster values such as good teamwork and commitment.

The programme advocates the following best practices:

- Look for and identify the gaps in the project team's understanding of safety requirements;
- Facilitate comfortable one-on-one intervention sessions on individual task-related safety matters;
- Coach the team/personnel in areas where they are found to be deficient;
- Undertake stringent observation of on-field training on exposed hazards;
- Demonstrate safe operations by safety professionals when required;
- Reward outstanding personnel who comply with good safety practices; and
- Recognise tendencies for error and replace them by encouraging good habits for improvement.

Safety Reward and Recognition Programme

PMHB first kicked-off its Monthly Safety Reward and Recognition Programme in 2019 to celebrate and honour the efforts of its employees who maintain and improvise site safety. With the aim of cultivating diligence, stewardship and overall good behaviour at the workplace the Group implemented a rewards and recognition system to drive this goal. Due to the unfortunate circumstances of the year in review, this programme has been put on hold for another consecutive year until further notice.

SUSTAINABILITY REPORT (CONT'D)

SOCIAL: COMMUNITY/SOCIETY

In line with PMHB's commitment to enhancing the livelihood of the communities that it operates in the Group continues to organise activities such as visits to charitable organisations as well as maintain its scholarship programme. These initiatives form part of the Group's corporate social responsibility ("CSR") initiatives which aim to contribute to the development of a better Malaysia.

The Group's culture of continuously caring drives its CSR segment which aims to inspire the Group's employees to engage in in philanthropic activities where they are able to serve others. Previously, the Group's visits to charitable homes were a regular practice which formed a significant portion of our community-based activities. The ongoing COVID-19 pandemic, however, has increased the health risks of running these events, making them both unsafe and impractical for the time being. On a more positive note, the reopening of schools allowed for our scholarship programme to resume, enabling the Group to sponsor one student in 2021. A breakdown of the programme's activities can be seen in the following table:

Number of New Scholars		
2019	2020	2021
9	-	1

Total Annual Scholarship Amount		
2019	2020	2021
RM 215,000	RM -	RM 20,000

Members of the Group are also encouraged to cultivate a culture of caring in their lifestyles through organising their own personal charitable initiatives. In doing so, the Group aims to develop a workforce that is inspired to attain excellence for the betterment of both themselves and the communities around them.

SOCIAL: PRODUCT RESPONSIBILITY

In order to maintain sustainable business growth within the Group, PMHB considers the delivery of quality of its products and services to be an integral part of the Group's capabilities. To carry this out, PMHB continues to implement the appropriate measures to ensure and certify the quality of its products and services as part of its commitment to deliver long-term value to its stakeholders.

The Group utilises the QLASSIC system to assess its projects as well as to guarantee that the quality of our projects meets the requirements set by our clients and the industry. The Quality Assessment System in Construction or QLASSIC is an independent method or system that measures and evaluates the level of quality of workmanship and finishes of building construction works.

PMHB's Quality Assurance and Control team has set a QLASSIC score of 73% as the minimum score to be achieved in all the Group's projects upon completion. Establishing a minimum score encourages PMHB to maintain consistent levels of excellence in all its projects comprising high quality results that are delivered on time.

The following roadmap enables the Group to align its projects in terms of quality and standards:

- Internal QLASSIC Induction Training;
- QLASSIC Corner/Museum at every site for awareness and educational purpose;
- Quarterly QLASSIC Audit for ongoing projects to monitor their pace and guide their progress; and
- Final QLASSIC Audit and Post Mortem upon project completion.

In 2021, the Group successfully completed two of its projects including Conlay 301 as well as the Eaton Residences both of which are located in the heart of Kuala Lumpur. The Group scored above and beyond the minimum required score with the Conlay 301 project, achieving a Quality Assessment System in Construction or QLASSIC score of 80%. This assessment was carried out in an unbiased manner according to the QLASSIC criteria by third-party assessors from the CIDB. In addition, the Eaton Residences project in Kuala Lumpur underwent a BuildQAS mock assessment (Singapore Standards), achieving a total score of 81.10%. BuildQAS is an established third-party assessment system that bridges the quality expectations between developers and contractors, ensuring safe and responsible construction processes on every operational level.

Customer Satisfaction

PMHB assesses the quality of its offerings and services through its customer satisfaction standards. These standards serve as a gauge by which we ensure the maintenance of the standard of excellence within the Group. In order to achieve this, PMHB has established a Customer Satisfaction Target of 80%. Based on customer feedback, our evaluation of customer satisfaction comprises the following criteria:

- The overall project and the quality of the result;
- The Group's responsiveness towards the needs and requirements of customers; and
- The Group's expertise and technical know-how.

PMHB also organises fortnightly site meetings for the purpose of communicating with clients and consultants. These meetings provide a platform for the discussion of work progress and the resolving of discrepancies as well as the accurate transcribing of all instructions and decisions.

SUSTAINABILITY REPORT (CONT'D)

Customer Satisfaction Rating

	2018	2019	2020	2021
Less than 50%	-	-	-	-
50% to less than 80%	-	-	-	-
80% and above	Gua Musang Seksyen 3E2 project: 98% Third Avenue project: 80%	Central Plaza i-City Mall project: 89% Residensi Gen, Kuala Lumpur project: 84.4%	-	Conlay 301 project: 80% Eaton Residences project: 84.4%

In 2021, the Group achieved a rating of 80% and above for both the Conlay 301 and Eaton Residences projects.

Sub-Contractor Evaluation

PMHB's sub-contractors add significant value to the Group as they play a vital role in its operations. Even as the Group is committed to upholding high standards of quality, it is crucial that its sub-contractors also do the same. In line with this commitment, the Group conducts an evaluation exercise for each sub-contractor based on their performance following the completion of each project. All work processes are assessed and discussed via dialogue sessions throughout the course of this evaluation.

This assessment requires all sub-contractors to achieve a minimum score of 'B-', following a letter grading system. After this assessment is complete, the Group subsequently determines if these sub-contractors need to participate in induction courses to assist them in the betterment of their services. All Grade C sub-contractors will receive the opportunity to improve themselves and enhance their performances through additional training within the span of a single year. Part of PMHB's practice includes issuing a notice of warning to all sub-contractors who have underperformed for the first time. Sub-contractors who fail to meet the Group's requirements after the first given warning will be terminated accordingly in order to maintain high levels of quality across the Group.

In line with PMHB's aim to maintain quality, the Group will continue to source for and replace those sub-contractors who have been terminated in order to achieve a minimum of 75% Grade B-sub contractors in its pool. In addition, the we are also looking to enhance the procedures within our sub-contractor interview process so as to facilitate more stringent inspections of a sub-contractor's skills and experience. To enhance the skills of our sub-contractors, the Group will organise various training sessions which will include meetings and induction programmes.

	2018	2019	2020	2021
% of Sub-contractors with B-category and above	75%	71%	-	99.3%

Sub-Contractor Evaluation Results

With the Group completing several projects this year, our sub-contractors successfully achieved an impressive 99.3% within the B – category and above, which marks a stark improvement compared to the year prior.

Supplier Evaluation

PMHB's annual supplier evaluation serves to assess the capability of the Group's suppliers as well as their ability to deliver against the Group's standards of timeliness and product quality. This assessment enables PMHB to filter out non-performing suppliers, ensuring that the standard of products and services that the Group delivers are of high quality.

Similar to the format as the sub-contractor's evaluation, the supplier evaluation requires suppliers to achieve a minimum Grade C rating in their evaluations if they aim to remain on the Group's panel. In addition, suppliers who receive a Grade D rating will be dismissed from the panel in the following year.

SUSTAINABILITY REPORT (CONT'D)

Supplier Evaluation Results

	2017	2018	2019	2020	2021
Grade A	-	-	-	-	-
Grade B	75%	100%	100%	65%	47%
Grade C	24%	-	-	35%	53%
Grade D	1%	-	-	-	-

In 2021, PMHB's suppliers received a Grade B rating of 47% while the remaining 53% received a Grade C rating. The Group remains committed to helping its suppliers to gradually develop and enhance their standards in a manner that is mutually beneficial.

Quality, Environment, and Occupational Health & Safety Management Standards

The Group has completely upgraded its ISO 9001 and ISO 14001 standards to 2015 requirements, and is currently in the active process of upgrading its OHSAS 18001:2007 to the ISO45001:2018 standard. This upgrade is expected to be completed within the allocated three-year timeframe.

MOVING FORWARD INTO 2022

Moving forward, the Group will remain steadfast in its approach towards future business growth by delivering and providing products and services which are of excellent quality. We will endeavour to do this in a manner that is both sustainable and responsible. We will also continue to focus on strengthening and enhancing PMHB as a whole while adding significant value to the Group for the long-term.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

THE BOARD OF DIRECTORS ("BOARD") IS COMMITTED TOWARDS ADHERING TO THE BEST PRACTICES OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE ("CODE") AS WELL AS THE MAIN MARKET LISTING REQUIREMENTS ("MMLR") OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES").

THIS STATEMENT GIVES AN OVERVIEW AS TO HOW THE GROUP HAS APPLIED THE PRINCIPLES AND BEST PRACTICES OF THE CODE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 ("FY 2021") AS WELL AS ITS KEY FOCUS AREA AND FUTURE PRIORITIES IN RELATION TO THE CORPORATE GOVERNANCE PRACTICES. THE DETAILED APPLICATION OF EACH BEST PRACTICE AS SET OUT IN THE CODE DURING THE FY 2021 IS DISCLOSED IN THE CORPORATE GOVERNANCE REPORT ("CG REPORT") WHICH CAN BE VIEWED ON THE COMPANY'S WEBSITE AT WWW.PESONA.COM.MY.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

The Board is responsible for the corporate governance practices of the Group. The Board guides and monitors the affairs of the Group on behalf of the shareholders and retains full and effective control over the Group.

The Board is guided by the Board Charter and Limits of Authority which define matters that are specifically reserved for the Board and certain authorities and discretion delegated to the Managing Director. This formal structure of delegation is further cascaded by the Managing Director to the Senior Management team within the Group.

The Board delegates certain roles and responsibilities to its Board Committees namely, Audit Committee, Nomination Committee and Remuneration Committee which operate within clearly defined terms of reference.

At each Board Meeting, the Chairman of the relevant Board Committees presents reports and minutes of Board Committees meetings to keep the Board informed and updated on the key matters deliberated by the Board Committees. The ultimate responsibility for the final decision on all matters lies with the Board.

The Board provides stewardship to the Group's strategic direction and operations so as to deliver sustainable value to its stakeholders. The Board acknowledged the important of sustainability and its underlying environmental, social and governance, hence, the Board has also integrated the sustainability considerations in the Company's strategy, governance and decision making.

2. Code of Conduct and Ethics

The Company had established a Directors' Code of Conduct & Ethics which applies to Directors, Management and employees of the Company and its subsidiaries. Directors are expected to act in good faith and in the best interest of the Company and exercise due diligence when discharging their duties as Director. The Directors are also aware that they have to declare their interests in transactions with the Group and abstain from deliberation and voting in respect of such transactions at Board or general meetings convened to consider the matter. The Audit Committee reviews all related party transactions and conflict of interest situation which arise within the Group that may challenge the Group's integrity. For the Group's employees, the code of conduct is defined in the human resource policies and procedures.

The Directors' Code of Conduct & Ethics is subject to periodically review and is available on the Company's website at www.pesona.com.my.

3. Whistleblowing Policy

The Whistleblowing Policy is periodically reviewed by the Board. It sets out the avenues where legitimate concerns can be objectively investigated and addressed. The Whistleblowing Policy is available on the Company's website at www.pesona.com.my.

4. Anti-Bribery and Corruption Policy

In line with the corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009, the Board had adopted the Anti-Bribery and Corruption Policy to promote better governance culture and ethical behaviour within the Group and to prevent the occurrence of corrupt practices. The Anti-Bribery and Corruption Policy is available on the Company's website at www.pesona.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

5. Strategies Promoting Sustainability

The Board continues to place great emphasis on corporate sustainability through workplace, community and environment. The Board keep themselves abreast with and understand the sustainability issues relevant to the Company and takes into account the sustainability issues when reviewing the Group's strategies and business plans.

A report on the sustainability activities covering the sustainability strategies, priorities and targets as well as performance against these targets is set out in the Sustainability Report in this Annual Report.

6. Access to Information and Advice

The Board have full and unrestricted access to any information pertaining to the Group. The agenda and reports encompassing qualitative and quantitative information are furnished to the Board members prior to meetings to allow the Directors to have sufficient time to peruse the papers for effective discussion and decision-making during meetings. The Board also have direct access to the Management and unrestricted access to any information relating to the Group to enable them to discharge their duties.

The Board may seek independent professional advice at the Company's expenses in furtherance of their duties.

7. Qualified and Competent Company Secretaries

Every Director has independent and unrestricted access to the advice and the services of the suitably qualified and competent Company Secretaries in ensuring the effective functioning of the Board.

The Company Secretaries provide support to the Board in fulfilling its fiduciary duties and play an advisory role particularly with regards to the Company's Constitution, Board policies and procedures and its compliance with regulatory and statutory requirements, codes, guidance and legislations as well as corporate governance matters. The Company Secretaries also attend all Board and Board Committees meetings and ensure the meetings are properly convened and all deliberations and decisions made by the Board and Board Committees are accurately documented.

The Company Secretaries continuously attend relevant development and training programmes to keep themselves abreast with the regulatory changes and corporate governance development.

8. Board Charter

The Board is guided by the Board Charter which serves to ensure all Board members are fully aware of their roles and responsibilities. The Board Charter clearly sets out the roles and responsibilities of the Board, Chairman, Managing Director, the Executive and Non-Executive Directors, individual Directors and Company Secretaries, including a formal schedule of matters reserved to the Board for consideration and decision.

The Board Charter is periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's duties and responsibilities. The Board Charter is accessible via www.pesona.com.my.

9. Board Composition

The Board currently consists of six (6) members, comprising one (1) Non-Independent Executive Director (being the Managing Director), two (2) Non-Independent Non-Executive Directors and three (3) Independent Non-Executive Directors. None of them are active politician. This is in compliance with Paragraph 15.02(1) of the MMLR and the Code. Together, the Directors bring characteristics which allow a mix of qualifications, skills and experience which is necessary for the successful direction of the Group.

A brief profile of each Director is presented on pages 18 to 21 of this Annual Report. The Board members have diverse professional and entrepreneurial background, varied skills and experiences for effective oversight of the Group. The Independent Non-Executive Directors provide the necessary checks and balances on the Board's deliberation and decision-making.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

9. Board Composition (cont'd)

The Group practices the division of responsibility between the Chairman and Managing Director. The roles of the Chairman and Managing Director are separated and clearly defined, and are held by two different individuals. The Managing Director is primarily responsible for the effective implementation of the Company's strategic plan and policies established by the Board, managing the daily conduct of business to ensure its smooth operations, supervision and management of the Company whereas the Chairman, who is an Independent Non-Executive Director, provides leadership for the Board so that the Board can perform its responsibilities effectively. The Board has also appointed a Senior Independent Non-Executive Director, who acts as the designated contact to whom shareholders' concerns or queries may be raised.

10. Appointment and re-election of Directors

The appointment of a new Director and the criteria used for selection is a matter for consideration and decision by the Board collectively upon appropriate recommendation by the Nomination Committee. New Directors are expected to have such expertise so as to qualify them to make positive contribution to the Board, perform their duties and to give sufficient commitment, time and attention to the affairs of the Company.

The Company Secretaries have the responsibility of ensuring that relevant procedures relating to the appointment of new Directors are properly executed.

In accordance with the Company's Constitution, all newly appointed Directors shall retire from office but shall be eligible for re-election at the next Annual General Meeting ("AGM") subsequent to their appointment. The Constitution further provides that at least one third of the Directors for the time being including the Managing Director shall retire by rotation at each AGM at least once in every 3 years but shall be eligible for re-election. The Nomination Committee will, upon the review and evaluation of the Directors' performance and contribution to the Board, if satisfactory, submit its recommendation to the Board for approval before tabling the same to the shareholders for approval at the AGM.

11. Nomination Committee

The Nomination Committee comprises of entirely Non-Executive Directors, a majority of whom are independent and is chaired by an Independent Non-Executive Director. The current members of Nomination Committee are as follows:

- Dato' Sri Lee Tuck Fook – Chairman, Independent Non-Executive Director
- Loh Kong Fatt – Member, Senior Independent Non-Executive Director
- Wie Hock Kiong – Member, Non-Independent Non-Executive Director

The Terms of Reference of the Nomination Committee is available on the Company's website at www.pesona.com.my.

The Nomination Committee is to assist the Board in overseeing the selection of Directors, matters relating to succession planning, boardroom diversify, training programmes for Directors as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director.

For selection and appointment of new Directors, the Nomination Committee has developed certain criteria used in the recruitment process. In evaluating the suitability of candidates, the Nomination Committee considers the following factors:-

(i) skills, knowledge, expertise and experience, professionalism, character, integrity, reputation and competence;
(ii) commitment (including time commitment);
(iii) boardroom diversity including gender, age, ethnicity, cultural background and skills; and
(iv) in the case of candidates for the position of Independent Directors, the Nomination Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Directors.

In identifying candidates for the Board, the Nomination Committee obtains recommendation of potential candidates from the existing Board members, major shareholders or seek professional advice and/or conduct search by utilising a variety of independent sources.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

11. Nomination Committee (cont'd)

During FY 2021, the Nomination Committee met twice and performed the following activities in the discharge of its duties:

- assessed the effectiveness and the required mix of skills and experience and other qualities, including core competencies of the Board as a whole, the Board Committees and the contribution of each individual Director and recommended the findings to the Board thereafter;
- reviewed the terms of office and performance of the Audit Committee and each of its members;
- reviewed and recommended to the Board the re-election of Directors who are to retire by rotation at the AGM;
- reviewed the independence of the Independent Directors based on the criteria set out in the MMLR;
- reviewed and recommended to the Board the proposed continuation of Independent Non-Executive Directors who has served the Company for nine years;
- reviewed the trainings attended by the Directors and determined their training needs;
- reviewed the Terms of Reference of Nomination Committee and Board Diversity Policy;
- discussed on succession planning and implication on the Board and Board Committees composition taking into account the revisions to the Code; and
- reviewed the size and composition of the Board and Board Committees.

On 28 February 2022, the Nomination Committee carried out an annual evaluation on the performance of the Board, Board Committees and individual Directors, reported its findings and recommended the required actions to the Board. This annual exercise required the Directors and/or members of the Nomination Committee to complete a set of evaluation forms individually or collectively. The results were collated by the Company Secretaries and a summary of the findings was presented to the Nomination Committee for deliberation.

The Board, through the Nomination Committee's annual evaluation, concluded that the performance of the Board as a whole and Board Committees as well as the contribution of each Director are satisfactory. The Board has the right mix of skills, competencies and experiences to discharge its duties effectively. The current size and composition are appropriate for its purpose and fairly reflects the interest of minority shareholders within the Group.

The Nomination Committee also reviewed the results of the assessment and evaluation of the Directors who are due for retirement at the Eleventh AGM, taking into consideration their skill sets, experience, professional qualifications, contribution to the Company and time commitment before recommending their re-elections to the Board for approval. Loh Kong Fatt and Datuk Hj Subhi Bin Dziyauddin are due to retire by rotation at the Eleventh AGM. Loh Kong Fatt had given his consent for re-election at the forthcoming AGM. However, Datuk Hj Subhi Bin Dziyauddin had expressed his intention not to seek for re-election and will retire from office at the conclusion of the forthcoming AGM scheduled to be held on 29 June 2022.

The Company has adopted a Board Diversity Policy with the objective to ensure that the Board has the diversity of perspectives, experience and skills necessary for effective oversight of the Group. Diversity includes, but not limited to gender, age and ethnicity. The Board currently has one (1) woman director out of the six (6) Board members. The Company seeks to maintain a Board comprising talented, experienced and dedicated directors with a diverse mix of expertise, skills and backgrounds which suits the nature of the business environment in which the Group operates. The Nomination Committee is delegated with the overall responsibility for implementation, monitoring and periodic review of the Board Diversity Policy.

The breakdown of the Board by gender, age and ethnicity as at 31 December 2021 are as follows:-

Gender		Age		Ethnicity	
Male	5	40 - 50	2	Malay	2
Female	1	50 - 60	1	Chinese	4
		Above 60	3	Indian	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

12. Independent Directors

Independent Non-Executive Directors play a leading role in Board Committees. The Board had, through Nomination Committee conducted an annual assessment of Independent Director and was of the view that they fulfilled the criteria of "Independence" as defined under the MMLR of Bursa Securities and other criteria in the Code. The Board also concluded that the Independent Directors have demonstrated independence throughout the meetings and provided Management and Board with objective challenge and independent judgement.

The Board took note of the recommendation under the Code that shareholders' approval through a two-tier voting process is required should the Board intends to retain an independent director who has served in the Board for more than nine (9) years. However, the Board is of the view that the ability of the independent directors to remain independent and to discharge their duties with integrity and competency should not be measured solely by tenure of service. Accordingly, the Independent Non-Executive Directors namely, Dato' Sri Lee Tuck Fook and Mr Loh Kong Fatt, who have served as Independent Non-Executive Directors of the Company since 8 August 2012, have demonstrated conduct and behaviour that are essential indicators of independence and acted in a manner that provides the necessary checks and balances on the affairs of the Company. The Board had discussed on succession planning and the composition of the Board in November 2021 and February 2022 and will strive to source for suitably qualified candidate who can bring valuable insight to the Company's business.

In accordance with the MMLR, the tenure of an Independent Director in the Company or any related corporation of the Company shall not exceed a cumulative period of twelve (12) years from the date of his first appointment as an Independent Director.

Should the Board decide to appoint an Independent Director who had served as an Independent Director of the Company or any related corporation for more than 12 years before and had observed the requisite 3-year cooling off period, the Board shall justify the appointment of such person as an Independent Director and explain why there is no other eligible candidate in the statement accompanying the notice of general meeting.

13. Time Commitment

The Directors are aware of the time commitment expected of them to attend to matters of the Group. An annual meeting calendar is planned and agreed with the Directors and reviewed on quarterly basis. The Board was satisfied with the time commitment given by the Directors in discharging their duties for FY 2021. All Directors complied with the minimum attendance requirement of at least 50% of Board meetings held during the financial year under review pursuant to the MMLR.

The Company held four (4) Board meetings during FY 2021. The details of the attendance of each Board member are as follows:-

Name of Director	Designation	Directorship	Attendance of Meetings
Dato' Sri Lee Tuck Fook	Chairman	Independent and Non-Executive	4/4
Datuk Hj Subhi bin Dziyauddin	Deputy Chairman	Non-Independent and Non-Executive	4/4
Wie Hock Beng	Managing Director	Non-Independent and Executive	4/4
Wie Hock Kiong	Director	Non-Independent and Non-Executive	4/4
Loh Kong Fatt	Director	Senior Independent and Non-Executive	4/4
Salwa Binti Shamshuddin	Director	Independent and Non-Executive	4/4

14. Directors' Training

In addition to the Mandatory Accreditation Program, Board members are also encouraged to attend training programmes conducted by highly competent professionals that are relevant to the Company's operations and business. All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities. The Directors will continue to attend other relevant training programmes to keep abreast with developments on a continuous basis in compliance with the MMLR.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

14. Directors' Training (cont'd)

During the financial year under review, the Directors had attended the following conference, seminar and/or training programmes:-

Name of Director	List of Training Programmes/ Seminars attended/ participated	Date
Dato' Sri Lee Tuck Fook	• Post Pandemic Economic Landscape – Building Resilient Industries • Digital Acceleration & Innovation for Business Recovery & Growth • Board & Audit Committee Priorities 2021 • Revised Malaysian Code on Corporate Governance (MCCG) • Invest Malaysia 2021 Virtual Series 2: Reviving Malaysia's Growth Engine	7 April 2021 14 April 2021 7 May 2021 6 August 2021 9 November 2021
Datuk Hj Subhi bin Dziyauddin	• Revised Malaysian Code on Corporate Governance (MCCG)	6 August 2021
Wie Hock Beng	• Revised Malaysian Code on Corporate Governance (MCCG)	6 August 2021
Wie Hock Kiong	• Revised Malaysian Code on Corporate Governance (MCCG)	6 August 2021
Loh Kong Fatt	• Revised Malaysian Code on Corporate Governance (MCCG)	6 August 2021
Salwa Binti Shamshuddin	• Revised Malaysian Code on Corporate Governance (MCCG)	6 August 2021

In addition, the Board is also regularly updated on new developments pertaining to the laws and regulations, changing commercial risks and sustainability issues which may affect the Group.

15. Remuneration Committee

The Board had established a Remuneration Committee consisting of the following Directors, a majority of whom are Independent Directors:

- Loh Kong Fatt – Chairman, Senior Independent Non-Executive Director
- Dato' Sri Lee Tuck Fook – Member, Independent Non-Executive Director
- Wie Hock Kiong – Member, Non-Independent Non-Executive Director

The Remuneration Committee reviews the remuneration packages, reward structure and fringe benefits applicable to the Managing Director, Executive Director and Senior Management on an annual basis and makes recommendations to the Board. The Board as a whole determines the remuneration of the Managing Director and the Executive Director with each individual Director abstaining from decision in respect of his own remuneration.

In establishing the level of remuneration for the Managing Director, Executive Director and Senior Management, the Remuneration Committee has regard to packages offered by comparable companies to ensure that it is comparable to market peers. The Remuneration Committee may obtain independent advice if need arises.

The remuneration package for the Managing Director comprises a fixed salary and allowances whilst the remuneration for the Non-Executive Directors comprises annual fees, meeting allowance and reimbursement of expenses for their services in connection with Board and Board Committees meetings.

Meetings of the Remuneration Committee are held as and when necessary, and at least once a year. The Remuneration Committee met once during the financial year and all the members registered full attendance.

The Terms of Reference of the Remuneration Committee is available at www.pesona.com.my

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

16. Directors' Remuneration

The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than necessary to achieve this goal. The level of remuneration for the Managing Director is determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies.

The Board had adopted the Remuneration Policy and Procedures for Directors and Senior Management which aims to attract, develop and retain high performing and motivated Directors and Senior Management with a competitive remuneration packages.

The Remuneration Policy and Procedures for Directors and Senior Management is subject to periodical review and is available at the Company's website at www.pesona.com.my.

The details of the remuneration of each individual director for the FY 2021 is as follows:

Name of Director	Salary/ Fees RM'000	EPF RM'000	Other benefits RM'000	Total RM'000
Executive				
Wie Hock Beng	570	68	28	666
Non-Executive				
Dato' Sri Lee Tuck Fook	84	-	3	87
Datuk Hj Subhi bin Dziyauddin	60	-	3	63
Wie Hock Kiong	60	-	3	63
Loh Kong Fatt	60	-	3	63
Salwa Binti Shamshuddin	60	-	3	63

17. Senior Management's Remuneration

Remuneration paid to the Senior Management during the year in bands of RM50,000 is as follows:

	Senior Management
From RM200,001 to RM250,000	1
From RM250,001 to RM300,000	1
From RM300,001 to RM350,000	1
From RM400,001 to RM450,000	1
From RM500,001 to RM550,000	1

Due to confidentiality and privacy issues, the Board is not in favour of disclosing the Senior Management personnel's names and the various remuneration components (salary, bonus, benefits in-kind, other emoluments).

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit Committee

The Company has an Audit Committee comprising four (4) Non-Executive Directors, a majority of whom are Independent Directors. The Audit Committee is tasked by the Board to review matters relating to financial report, internal controls, external and internal audits and related party transactions among others.

Further details on the Audit Committee and its activities can be found in the Audit Committee Report in this Annual Report.

2. Compliance with Applicable Financial Reporting Standards

In presenting the annual financial statements and quarterly results to the shareholders, the Board aims to present a balanced and clear assessment of the Group's financial positions and prospects. Before the financial statements were drawn up, the Directors have taken the necessary steps to ensure all the applicable accounting policies are applied consistently, and that the policies are supported by reasonable and prudent judgement and estimates. All accounting standards, which the Board considers to be applicable, have been followed. The role of the Audit Committee in the review and reporting of the financial information of the Group is outlined in the Audit Committee Report in this Annual Report.

3. Assessment of Suitability and Independence of External Auditors

The Audit Committee reviews the appointment, performance and remuneration of the External Auditors before recommending to the Board and shareholders for approval on the re-appointment of the External Auditors of the Company at the AGM.

The Audit Committee also convened meetings with the External Auditors without the presence of the Executive Director and Management two times during FY 2021 to allow discussion of any issues arising from the course of audit.

During the financial year, the Audit Committee had assessed the performance and independence of the External Auditors and was satisfied with the suitability and independence of UHY as External Auditors of the Company. The External Auditors had also confirmed their independence in accordance with their firm's policies prior to the commencement of audit.

4. Sound Framework to Manage Risks

The Company had established a robust framework for the oversight and management of material business risks. As required by the Board, the Management has devised and implemented appropriate risk management systems coupled with internal control and reports to the Board and Senior Management. The Management is charged with monitoring the effectiveness of risk management systems and is required to report to the Audit Committee on any significant risk exposure on a quarterly basis.

The risk management framework is presented in the Statement on Risk Management and Internal Control in this Annual Report.

5. Internal Control Function

To maintain total independence in the management of the internal control environment and remain in compliance with the MMLR, the Company has outsourced the Group's internal audit function to Tricor Axcelasia Sdn. Bhd.

The outsourced Internal Auditors report independently and directly to the Audit Committee in respect of the internal audit function of the Group. The Audit Committee together with the Internal Auditors agreed on the scope and planned internal audit activity annually and all audit findings arising therefrom are reported to the Audit Committee on a quarterly basis. The Audit Committee met with the Internal Auditors without the presence of the Executive Director and the Management once during the FY 2021 to allow discussion of any issues arising from the course of internal audit.

Further details of the activities of the internal audit function are set out in the Statement on Risk Management and Internal Control in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

1. Corporate Disclosure Policy

The Company is fully committed in maintaining a high standard for the dissemination of relevant and material information on the development of the Group. The Company also places strong emphasis on the importance of timely and equitable dissemination of information to shareholders.

The annual report contains comprehensive information pertaining to the Group, while various disclosures on quarterly and annual results provide investor with financial information. The Group's investor relations activities are aimed at developing and maintaining a positive relationship with all the stakeholders through active two-way communication, and to promote and demonstrate a high standard of integrity and transparency through timely, accurate and full disclosure and to enhance the stakeholders' understanding of the core businesses and operations of the Group, thereby enabling investors to make informed decision in valuing the Company's shares.

The Managing Director and Senior Management meet with analysts, institutional shareholders and investors. At general meetings, the Board encourages shareholders' participation and responds to their questions. Shareholders can also leave written questions for the Board to respond prior to and during the general meetings.

The primary contact for investor relations matters is:

Wie Hock Beng
Managing Director
Telephone Number : 03-8941 0818
Email : wiehb@pesona.com.my

2. Leverage on Information Technology for Effective Dissemination of Information

The Company uses a number of formal channels for effective dissemination of information to the shareholders and stakeholders particularly through the annual report, announcements to Bursa Securities, media releases, Company websites and investor relations.

Apart from the mandatory public announcements through Bursa Securities via Bursa LINK, the Company's website at www.pesona.com.my also provides corporate, financial and non-financial information.

3. Engagement with Shareholders

The Board recognises that the AGM is an important platform for its engagement with the shareholders of the Company. The Notice of the Eleventh AGM ("the Notice") and the Annual Report are sent to shareholders at least twenty-eight (28) days before the meeting.

The Company provides sufficient information to the shareholders for the AGM, including the entitlement to vote and the right to appoint a proxy. Every shareholder can vote in person or by appointing a proxy to attend and vote on his/her behalf.

The Notice contains information such as the date, time and venue of the AGM, the shareholders' right to appoint a proxy and details of the resolutions that will be tabled at the AGM. The resolutions set out in the Notice will be voted by poll and an independent scrutineer will be appointed to validate the votes in pursuance to the MMLR of Bursa Securities.

In view of the COVID-19 pandemic, the Tenth AGM was convened on 28 June 2021 and was conducted fully virtual via the Remote Participation and Voting (RPV) facilities which is in line with the Securities Commission Guidance Note on the Conduct of General Meetings for Listed Issuers to ensure companies can continue to fulfil their obligation under the law and to shareholders during this pandemic.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

3. Engagement with Shareholders (cont'd)

The Company had notified the shareholders on the change of venue of the Tenth AGM, from the Broadcast Venue at Tricor Business Centre, Manuka 2&3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia to the online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its website at https://tiih.online. The said notification together with the Administrative Guide were published through the announcement to Bursa Securities and the Company's corporate website respectively.

All the resolutions set out in the Notice of the Tenth AGM held on 28 June 2021 were put to vote by poll and were duly passed. The outcome of general meeting was announced to Bursa Securities on the same day of the meeting. The complete minutes of the Tenth AGM is published on the Company's website within 30 business days after the Tenth AGM.

KEY FOCUS AREAS IN RELATION TO CORPORATE GOVERNANCE PRACTICES

Succession plan

The Board had during the financial year under review formulated a succession planning framework for its Senior Management for the continuity of the Group's business operations. The Board had also ensured that the succession planning aligns with the human resource policies and strategies of the Company and only high calibre personnel with the relevant skills and experience are appointed to the Board and management position of the Company.

PRIORITIES FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022

Going forward, the Company will continue working towards achieving high standards of corporate governance and has identified the following as the priority for year 2022:-

Board and Board Committees Composition

The Board took note on the importance of strengthening board oversight and will drive efforts in identifying suitable candidates to enhance the Board's composition, dynamics and succession planning of Board members.

Environmental, Social and Governance ("ESG")

With the increased attention given to sustainability and climate change by the general public and the investment community, the Board will increase its focus towards embracing ESG into the Group's daily operations.

AUDIT COMMITTEE REPORT

THE BOARD OF DIRECTORS ("BOARD") IS PLEASED TO PRESENT THE AUDIT COMMITTEE REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 ("FY 2021").

THE AUDIT COMMITTEE WAS ESTABLISHED TO ASSIST THE BOARD IN FULFILLING ITS RESPONSIBILITIES RELATING TO THE GROUP'S FINANCIAL STATEMENTS AND REPORTING PRACTICES, SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL, INTERNAL AND EXTERNAL AUDIT PROCESSES, AND THE PROCESS OF MONITORING COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS. THE AUDIT COMMITTEE IS GOVERNED BY A CLEARLY DEFINED TERMS OF REFERENCE WHICH IS AVAILABLE ON THE CORPORATE WEBSITE AT WWW.PESONA.COM.MY.

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee comprises the following members:

Chairman

Loh Kong Fatt	(Senior Independent Non-Executive Director)

Members

Dato' Sri Lee Tuck Fook*	(Independent Non-Executive Director)
Wie Hock Kiong	(Non-Independent Non-Executive Director)
Salwa Binti Shamshuddin	(Independent Non-Executive Director)

* A member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants which is in compliance with Paragraph 15.09(1)(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

MEETINGS

The Audit Committee held four (4) meetings during the FY 2021 which were attended by all the members as shown below:-

Audit Committee Members	Attendance
Loh Kong Fatt	4/4
Dato' Sri Lee Tuck Fook	4/4
Wie Hock Kiong	4/4
Salwa Binti Shamshuddin	4/4

The Audit Committee meets at least once in every quarter. The Managing Director, Chief Financial Officer and Senior Management were invited to attend the Audit Committee meetings to assist the Audit Committee in its review of the unaudited quarterly financial statements and annual audited accounts, resolving and clarifying matters raised in relation to operations and financial. The representatives of External and Internal Auditors were also invited to attend the meetings to present their audit plans, audit findings and recommendations. The Chairman of the Audit Committee reports to the Board on matters discussed at every Audit Committee meeting subsequently.

SUMMARY OF WORK OF THE AUDIT COMMITTEE

Summary of work carried out by the Audit Committee in discharging its duties and responsibilities for FY 2021 included the following:-

(a) Reviewed the unaudited quarterly financial results of each quarter and made recommendations to the Board for approval and release to Bursa Malaysia Securities Berhad. The review includes the assessment on the appropriateness of the accounting policies applied. The Audit Committee sought explanations from the Managing Director and Chief Financial Officer on material changes in financial performance, trade receivables and other key components of financial position;

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF WORK OF THE AUDIT COMMITTEE (CONT'D)

(b) Reviewed the financial statements for FY 2021 and recommended the same to the Board for approval. The Audit Committee communicated with the External Auditors, with particular focus on significant matters highlighted including financial reporting issues, significant judgements made by Management and compliance with the applicable approved accounting standards and other legal and regulatory requirements;

(c) Reviewed the External Auditors' audit plan for the FY 2021, covering the audit engagement team, materiality, independence and objectivity, areas of audit emphasis and audit timeline;

(d) Reviewed the External Auditors' report in relation to Key Audit Matters with regard to the relevant disclosures in the annual audited accounts for FY 2021. The External Auditors also shared with the Audit Committee their observations and areas for improvement;

(e) Reviewed the audit fees and non-audit fees and services of the External Auditors;

(f) Met privately with the External Auditors at the Audit Committee meetings held on 24 March 2021 and 21 May 2021 to ensure there were no restrictions to the scope of their audit and to discuss material issues that arose during the course of audit. There were no major concerns from the External Auditors and they had been receiving full co-operation from Management during their course of audit;

(g) Reviewed the internal audit reports presented by the Internal Auditors, deliberation of major findings and Management's responses together with Internal Auditors' recommendations;

(h) Reviewed the follow-up reports issued by the Internal Auditors and the status of mitigating measures taken by Management to ensure all key risks and control weaknesses are properly addressed;

(i) Reviewed and approved the risk-based internal audit plan for the FY 2021;

(j) Met privately with the Internal Auditors at the Audit Committee meeting held on 24 March 2021 to discuss material issues that arose during the course of internal audit. There were no major concerns from the Internal Auditors;

(k) Reviewed the Statement on Risk Management and Internal Control, Audit Committee Report, Corporate Governance Overview Statement and Corporate Governance Report and recommended the same to the Board for inclusion in the 2021 Annual Report;

(l) Reviewed the Terms of Reference of Audit Committee;

(m) Reviewed the quarterly progress reports on risk management prepared by Management;

(n) Reviewed recurrent related party transactions on quarterly basis to ensure the transactions entered into were at arm's length, on normal commercial terms and within the limit approved by the shareholders during the Tenth Annual General Meeting held on 28 June 2021; and

(o) Reviewed the Circular to Shareholders in respect of recurrent related party transactions prior to recommending for the Board's approval and seek shareholders' mandate at the annual general meeting of the Company.

The Audit Committee had on 28 February 2022, conducted an assessment on the performance and independence of the External Auditors for the FY2021 based on the following criteria:-

- quality and scope of work of the External Auditors and how the External Auditors maintain or update the audit plan to respond to changing risks and circumstances;
- quality of reports provided to the Audit Committee;
- amount of non-audit fees paid or payable to the External Auditors or a firm affiliated to them;
- competency and resources of the audit firm;
- level of understanding on Group's business; and
- communication to the Audit Committee about new and applicable accounting practices and auditing standards and the impact on the Company's financial statements.

AUDIT COMMITTEE REPORT (CONT'D)

Based on the assessment conducted, the Audit Committee was satisfied that UHY continued to possess the competency, independence, experience and resources required to fulfil their duties effectively. The Board, based on the recommendation of the Audit Committee, would be tabling their re-appointment at the Eleventh Annual General Meeting for shareholders' approval.

UHY has reported to the Audit Committee that, in their professional judgement, they are independent within the meaning of regulatory and professional requirements, and the objectivity of the audit engagement partner and audit staff is not impaired.

INTERNAL AUDIT FUNCTION

The internal audit function, which reports directly to the Audit Committee, is outsourced to Tricor Axcelasia Sdn Bhd. The Internal Auditors have developed an annual audit plan to support and execute internal control reviews.

Activities carried out by the Internal Auditors during the FY 2021 included the following:-

(a) Performed audit work in accordance with the pre-approved internal audit plan, which principally focused on the construction activities of the main subsidiary, Pesona Metro Sdn Bhd;

(b) Carried out reviews on the systems of internal control of the Group to ensure proper safeguarding of assets, maintaining accurate records and transactions, compliance with relevant laws and regulations, adherence to established policies and procedures as well as management efficiency;

(c) Made audit recommendations to Management for improvements to the existing system of internal controls and work processes where necessary; and

(d) Reviewed and commented on the effectiveness and adequacy of the existing internal control policies and procedures.

The Audit Committee had on 28 February 2022 reviewed the adequacy of the scope, functions, competency and resources of the internal audit function for the FY 2021 to ensure its effectiveness and efficiency. Based on the assessment conducted, the Audit Committee was satisfied that Tricor Axcelasia Sdn Bhd continued to possess the competency, independence, experience and resources required to fulfil their duties effectively.

For more information on the internal audit function, please refer to the Statement on Risk Management and Internal Control in the 2021 Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investment and Group assets.

Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires Directors of listed companies to include a statement in their annual report on the state of their internal controls for the period under review.

The Board of Directors ("Board") of Pesona Metro Holdings Berhad, in recognition of this responsibility, hereby issues the following statement which is prepared in accordance with these requirements.

2. BOARD RESPONSIBILITY

The Board acknowledges that it is their overall responsibility to maintain a sound system of internal controls to cover all aspects of the Group's business and to safeguard the interest of its shareholders. This responsibility requires Directors to establish procedures, controls and policies and to seek continuous assurance that the system is operating satisfactorily in respect of the strategic direction, financial, operational, compliance and risk management policies and procedures for the period under review.

The Board is also aware that a sound internal control system provides reasonable and not absolute assurance that the Company will not be hindered in achieving its business objectives in the ordinary course of business. It should also be appreciated that the whole system of internal control is designed to manage and control risks appropriately rather than a definitive system designed for the total avoidance of risks or for eliminating the risk of failure. For the financial year ended 31 December 2021, the Company has undertaken processes to review its risk management framework.

Meanwhile, the Board maintains full control over strategic, financial, organisation and compliance issues and has put in place an organization with formal lines of responsibility.

3. CONTROL STRUCTURE & RISK MANAGEMENT FRAMEWORK

The Group established the Risk Assessment, Monitoring and Reporting Framework to proactively identify, evaluate and manage key risk areas. The framework aims to provide an integrated and organised approach entity-wide. It established a formal database of risk areas and controls information are captured in the format of risk registers. The key risk areas, their exposures, existing controls and the actions taken or mitigation factors are summarised and presented to the Audit Committee on quarterly basis.

The day to day operations is monitored by the Managing Director. This control is exercised through Senior Management in respect of commercial, financial and operational aspects of the Company. The Managing Director and Senior Management meet regularly in respect of such matters during its management meetings.

Risk management is regarded by the Board to be an integral part of managing the Company's business operations. There is an on-going process of identifying the major risks that could potentially and significantly impact on the Group's business objectives and the Company has assigned the respective Heads of Department to manage the risks within their departments. Significant risks identified and the corresponding internal controls implemented are discussed at the management meetings.

The Board and the Management also recognise and acknowledge that the development of an effective internal control system is an ongoing process and to this end maintains a continuous commitment to strengthen the existing internal control environment of the Group.

The Board has assumed the following specific responsibilities in respect of internal control function in the Company with the assistance of the Internal Auditors:-

a) Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks through the internal audit review; and

b) Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

4. INTERNAL AUDIT FUNCTION

In a desire to maintain total independence in the management of the internal control environment and remain in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company has appointed Tricor Axcelasia Sdn. Bhd. ("Tricor Axcelasia") to manage the Company's internal audit function on an outsourced basis.

The Internal Auditors report independently and directly to the Audit Committee in respect of the internal audit function. The Audit Committee together with the Internal Auditors agree on the scope and planned internal audit activity annually and all audit findings arising therefrom are reported to the Audit Committee on a quarterly basis.

The Internal Auditors are allowed complete and unrestricted access to all documents and records of the Group deemed necessary in the performance of its function and independently reviews the risk identification procedures and control processes implement by the Management. It also reviews the internal controls in the key activities of the Group's business based on the risk profiles of the business units in the Group. In addition, the Internal Auditors carry out periodic assignments to ensure the policies and procedures established by the Board are complied with by the Management. All reports and findings arising from these reviews are discussed primarily with the respective process custodians prior to a formal report being presented to the Audit Committee.

As an additional function to the Group, the Internal Auditors also provides business improvement recommendations for the consideration of the Management and the Board to assist in the continuous development of a more efficient and comprehensive internal control environment.

During the year under review and based on the Audit Plan 2021, the following areas are the internal audit compliance reviews undertook by the Internal Auditors:

1) Project Tender;
2) Project Closure;
3) Project Management; and
4) Follow up on prior internal audit.

The findings arising from the above reviews have been reported to the Management for their response and subsequently for Audit Committee's review and deliberation.

5. OTHER KEY INTERNAL CONTROL ELEMENTS

- Clearly defined terms of reference, authorities and responsibilities of the various committees which include the Audit Committee, Nomination Committee and Remuneration Committee.

- Well defined organisational structure with clear lines for the segregation of duties, accountability and the delegation of responsibilities to Senior Management and the respective division heads including appropriate authority limits to ensure accountability and approval responsibility.

- Budgets are prepared annually for the business/operating units and approved by the Board. The budgets include operational, financial and capital expenditure requirements and performance monitored on a monthly basis and the business objectives and plans are reviewed in the monthly management meetings attended by division and business unit heads. The Managing Director meet regularly with Senior Management to consider the Group's financial performance, business initiatives and other management and corporate issues.

- There are regular Board meetings and Board papers are distributed in advance to all Board members who are entitled to receive and access all necessary and relevant information. Decisions of the Board are only made after the required information is made available and deliberated on by the Board. The Board maintains complete and effective control over the strategies and direction of the Group.

- The Audit Committee reviews the effectiveness of the Group's system of internal control on behalf of the Board. The Audit Committee comprises of non-executive members of the Board, who are independent Directors. The Audit Committee is not restricted in any way in the conduct of its duties and has unrestricted access to the Internal and External Auditors of the Company and to all employees of the Group. The Audit Committee is also entitled to seek other third party independent professional advice deemed necessary in the performance of its responsibility.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

5. OTHER KEY INTERNAL CONTROL ELEMENTS (CONT'D)

- The Audit Committee reviews all the internal control issues identified by the External and Internal Auditors and action taken by the Management in respect of the findings arising therefrom. The Internal Auditors reports directly to the Audit Committee. Findings are communicated to the Management and the Audit Committee with recommendations for improvement and subsequently follow up to ensure all agreed recommendations are implemented. The internal audit plan is structured on risk based approach and is reviewed and approved by the Audit Committee.

- Review of all proposals for material capital and investment opportunities by the Senior Management and approval for the same by the Board prior to expenditure being committed.

- There are sufficient reports generated in respect of the business and operating units to enable proper review of the operational, financials and regulatory environment. Management Accounts are prepared timely and on a monthly basis and is reviewed by the Managing Director and Senior Management.

- The professionalism and competency of staff are enhanced through a structured training and development programme. A performance appraisal system is in place with established key performance indicators to measure and review staff performance on an annual basis.

- The decision of the Board in appointing Tricor Axcelasia to manage the internal audit functions of the Company on an outsourced basis will ensure greater independence and accountability.

6. CONCLUSION

For the financial year ended 31 December 2021, the Board is of the opinion that there is no significant weakness in the system of internal control, contingencies, or uncertainties that could result in material loss and adversely affect the Group. The Group continues to take necessary measures to strengthen its internal control structure and the management of risks.

The total cost incurred in managing the internal audit function was RM68,000.

7. REVIEW OF THE INTERNAL CONTROL STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Internal Control Statement for inclusion in the Annual Report for the financial year ended 31 December 2021 and nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

DIRECTORS' RESPONSIBILITY STATEMENT

The Companies Act 2016 ("Act") requires the Directors to present the financial statements of the Company and the Group in accordance with the Act and approved accounting standards and that they give a true and fair view of the results of the business and the state of affairs of the Group and the Company at the end of the financial year.

The Directors have placed reliance on the system of internal control within the Company and the Group to form a basis of reasonable grounds that the accounting systems and records maintained by the Company and the Group provide a true and fair view of the current state of affairs of the Company and the Group.

The Directors have further responsibility of ensuring that accounting records are kept with reasonable accuracy which enable the Company to provide a true and fair view of the financial results. In addition, the annual audited financial statements have been prepared based on relevant and appropriate policies and with usage of reasonable and prudent judgement and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In compliance with the several responsibilities of the Directors, the Directors present the financial statements of the Company and the Group for the financial year ended 31 December 2021 as set out on pages 77 to 162 of this Annual Report.

ADDITIONAL INFORMATION

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees charged for services rendered to the Group and the Company by the External Auditors for the financial year ended 31 December 2021 were as follows:-

	Group (RM)	Company (RM)
Audit fees	124,500	35,000
Non-audit fees	5,000	5,000

RECURRENT RELATED PARTY TRANSACTIONS ("RRPTS")

Apart from the details of RRPTs as disclosed in Note 33 of the financial statements, there were no other transaction with related party during the financial year.

The RRPTs are of revenue or trading in nature and are entered into in the ordinary course of business. The shareholders' mandate was obtained on 28 June 2021.

MATERIAL CONTRACTS INVOLVING THE INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

The Company and its subsidiary companies have not entered into any material contracts outside the ordinary course of business, involving the interests of the Directors and major shareholders during the financial year ended 31 December 2021.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

Principal Activities

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements.

	Group RM	Company RM
Financial Results		
Net loss for the financial year	(2,089,917)	(323,861)
Attributable to:		
Owners of the parent	(5,366,984)	(323,861)
Non-controlling interests	3,277,067	-
	(2,089,917)	(323,861)

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

There was no issuance of shares or debentures during the financial year.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Directors

The Directors of the Company in office since the beginning of financial year until the date of this report are:

Dato' Sri Lee Tuck Fook
Datuk Hj Subhi Bin Dziyauddin*
Wie Hock Beng*
Wie Hock Kiong*
Loh Kong Fatt
Salwa Binti Shamshuddin*

** Director of the Company and of its subsidiary companies*

DIRECTORS' REPORT (CONT'D)

Directors (cont'd)

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) since the beginning of the financial year until the date of this report are:

Chong Kien Eng @ Teo Kien Eng
Maszeallan bin Mohamad
Juraimi Azahar Bin Taharim

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

Directors' Interests in Shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
Interests in the Company	**At 1.1.2021**	**Acquired**	**Disposed**	**At 31.12.2021**
Direct interests:				
Wie Hock Beng	8	-	-	8
Indirect interests:				
Wie Hock Beng [1]	406,120,400	-	-	406,120,400
Wie Hock Kiong [1]	406,120,400	-	-	406,120,400

[1] Deemed interest held pursuant to Section 8 of the Companies Act 2016 via their family companies, Sincere Goldyear Sdn. Bhd. and Kombinasi Emas Sdn. Bhd.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors and shown in Note 33(c) to the financial statements) 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, other than Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 33(b) to the financial statements.

Neither during nor at the end of the financial year, was the Company or any of its subsidiaries a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT (CONT'D)

Indemnity and Insurance Costs

There was no indemnity given to or insurance effected for any Directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act 2016.

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

 (i) to ascertain that 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 there were no known bad debts to be written off and no allowance for doubtful debts was required; and

 (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

 (i) which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Group and of the Company; or

 (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

 (iii) 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 financial statements misleading; or

 (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report, there does not exist:

 (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

 (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

 (i) no contingent liability or other liability 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 and of the Company to meet their obligations as and when they fall due; and

 (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

 (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 7 to the financial statements.

DIRECTORS' REPORT (CONT'D)

Significant Events

Details of significant events are as disclosed in Note 38 to the financial statements.

Auditors

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

The details of auditors' remuneration are set out in Note 27 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 27 April 2022.

WIE HOCK BENG **DATUK HJ SUBHI BIN DZIYAUDDIN**

KUALA LUMPUR

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 86 to 162 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and their cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 27 April 2022.

WIE HOCK BENG

DATUK HJ SUBHI BIN DZIYAUDDIN

KUALA LUMPUR

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, CHONG KIEN ENG @ TEO KIEN ENG (MIA Membership No: CA 16812), being the Officer primarily responsible for the financial management of PESONA METRO HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 86 to 162 are 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 at Petaling Jaya in the)
State of Selangor on 27 April 2022)

CHONG KIEN ENG @ TEO KIEN ENG

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PESONA METRO HOLDINGS BERHAD

[Registration No. : 201101029741 (957876-T)] (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of PESONA METRO HOLDINGS BERHAD, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 86 to 162.

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 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, 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 opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By- Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<u>Recognition of revenue and costs from construction contract</u> Refer to Note 2(c) (Significant accounting judgements, estimates and assumptions), Note 3(s) (Revenue recognition), Note 11 (Contract assets/liabilities) and Note 25 (Revenue) to the financial statements. A significant proportion of the Group's revenues and profits are derived from long-term construction contracts which span more than one accounting period. The Group uses the input method to measure the progress towards complete satisfaction of performance obligations. The progress is determined based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the total estimated construction costs. We focused on this area because management applies significant judgement in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs.	Our audit procedures performed in this area included, amongst others: • Understood and reviewed the Group's policies and procedures of reviews and approvals over contract cost allocation, budgets setting and monitoring of actual cost to assess the reliability of budgets; • Read key contracts to obtain an understanding of the specific terms and conditions; • Reviewed management's workings on the computation of percentage-of-completion and compared the quantity surveyors' reports and sub-contractors' claims and certificates against stage of completion of the contracts to ascertain the reasonableness of the stage of completion recognised in the profit or loss; • Evaluated the reasonableness of the estimated total construction costs in light of supporting evidence such as letters of award, approved purchase orders, quotations, sub-contractors' tender documents and any variation orders; • Agreed samples of costs incurred to date to invoice and/or progress claim and assessed the adequacy of accruals of costs made; and • Assessed the adequacy and reasonableness of the disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PESONA METRO HOLDINGS BERHAD (CONT'D)

[Registration No. : 201101029741 (957876-T)] (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with 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 has 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 of 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PESONA METRO HOLDINGS BERHAD (CONT'D)
[Registration No. : 201101029741 (957876-T)] (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

- 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 financial 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.

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.

UHY
Firm Number: AF 1411
Chartered Accountants

YEOH AIK CHUAN
Approved Number: 02239/07/2022 J
Chartered Accountant

KUALA LUMPUR

27 April 2022

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	61,696,583	73,438,885	-	-
Investment properties	5	7,997,576	7,652,203	-	-
Intangible assets	6	48,929,930	52,036,591	-	-
Investments in subsidiary companies	7	-	-	211,148,323	160,198,223
Concession receivables	8	128,802,549	131,869,814	-	-
Trade receivables	9	51,091,272	55,919,649	-	-
Total non-current assets		298,517,910	320,917,142	211,148,323	160,198,223
Current assets					
Inventories	10	649,927	547,169	-	-
Contract assets	11	3,927,328	27,856,845	-	-
Concession receivables	8	3,067,265	2,713,372	-	-
Trade receivables	9	273,037,931	257,340,628	-	-
Other receivables	12	24,654,367	27,190,639	5,000	20,900
Amounts due from subsidiary companies	13	-	-	17,704,221	48,949,532
Amount due from an associate company	14	-	-	-	-
Tax recoverable		4,774,077	3,323,323	1,768	699
Fixed deposits with licensed banks	15	41,833,034	40,346,307	-	-
Cash and bank balances	16	12,172,572	24,602,675	39,486	51,771
		364,116,501	383,920,958	17,750,475	49,022,902
Total assets		662,634,411	704,838,100	228,898,798	209,221,125

STATEMENTS OF FINANCIAL POSITION (CONT'D) AS AT 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
EQUITY					
Share capital	17	194,031,751	194,031,751	194,031,751	194,031,751
Reverse acquisition reserve	18	(91,000,000)	(91,000,000)	-	-
Retained earnings		50,747,381	56,114,365	14,752,513	15,076,374
Equity attributable to owners of the Company		153,779,132	159,146,116	208,784,264	209,108,125
Non-controlling interests		18,024,285	14,747,218	-	-
Total equity		171,803,417	173,893,334	208,784,264	209,108,125
LIABILITIES					
Non-current liabilities					
Trade payables	19	28,405,659	25,046,116	-	-
Sukuk liabilities	20	120,000,000	130,000,000	-	-
Bank borrowings	21	542,492	428,082	-	-
Leases	22	6,673,281	15,891,473	-	-
Deferred tax liabilities	23	11,743,183	12,488,782	-	-
Total non-current liabilities		167,364,615	183,854,453	-	-
Current liabilities					
Contract liabilities	11	28,125,991	53,623,661	-	-
Trade payables	19	220,171,298	209,682,097	-	-
Other payables	24	10,975,990	18,182,924	114,534	113,000
Tax Payable		10,465	-	-	-
Sukuk liabilities	20	10,000,000	10,000,000	-	-
Bank borrowings	21	44,964,320	45,087,423	20,000,000	-
Leases	22	9,218,315	10,514,208	-	-
		323,466,379	347,090,313	20,114,534	113,000
Total liabilities		490,830,994	530,944,766	20,114,534	113,000
Total equity and liabilities		662,634,411	704,838,100	228,898,798	209,221,125

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

AS AT 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Revenue from contract with customer	25	604,217,278	655,621,902	-	-
Concession finance income	25	17,553,098	17,866,160	-	-
Revenue from other sources	25	743,271	258,674	623	5,002,484
Construction costs		(580,880,701)	(633,134,713)	-	-
Assets and facilities management and maintenance services		(2,694,112)	(2,973,094)	-	-
Changes in inventories of finished goods and work in progress		(5,181,459)	(3,082,763)	-	-
Raw material and consumable used		(165,128)	(929,822)	-	-
Other income		3,576,857	3,335,745	277,300	-
Employee benefit expenses		(8,463,829)	(11,390,883)	-	-
Depreciation and amortisation expenses		(16,823,351)	(17,322,665)	-	-
Other expenses		(4,450,096)	(9,436,747)	(601,785)	(9,329,069)
Finance costs	26	(9,338,989)	(11,616,986)	-	-
Loss before taxation	27	(1,907,161)	(12,805,192)	(323,862)	(4,326,585)
Taxation	28	(182,756)	(1,214,760)	1	(551)
Net loss for the financial year, representing total comprehensive loss for the financial year		(2,089,917)	(14,019,952)	(323,861)	(4,327,136)
Loss attributable to:					
Owner of the Company		(5,366,984)	(17,016,175)		
Non-controlling interest		3,277,067	2,996,223		
		(2,089,917)	(14,019,952)		
Total comprehensive loss attributable to:					
Owner of the Company		(5,366,984)	(17,016,175)		
Non-controlling interest		3,277,067	2,996,223		
		(2,089,917)	(14,019,952)		
Loss per share:					
- Basic	29	(0.77)	(2.45)		
- Diluted	29	N/A	N/A		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	Note	Attributable to Owners of the Parent					
		Non-Distributable		Distributable			
		Share Capital RM	Reverse Acquisition Reserve RM	Retained Earnings RM	Total RM	Non Controlling Interests RM	Total RM
At 1 January 2021		194,031,751	(91,000,000)	56,114,365	159,146,116	14,747,218	173,893,334
Net loss for the financial year, representing total comprehensive loss for the financial year		-	-	(5,366,984)	(5,366,984)	3,277,067	(2,089,917)
At 31 December 2021		194,031,751	(91,000,000)	50,747,381	153,779,132	18,024,285	171,803,417
At 1 January 2020		194,020,338	(91,000,000)	80,080,407	183,100,745	11,750,995	194,851,740
Net loss for the financial year, representing total comprehensive loss for the financial year		-	-	(17,016,175)	(17,016,175)	2,996,223	(14,019,952)
Transaction with owners:							
Conversion of warrants	29	11,413	-	-	11,413	-	11,413
Dividend on ordinary shares	31	-	-	(6,949,867)	(6,949,867)	-	(6,949,867)
At 31 December 2020		194,031,751	(91,000,000)	56,114,365	159,146,116	14,747,218	173,893,334

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Company	Note	Non-Distributable Share Capital RM	Distributable Retained Earnings RM	Total RM
At 1 January 2021		194,031,751	15,076,374	209,108,125
Net loss for the financial year, representing total comprehensive loss for the financial year		-	(323,861)	(323,861)
At 31 December 2021		194,031,751	14,752,513	208,784,264
At 1 January 2020		194,020,338	26,353,377	220,373,715
Net loss for the financial year, representing total comprehensive loss for the financial year		-	(4,327,136)	(4,327,136)
Transactions with owners:				
Conversion of warrants	29	11,413	-	11,413
Dividend on ordinary shares	31	-	(6,949,867)	(6,949,867)
At 31 December 2020		194,031,751	15,076,374	209,108,125

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Cash Flows From Operating Activities					
Loss before taxation		(1,907,161)	(12,805,192)	(323,862)	(4,326,585)
Adjustments for:					
Amortisation of concession right		3,106,661	3,106,661	-	-
Depreciation of property, plant and equipment		13,902,750	14,952,693	-	-
Fair value adjustment on investment properties		-	(151,629)	-	-
Gain on disposals of property, plant and equipment		(265,127)	(229,383)	-	-
Gain on disposals of investment properties		-	(756,290)	-	-
Impairment loss on:					
- goodwill on consolidation		-	34,543	-	-
- amount due from subsidiary companies		-	-	11,700	5,645,620
- investment in a subsidiary company		-	-	-	3,016,298
- property, plant and equipment		-	3,863,265	-	-
- reversal of impairment loss on amount due from subsidiary companies		-	-	(289,000)	-
Inventories written down		-	195,718	-	-
Dividend income		-	-	-	(5,000,000)
Interest expenses		9,338,989	11,616,986	-	-
Interest income		(1,172,888)	(1,788,341)	(623)	(2,484)
Property, plant and equipment written off		52,491	40,413	-	-
Reversal of inventories written down		(35,743)	(155,665)	-	-
Unrealised (gain)/loss on foreign exchange		(2,823)	450	-	-

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Provision for foreseeable loss		-	2,353,778	-	-
Operating profit/(loss) before working capital changes		23,017,149	20,278,007	(601,785)	(667,151)
Changes in working capital:					
Inventories		(67,015)	11,899	-	-
Contract assets		23,929,517	9,468,704	-	-
Concession receivables		2,713,372	2,400,310	-	-
Trade and other receivables		(8,395,940)	(31,920,222)	15,900	(15,900)
Contract liabilities		(25,497,670)	5,757,907	-	-
Trade and other payables		6,630,167	39,740,226	1,534	(46,291)
Amounts due from subsidiary companies		-	-	(18,477,389)	-
		(687,569)	25,458,824	(18,459,955)	(62,191)
Cash from/(used in) operations		22,329,580	45,736,831	(19,061,740)	(729,342)
Tax refunded		-	358,883	-	3,500
Tax paid		(2,368,644)	(5,913,871)	(1,068)	(1,250)
		(2,368,644)	(5,554,988)	(1,068)	2,250
Net cash from/(used in) operating activities		19,960,936	40,181,843	(19,062,808)	(727,092)

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Cash Flows From Investing Activities					
Interest received		1,236,174	1,788,341	623	2,484
Dividend received		-	-	-	5,000,000
Purchases of property, plant and equipment	4(b)	(2,517,112)	(6,710,600)	-	-
Purchases of investment properties		(430,161)	(633,459)	-	-
Loans to subsidiary companies (net of repayment)		-	-	-	2,594,879
Proceeds from disposals of property, plant and equipment		569,300	330,803	(950,100)	-
Proceeds from disposals of investment properties		84,788	1,008,014	-	-
Changes in fixed deposits pledged with licensed banks		(7,193,070)	(11,711,573)	-	-
Changes in pledged cash and bank balances		(1,437,733)	3,443,467	-	-
Changes in restricted cash and bank balances		-	(1,459,178)	-	-
Net cash (used in)/from investing activities		(9,687,814)	(13,944,185)	(949,477)	7,597,363
Cash Flows From Financing Activities					
Interest paid		(9,410,800)	(11,814,650)	-	-
Repayment of lease liabilities		(10,514,085)	(9,387,269)	-	-
Proceeds from issuance of shares		-	11,413	-	11,413
Repayment of issuance of sukuk liabilities		(10,000,000)	(10,000,000)	-	-
Changes in invoice financing, bankers'acceptance, trust receipts and revolving credit		(985,975)	(7,797,549)	20,000,000	-
Dividend paid		-	(6,949,867)	-	(6,949,867)
Net cash (used in)/from financing activities		(30,910,860)	(45,937,922)	20,000,000	(6,938,454)

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Net changes in cash and cash equivalents		(20,637,738)	(19,700,264)	(12,285)	(68,183)
Cash and cash equivalents at the beginning of the financial year		40,446,156	60,146,870	51,771	119,954
Effect of exchange translation difference on cash and cash equivalents		2,823	(450)	-	-
Cash and cash equivalents at the end of the financial year		19,811,241	40,446,156	39,486	51,771
Cash and cash equivalents at the end of the financial year comprises:					
Fixed deposits with licensed banks		41,833,034	40,346,307	-	-
Cash and bank balances		12,172,572	24,602,675	39,486	51,771
Bank overdrafts		(1,060,736)	-	-	-
		52,944,870	64,948,982	39,486	51,771
Less: Fixed deposits pledged with licensed banks		(26,466,724)	(19,273,654)	-	-
Less: Pledged cash and bank balances		(1,472,212)	(34,479)	-	-
Less: Restricted cash and bank balances		(5,194,693)	(5,194,693)	-	-
		19,811,241	40,446,156	39,486	51,771

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The principal place of business and registered office of the Company are located at No. 39, Jalan SB Indah 1/19, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements.

2. Basis of Preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs and interpretations issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to MFRS 16	Covid-19 – Related Rent Concessions
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2

The adoption of the above amendments to MFRS's and interpretations did not have any significant impact on the financial statements of the Group and the Company.

Standards issued but not yet effective

The Group and the Company have not applied the following amendments to MFRSs that have been issued by MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
Amendment to MFRS 16 Leases	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The Group and the Company have not applied the following amendments to MFRSs that have been issued by MASB but are not yet effective for the Group and for the Company: (Cont'd)

		Effective dates for financial periods beginning on or after
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intends to adopt the above MFRSs when they become effective.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current year and prior year financial statements of the Group and the Company.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency. All financial information is presented in RM and has been rounded to nearest RM, unless otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

The following are the judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Satisfaction of performance obligation in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations:

The Group recognises revenue over time in the following circumstances:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Judgements (Cont'd)

Satisfaction of performance obligation in relation to contracts with customers (Cont'd)

(b) the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and

(c) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

Useful lives of property, plant and equipment and right-of-use ("ROU") assets

The Group regularly reviews the estimated useful lives of property, plant and equipment and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and ROU assets would increase the recorded depreciation/amortisation and decrease the value of property, plant and equipment and ROU assets. The carrying amount at the reporting date for property, plant and equipment and ROU assets are disclosed in Note 4 to the financial statements.

Impairment of property, plant and equipment and right-of-use ("ROU") assets

The Group assesses whether there is any indication that property, plant and equipment and ROU assets are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. The recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these assumptions would affect the amount of impairment. Details of property, plant and equipment and ROU assets are disclosed in Note 4 to the financial statements.

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 Group engaged independent professional valuers to perform valuations on its investment properties at each reporting date. The valuation methods adopted by the valuer include sales comparison method, being comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for location and size of the properties; income approach, being the projected net income and other benefits that are the subject property can generate over the life of the property capitalised at market derived yields to arrive at the present value of the property. Judgement is made in determining the appropriate valuation methods and the key assumptions used in the valuations. Any changes in these assumptions will have an impact on the carrying amounts of the investment properties.

The details of the investment properties including the valuation techniques and key assumptions applied on the determination of the fair values are disclosed in Note 5(b) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 6 to the financial statements.

Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the total estimated construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgments to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.

The contract assets and contract liabilities of the Group arising from construction contracts are disclosed in Note 11 to the financial statements.

Impairment of investments in subsidiary companies

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 7 to the financial statements.

Income taxes

Judgement is involved in determining the provision for income taxes. 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. As at 31 December 2021, the Group has tax recoverable of RM4,774,077 (2020: RM3,323,323) and tax payable of RM10,465 (2020: RMNil) respectively. While, the Company has tax recoverable of RM1,768 (2020: RM699).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 35(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Acquisition method

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at fair value at the subsequent acquisition date and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Acquisition method (Cont'd)

Inter-company transactions, balances and unrealised gains or losses on transactions between group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(o)(i) to the financial statements on impairment of non-financial assets.

Reverse acquisition method

In connection with its initial public offering, the Company acquired the entire equity interest in Pesona Metro Sdn. Bhd. via the issuance of ordinary shares and became the legal holding company of the subsidiary company. The Company's continuing operations and executive management are those of the subsidiary company. Accordingly, the substance of the business combination was that the subsidiary company acquired the Company in a reverse acquisition and hence the directors adopted the reverse acquisition accounting as the basis of consolidation in order to give a true and fair view of the business combination. The application of the reverse acquisition method under MFRS 3 *Business Combination* resulted in the subsidiary company being identified as the acquirer of the Group for accounting purposes and accordingly the pre-acquisition reserve of the subsidiary company was accounted for as reverse acquisition reserve.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid or received and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date's fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequently when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(o)(i) to the financial statements on impairment of non- financial assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

3. Significant Accounting Policies (Cont'd)

(b) Investments in associated companies

An associated company is an entity over which the Group and the Company have significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

On acquisition of an associated company, any excess of the cost of investment over the Group's and the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's and the Company's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's and the Company's share of associated company's profit or loss for the period in which the investment is acquired.

An associated company is equity accounted for from the date on which the investee becomes an associated company. Under the equity method, on initial recognition the investment in an associated company is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associated company after the date of acquisition. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associated company.

Profits or losses resulting from upstream and downstream transactions between the Group and its associated company are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associated company or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associated company is prepared as of the same reporting date as the Group and the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group and of the Company. The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associated company. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group and the Company measure and recognise any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(o)(i) to the financial statements on impairment of non-financial assets.

(c) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

3. Significant Accounting Policies (Cont'd)

(c) Foreign currency transactions and balances(Cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's and the Company's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's and the Company's net investment in foreign operation are recognised in profit or loss in the Group's and the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i) to the financial statements.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

3. Significant Accounting Policies (Cont'd)

(d) Property, plant and equipment (Cont'd)

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Building	50 years
Motor vehicles	5 years
Office equipment	5 years
Furniture and fittings	5 - 10 years
Plant and machineries	7 - 10 years
Computers	3½ - 10 years
Moulds	10 years
Renovation	5 - 10 years

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in property, plant and equipment.

(e) Leases

(i) As lessee

The Group recognises a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i) to the financial statements.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold land and building	Over the remaining lease period
Motor vehicles	5 years
Plant and machineries	4 - 10 years

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

3. Significant Accounting Policies (Cont'd)

(e) Leases (Cont'd)

(i) As lessee (Cont'd)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

The Group applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value.

(ii) As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group applies 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group recognises assets held under a finance lease in its statements of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(f) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are measured at fair value which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

3. Significant Accounting Policies (Cont'd)

(f) Investment properties (Cont'd)

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are valued by independent professionally qualified valuers, having appropriate recognised professional qualifications and recent experience in the locations and segments of the investment properties valued. The management team reviewed and discussed the valuations, including valuation processes, performed by the independent valuers for financial reporting purposes.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the reporting period of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(g) Intangible assets

(i) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(ii) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

See accounting policy Note 3(o)(i) to the financial statements on impairment of non-financial assets for intangible assets.

(h) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

3. Significant Accounting Policies (Cont'd)

(h) Financial assets (Cont'd)

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include other receivables.

(a) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirely, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

(i) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(j) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

3. Significant Accounting Policies (Cont'd)

(k) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when, and only when, the Group and the Company currently have a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of raw material comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on weighted average basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity).

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Contract assets and contract liabilities

Contract assets is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, deposits with banks and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(o) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets, amount due from contract customers and investment property measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash- generating units that are expected to benefit from the synergies of the combination.

3. Significant Accounting Policies (Cont'd)

(o) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in- use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash- generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect 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.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, other receivables, contract assets and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(p) Share capital

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

3. Significant Accounting Policies (Cont'd)

(p) Share capital (Cont'd)

(ii) Distribution of non-cash assets to owners of the Company

The distribution of non-cash assets to owners is recognised as dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the assets to be distributed. At the end of the reporting period and on the settlement date, the Company reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable recognised in equity. When the Company settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

(q) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group and the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(i) Warranties

Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation. The Group does not provide such service-type warranties on products.

(ii) Onerous Contract

Provision for onerous contracts are recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(r) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensation absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

3. Significant Accounting Policies (Cont'd)

(r) Employee benefits (Cont'd)

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(s) Revenue recognition

Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

(i) Sale of goods

The Group manufactures and trading of polyurethane products and construction materials. Revenue from sale of goods is recognised at the point in time upon control of the products has transferred, being the products are delivered to the customer.

Following delivery of the goods to the customers, the customers have full discretion over the goods, and bears the risks of obsolescence and loss in relation to the goods.

Revenue is recognised based on the price specified in the contract net of the rebates, discounts and taxes. Under the standard contract terms, customers have a right of return within 30 days. At the point of sale, a refund liability and a corresponding adjustment to revenue are recognised for those product expected to be returned. At the same time, it has a right to recover the product when customers exercise their right of return, so consequently recognises a right to returned goods asset and a corresponding adjustment to the cost of inventories recognised in profit or loss. The Group does not have such contract terms with its customers on right of return.

A receivable is recognised by the Group when the goods are delivered as this represents the point in time at which the right to consideration is unconditional, because only the passage of time is required before payment is due. No element of financing is deemed present as the revenue recognised with a credit term of 30 to 120 days which is consistent with market practice.

(ii) Construction contracts

A construction contract is a contract specifically negotiated for the construction of an assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use. Hence, it is accounted for as a single performance obligation.

Revenue and profit for construction contracts are recognised over time arising from the fulfillment of the following criteria:

(i) The customer of the construction contracts simultaneously receives and consumes the benefits provided as the construction service progress.

(ii) The construction service relates to the creation or enhancement of an asset or a combination of assets which the customer controls.

(iii) The construction service does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

3. Significant Accounting Policies (Cont'd)

(s) Revenue recognition (Cont'd)

Revenue from contracts with customers (Cont'd)

(ii) Construction contracts (Cont'd)

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date. The state of completion of a construction contract is determined based on the proportion that the contract cost incurred for work performed to-date bear to the estimated total cost for the contract.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agree in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is only included in contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim. Variation claim gives rise to variable consideration which is estimated at either the expected value or most likely amount and included in revenue to the extent that it is highly probable that the revenue will not be reversed. No element of financing is deemed present as the payment schedule and credit term as disclosed as it to the financial statements are consistent with the market practice.

The customer pay according to the progress claim submitted to them based on the progress of the construction measured over time. If the construction services rendered by the Group exceed the payments, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised. Further details on the accounting policy of contract assets and contract liabilities are disclosed in Note 3(m) to the financial statements.

(iii) Maintenance and management services income

Revenue from maintenance and management services in relation to the concession is recognised based on monthly fixed fee (at point in time) during the period of concession.

(iv) Concession finance income

Concession finance income in relation to the concession is recognised over the concession period based on the Concession Agreement with the Government of Malaysia as disclosed in Note 8 to the financial statements.

Revenue from other sources

(i) Dividend income

Dividend income is recognised when the Company's and the subsidiary company's right to receive payment is established.

(ii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

3. Significant Accounting Policies (Cont'd)

(s) Revenue recognition (Cont'd)

Significant financing component

The Group receives short-term advances from its customers. Using the practical expedient in MFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that goods or service will be one year or less.

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(u) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

3. Significant Accounting Policies (Cont'd)

(v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision- makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(w) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

(x) Service concession arrangements

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 3(h) to the financial statements.

When the Group has contractual obligations that it must fulfill under the agreement:

(i) to maintain the infrastructure to a specified standard; or

(ii) to restore the infrastructure when the infrastructure has deteriorated below a specified condition.

The Group recognises and measures these contractual obligations in accordance with the accounting policy for provisions in Note 3(q) to the financial statements. Repairs and maintenance and other expenses that are routine in nature are expensed and recognised in profit or loss as incurred.

(y) Fair value measurement

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer of the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets orliabilities that the Company can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that areobservable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

3. Significant Accounting Policies (Cont'd)

(z) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

When the grant relates to an expense item, it is recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and transferred to profit or loss on a systematic basis over the useful lives of the related asset.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

4. Property, Plant and Equipment

	At 1 January 2021 RM	Additions RM	Disposals RM	Written off RM	Reclassification RM	At 31 December 2021 RM	Accumulated Impairment losses RM	At 31 December 2021 RM
Group								
2021								
Cost								
Freehold land	3,358,392	-	-	-	-	3,358,392	-	3,358,392
Building	151,808	-	-	-	-	151,808	-	151,808
Long term leasehold land and building								
- ROU	9,105,967	-	-	-	-	9,105,967	-	9,105,967
Motor vehicles								
- Owned	11,155,535	-	(331,852)	-	-	10,823,683	-	10,823,683
- ROU	616,700	-	-	-	-	616,700	-	616,700
Office equipment	3,847,472	132,136	(131,144)	(9,270)	-	3,839,194	-	3,839,194
Furniture and fittings	2,247,904	1,253	-	-	-	2,249,157	(132,366)	2,116,791
Plant and machineries								
- Owned	82,793,457	2,209,979	(1,325,000)	(119,571)	4,226,489	87,785,354	(4,128,003)	83,657,351
- ROU	53,837,288	-	-	-	(4,226,489)	49,610,799	-	49,610,799
Computers	2,999,728	43,228	-	(13,683)	-	3,029,273	(10,908)	3,018,365
Moulds	8,403,420	130,516	-	-	-	8,533,936	-	8,533,936
Renovation	2,139,510	-	-	-	-	2,139,510	(78,322)	2,061,188
	180,657,181	2,517,112	(1,787,996)	(142,524)	-	181,243,773	(4,349,599)	176,894,174

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

4. Property, Plant and Equipment (Cont'd)

	Accumulated depreciation							Carrying Amount
	At 1 January 2021	Charges for the year	Disposals	Written off	Reclassification	At 31 December 2021	Impairment losses for the year	At 31 December 2021
	RM	RM	RM	RM	RM	RM	RM	RM
Group								
2021								
Depreciation and impairment losses								
Freehold land	-	-	-	-	-	-	-	3,358,392
Building	35,926	3,036	-	-	-	38,962	-	112,846
Long term leasehold land and building								
- ROU	776,954	109,176	-	-	-	886,130	-	8,219,837
Motor vehicles								
- Owned	10,234,557	603,713	(331,852)	-	-	10,506,418	-	317,265
- ROU	232,123	123,341	-	-	-	355,464	-	261,236
Office equipment	2,599,445	459,650	(91,971)	(3,223)	-	2,963,901	-	875,293
Furniture and fittings	2,055,283	21,927	-	-	-	2,077,210	-	39,581
Plant and machineries								
- Owned	59,111,333	6,168,062	(1,060,000)	(73,252)	2,110,416	66,256,559	-	17,400,792
- ROU	15,411,340	5,838,268	-	-	(2,110,416)	19,139,192	-	30,471,607
Computers	2,821,963	116,782	-	(13,558)	-	2,925,187	-	93,178
Moulds	7,876,042	125,415	-	-	-	8,001,457	-	532,479
Renovation	1,713,731	333,380	-	-	-	2,047,111	-	14,077
	102,868,697	13,902,750	(1,483,823)	(90,033)	-	115,197,591	-	61,696,583

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

4. Property, Plant and Equipment (Cont'd)

	At 1 January 2020 RM	Additions RM	Disposals RM	Written off RM	Reclassification RM	Transfer to investment property RM	At 31 December 2020 RM	Accumulated Impairment losses RM	At 31 December 2020 RM
Group									
2020									
Cost									
Freehold land	3,370,986	-	-	-	-	(12,594)	3,358,392	-	3,358,392
Building	3,470,850	-	-	-	-	(3,319,042)	151,808	-	151,808
Long term leasehold land and building									
- ROU	9,105,967	-	-	-	-	-	9,105,967	-	9,105,967
Motor vehicles									
- Owned	11,950,890	-	(1,115,355)	-	320,000	-	11,155,535	-	11,155,535
- ROU	936,700	-	-	-	(320,000)	-	616,700	-	616,700
Office equipment	3,497,853	418,758	-	(69,139)	-	-	3,847,472	-	3,847,472
Furniture and fittings	2,255,595	1,125	-	(8,816)	-	-	2,247,904	-	2,247,904
Plant and machineries									
- Owned	73,205,660	3,342,587	(193,834)	(43,956)	6,483,000	-	82,793,457	(486,334)	82,307,123
- ROU	48,636,881	11,683,407	-	-	(6,483,000)	-	53,837,288	-	53,837,288
Computers	3,125,653	34,701	-	(160,626)	-	-	2,999,728	-	2,999,728
Moulds	8,278,780	128,181	-	(3,541)	-	-	8,403,420	-	8,403,420
Renovation	2,139,510	-	-	-	-	-	2,139,510	-	2,139,510
	169,975,325	15,608,759	(1,309,189)	(286,078)	-	(3,331,636)	180,657,181	(486,334)	180,170,847

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

4. Property, Plant and Equipment (Cont'd)

	Accumulated depreciation								Carrying Amount
	At 1 January 2020	Charges for the year	Disposals	Written off	Reclassification	Transfer to investment property	At 31 December 2020	Impairment losses for the year	At 31 December 2020
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group									
2020									
Depreciation and impairment losses									
Freehold land	-	-	-	-	-	-	-	-	3,358,392
Building	166,155	3,036	-	-	-	(133,265)	35,926	-	115,882
Long term leasehold land and building									
- ROU	667,776	109,178	-	-	-	-	776,954	-	8,329,013
Motor vehicles									
- Owned	9,997,206	1,025,274	(1,107,923)	-	320,000	-	10,234,557	-	920,978
- ROU	428,783	123,340	-	-	(320,000)	-	232,123	-	384,577
Office equipment	2,075,610	568,503	-	(44,668)	-	-	2,599,445	-	1,248,027
Furniture and fittings	2,023,899	40,200	-	(8,816)	-	-	2,055,283	(132,366)	60,255
Plant and machineries									
- Owned	49,043,971	6,586,609	(99,846)	(28,401)	3,609,000	-	59,111,333	(3,641,669)	19,554,121
- ROU	13,256,803	5,763,537	-	-	(3,609,000)	-	15,411,340	-	38,425,948
Computers	2,723,155	259,047	-	(160,239)	-	-	2,821,963	(10,908)	166,857
Moulds	7,749,501	130,082	-	(3,541)	-	-	7,876,042	-	527,378
Renovation	1,369,844	343,887	-	-	-	-	1,713,731	(78,322)	347,457
	89,502,703	14,952,693	(1,207,769)	(245,665)	-	(133,265)	102,868,697	(3,863,265)	73,438,885

4. Property, Plant and Equipment (Cont'd)

(a) The long term leasehold land and building's remaining period of lease term is 70 (2020: 71) years.

(b) Purchase of property, plant and equipment

The aggregate cost for the property, plant and equipment of the Group during the financial year acquired under leases and cash payments are as follows:

	Group	
	2021 RM	**2020 RM**
Aggregate costs	2,517,112	15,608,759
Less: Lease financing	-	(8,898,159)
Cash payments	2,517,112	6,710,600

(c) Assets held under leases

Included in the property, plant and equipment of the Group under leases arrangement with carrying amount are as follows:

	Group	
	2021 RM	**2020 RM**
Plant and machineries	30,471,607	38,425,948
Motor vehicles	261,236	384,577
	30,732,843	38,810,525

The leased assets are pledged for the related financing facilities as disclosed in Note 22 to the financial statements.

(d) Transferred to investment properties

In the previous financial year, one lot of freehold land and buildings was transferred to investment properties because it was no longer used by the Group and it was leased to a third party.

(e) Impairment loss

In the previous financial year, the property, plant and equipment of a subsidiary company were tested for impairment due to impairment indicators noted. The impairment testing gave rise to an impairment loss of RM3,863,265.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

5. **Investment Properties**

	Freehold land and buildings RM	Leasehold land and buildings RM	Capital work-in progress RM	Total RM
Group				
2021				
At 1 January	5,750,000	582,566	1,319,637	7,652,203
Additions	-	-	430,161	430,161
Disposals	-	-	(84,788)	(84,788)
At 31 December	5,750,000	582,566	1,665,010	7,997,576
2020				
At 1 January	2,400,000	582,566	937,902	3,920,468
Transfer from property, plant and equipment	3,198,371	-	-	3,198,371
Additions	-	-	633,459	633,459
Change in fair value recognised in profit	151,629	-	-	151,629
Disposals	-	-	(251,724)	(251,724)
At 31 December	5,750,000	582,566	1,319,637	7,652,203

(a) Investment properties under leases

Investment properties of a subsidiary company refer to three lots of freehold land and buildings and one lots of leasehold land and buildings that are leased to third parties. Each of the leases are subsequently be renewed are negotiated with the lessee on an average renewal period of 2 years. No contingent rents are charged.

In the previous financial year, one lot of freehold land and building of a subsidiary company transferred from property, plant and equipment to investment properties, since the freehold land and buildings were no longer used by the Group and leased to a third party.

(b) Fair value basis of investment properties

The investment properties are re-measured annually at fair value based on market values determined by independent qualified valuers amounting to RM6,332,566 (2020: RM6,332,566). The independent professional qualified valuers hold recognised relevant professional qualifications and have recent experience in the locations and segment of the investment properties valued. The fair value measurement of the investment properties are based on the highest and best use.

	Level 2 RM	Level 3 RM	Total RM
Group			
2021			
Commercial properties	2,982,566	3,350,000	6,332,566
Group			
2020			
Commercial properties	2,982,566	3,350,000	6,332,566

5. Investment Properties (Cont'd)

(b) Fair value basis of investment properties (Cont'd)

Level 2 fair value

The fair values have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location and property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Level 3 fair value

Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3:

Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Income approach	Estimated average rental rate per square feet per month RM 2.83 - RM 4.42	The higher (lower) the estimated average rental rate per square feet per month, the higher (lower) the fair value
	Capitalisation rate at 4.2% - 5%	The higher (lower) the capitalisation rate, the lower (higher) the fair value

There was no transfer between levels during current and previous financial year.

The increase in the fair values of RMNil (2020: RM151,629) has been recognised in the profit or loss during the financial year.

(c) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2021 RM	2020 RM
Rental income	335,991	402,433
Direct operating expenses:		
- income generating investment properties	17,743	22,533

(d) Investment properties under construction

Investment properties under construction which is stated at cost comprises service apartment under construction in Malaysia. Management concludes that due to the nature and amount of remaining projects risks, its fair value cannot be reliably determined.

(e) Investment property of the Group amounting to RM1,385,362 (2020: RM1,149,401) has been charged to secure banking facilities granted as disclosed in Note 21 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

6. Intangible Assets

	Goodwill on Consolidation RM	Concession Right RM	Total RM
Group			
2021			
Costs			
At 1 January/31 December	3,034,543	62,133,241	65,167,784
Accumulated amortisation and impairment losses			
At 1 January	3,034,543	10,096,650	13,131,193
Amortisation for the financial year	-	3,106,661	3,106,661
At 31 December	3,034,543	13,203,311	16,237,854
Carrying Amount			
At 31 December	-	48,929,930	48,929,930
Group			
2020			
Costs			
At 1 January/31 December	3,034,543	62,133,241	65,167,784
Accumulated amortisation and impairment losses			
At 1 January	3,000,000	6,989,989	9,989,989
Amortisation for the financial year	-	3,106,661	3,106,661
Impairment loss	34,543	-	34,543
At 31 December	3,034,543	10,096,650	13,131,193
Carrying Amount			
At 31 December	-	52,036,591	52,036,591

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

6. Intangible Assets (Cont'd)

(a) Goodwill on consolidation

Goodwill on consolidation has been allocated to Group's cash-generating units ("CGUs") identified according to business segments as construction.

Impairment testing for goodwill on consolidation

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The key assumption used for value-in-use calculations is based on future projections of the Group in Malaysia as follows:

Pre-tax discount rate	6% per annum

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal sources.

The impairment of goodwill is recognised when the recoverable amount is estimated at lower than the cost of investment. In the previous financial year, the impairment loss on goodwill of RM34,543 was recognised in the profit of loss and resulting all goodwill on consolidation are fully impaired.

(b) Concession right

This is a 20-year concession (expected to expire in 2037) granted by the Government of Malaysia to Budaya Positif Sdn. Bhd., a wholly-owned subsidiary company of SEP Resources (M) Sdn. Bhd. in which 70% owned subsidiary company of the Company, for design, development and maintenance of the Student's Residential Building Blocks ("Student Hostel") of Universiti Malaysia Perlis ("UNIMAP") in Padang Siding, Perlis Indera Kayangan, as disclosed in Note 8 to the financial statements.

The concession right shall be amortised over the concession period and of an average remaining amortisation period of 15 years (2020: 16 years).

Impairment testing for concession right

No impairment assessment was performed on the concession right as there was no indication of impairment during the year.

7. Investments in Subsidiary Companies

	Company	
	2021 RM	**2020 RM**
In Malaysia		
Unquoted shares, at cost	165,714,521	120,714,521
Add: Issuance of Ordinary shares	50,950,100	45,000,000
Less: Impairment loss	(5,516,298)	(5,516,298)
	211,148,323	160,198,223

During the financial year, a subsidiary company has increased its issued and paid-up share capital by way of issuance of 50,950,100 (2020: 45,000,000) units of Ordinary Shares at an issue price of RM1 (2020: RM1) each, for a total consideration of RM50,950,100 (2020: RM45,000,000) by way of conversion of amount due to the holding company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

7. Investments in Subsidiary Companies (Cont'd)

The impairment loss was recognised due to impairment indicators noted, where the subsidiary companies reported continuous losses. The impairment loss was recognised in expenses in the statements of profit or loss and other comprehensive income.

Details of the subsidiary companies are as follows:

Name of company	Place of business/ country of incorporation	Effective interest 2021 %	Effective interest 2020 %	Principal activities
Pesona Metro Sdn. Bhd.	Malaysia	100	100	Engage in construction work
Pesona Saferay Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading of polyurethane products
Pesona Asset Management Sdn. Bhd.	Malaysia	100	100	Building maintenance services
PM2 Building System Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading of construction panel
Megah Mestika Sdn. Bhd.	Malaysia	100	100	Investment holding
SEP Resources (M) Sdn. Bhd.	Malaysia	70	70	Investment holding
Lumayan Metro Sdn. Bhd.	Malaysia	100	-	Property development
Held through Pesona Metro Sdn. Bhd.:				
Imej Mayang Sdn. Bhd.	Malaysia	100	100	Trading and supply of ready-mixed concrete
Insamewah Sdn. Bhd.	Malaysia	100	100	Trading in construction materials
Ratus Syabas Sdn. Bhd.	Malaysia	100	100	Property investment holding and construction works
Held through Megah Mestika Sdn. Bhd.:				
Awana Infra Sdn. Bhd.	Malaysia	100	100	Investment holding
Held through SEP Resources (M) Sdn. Bhd.:				
Budaya Positif Sdn. Bhd.	Malaysia	70	70	Development of facilities through private finance initiatives

On 16 April 2021, the Group had incorporated a wholly-owned subsidiary known as Lumayan Metro Sdn. Bhd. with a total issued share capital of RM100 comprising 100 ordinary shares and its intended principal activity is property development.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

7. Investments in Subsidiary Companies (Cont'd)

(a) Material partly-owned subsidiary companies

Set out below are the Group's subsidiary companies that have material non-controlling interests:

Name of Company	Proportion of ownership interests and voting rights held by non-controlling interests 2021 %	2020 %	Profit allocated to non-controlling interests 2021 RM	2020 RM	Accumulated non-controlling interests 2021 RM	2020 RM
SEP Resources (M) Sdn. Bhd. and its subsidiary company ("SEP"Group")	30	30	3,277,067	2,996,223	18,024,285	14,747,218

Summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company elimination.

(i) Summarised statements of financial position

	SEP Group 2021 RM	SEP Group 2020 RM
Non-current assets	128,805,553	131,873,848
Current assets	38,326,530	30,526,474
Non-current liabilities	(120,000,000)	(130,000,000)
Current liabilities	(17,014,096)	(15,501,511)
Net assets	30,117,987	16,898,811

(ii) Summarised statements of profit or loss and other comprehensive income

	SEP Group 2021 RM	SEP Group 2020 RM
Revenue	29,245,217	30,575,060
Profit for the financial year, representing total comprehensive income for financial year	13,284,612	12,348,472

7. Investments in Subsidiary Companies (Cont'd)

(a) Material partly-owned subsidiary companies (Cont'd)

Summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company elimination. (Cont'd)

(iii) Summarised statements of cash flows

	SEP Group	
	2021 RM	2020 RM
Net cash from operating activities	17,839,616	15,585,016
Net cash used in financing activities	(17,349,674)	(23,410,979)
Net changes in cash and cash equivalents	489,943	(7,825,963)

8. Concession Receivables

	Group	
	2021 RM	2020 RM
Concession receivables:		
- Non-current	128,802,549	131,869,814
- Current	3,067,265	2,713,372
	131,869,814	134,583,186

A subsidiary company had entered into a Concession Agreement ("CA") with the Government of Malaysia and UNIMAP for the design, development and maintenance of Student Hostel for UNIMAP in Padang Siding, Perlis Indera Kayangan through Public Private Partnership ("the Project"). The construction period of the Project is 2.5 years, thereafter, followed by maintenance of the Project for a period of 20 years ("Concession Period").

In consideration of the subsidiary company completed and making available the Student Hostel, and subject to the terms and conditions of the CA, UNIMAP shall pay a sublease rental and asset management service charges on a monthly basis until the end of the Concession Period, at rates which are stipulated in the CA.

The movement of the concession receivables during the financial year are as follows:

	Group	
	2021 RM	2020 RM
Concession receivables:		
At 1 January	134,583,186	136,983,496
Transferred to trade receivable	(20,266,470)	(20,266,470)
Concession finance income (Note 25)	17,553,098	17,866,160
At 31 December	131,869,814	134,583,186

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

9. Trade Receivables

	Group 2021 RM	Group 2020 RM
Non-current		
Retention sums		
- third parties	45,681,834	40,563,766
- related parties	5,409,438	15,355,883
	51,091,272	55,919,649
Current		
Trade receivables		
- third parties	169,336,035	177,126,779
- related parties	43,151,430	20,913,636
	212,487,465	198,040,415
Retention sums		
- third parties	45,141,028	55,292,713
- related parties	15,409,438	4,007,500
	60,550,466	59,300,213
	273,037,931	257,340,628
	324,129,203	313,260,277

(a) Trade receivables

Trade receivables are recognised at amount stated on their original certificate of claim which represent their fair value on initial recognition.

The Group's normal trade credit terms are from 30 days to 90 days (2020: 30 days to 90 days). Other credit terms are assessed and approved on a case by case basis.

(b) The retention sum of the Group relating to construction work-in-progress is unsecured, interest-free and are expected to be collected as follows:

	Group 2021 RM	Group 2020 RM
Within one year	60,550,466	59,300,213
After one year	51,091,272	55,919,649
	111,641,738	115,219,862

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

10. Inventories

	Group	
	2021 RM	2020 RM
Raw materials	297,945	296,882
Work-in-progress	234,249	200,102
Finished goods	117,733	50,185
	649,927	547,169
Recognised in profit or loss:		
Inventories recognised as cost of sales	956,265	1,826,540
Inventories written down	-	195,718
Reversal of inventories written down	(35,743)	(155,665)

The Group has written down slow moving obsolete inventories amounting to RMNil (2020: RM195,718) respectively in prior year. The amount written down has been included in cost of sales. The reversal of inventories written down amounting to RM35,743 (2020: RM155,665) was made during the financial year when the related inventories were sold above their carrying amounts.

11. Contract Assets/(Liabilities)

	Group	
	2021 RM	2020 RM
Contract assets	3,927,328	27,856,845
Contract liabilities	(28,125,991)	(53,623,661)

The contract assets primarily relate to the Group's rights to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount generally will be billed within 90 days and payment is expected within 60 days.

The contract liabilities primarily relate to the advance consideration received from a customer for a construction contract, which revenue is recognised over time during the construction. The contract liabilities as expected to be recognised as revenue over a period of 90 days.

	Group	
	2021 RM	2020 RM
Contract costs incurred to date	1,837,157,501	1,244,985,050
Add: Attributable profits	27,690,222	15,553,510
	1,864,847,723	1,260,538,560
Less: Progress billings	(1,889,046,386)	(1,295,928,958)
Add: Provision for foreseeable losses	-	9,623,582
	(24,198,663)	(25,766,816)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

11. Contract Assets/(Liabilities) (Cont'd)

The transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) as at 31 December 2021 is RM920,906,185 (2020: RM908,432,523) where the Group expects to recognise it as revenue over the next 3 (2020: 3) years.

The costs incurred to date on construction contract include the following charges made during the financial year:

		Group	
	Note	2021 RM	2020 RM
Short-term leases:			
- Plant and machineries		1,527,905	2,700,498
- Premises		183,000	687,740
Secondment of staff	30	2,724,335	6,706,773
Staff costs:			
- Salaries and other emoluments	30	15,396,577	29,825,915
- EPF contribution	30	953,873	1,667,532

12. Other Receivables

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other receivables	19,605,043	22,178,423	-	15,900
Less: Accumulated impairment loss	(75,333)	(75,333)	-	-
	19,529,710	22,103,090	-	15,900
Deposits	3,804,326	3,511,825	5,000	5,000
Prepayments	1,319,857	1,567,044	-	-
GST recoverable	474	8,680	-	-
	24,654,367	27,190,639	5,000	20,900

Included in the Group's other receivables are advances to sub-contractors amounting to RM13,334,344 (2020: RM15,840,065) and advance payment made to acquire property, plant and equipment amounting to RM203,494 (2020: RM379,956).

13. Amount Due from Subsidiary Companies

These represent unsecured, interest-free advances and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

14. Amount Due from an Associated Company

	Group and Company	
	2021 RM	2020 RM
Amount due from an associated company	2,300,000	2,300,000
Less: Accumulated impairment loss	(2,300,000)	(2,300,000)
	-	-

This represents unsecured, interest-free advances and is repayable on demand.

15. Fixed Deposits with Licensed Banks

The fixed deposits of the Group amounting to RM26,466,724 (2020: RM19,273,654) is pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 21 to the financial statements.

The interest rates of the deposits of the Group range from 1.80 to 2.60% (2020: 1.81% to 3.80%) per annum and mature with range from 1 month to 12 months (2020: 1 month to 12 months).

16. Cash and Bank Balances

Included in cash and bank balances is an amount of RM1,472,212 (2020: RM34,479) pledged to Sukuk liabilities issued by a subsidiary company as disclosed in Note 20 to the financial statement and an amount of RM5,194,693 (2020: RM5,194,693) is cash restricted for payment of concession project.

17. Share Capital

	Group and Company			
	2021		2020	
	Number of shares	Amount RM	Number of shares	Amount RM
Issued and fully paid				
At 1 January	694,986,660	194,031,751	694,941,009	194,020,338
Conversion of warrants	-	-	45,651	11,413
At 31 December	694,986,660	194,031,751	694,986,660	194,031,751

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

18. Reverse Acquisition Reserve

	Group 2021 RM	Group 2020 RM
Issued and paid up share capital of the Company (legal holding) after reverse acquisition of Pesona Metro Sdn. Bhd.	96,000,000	96,000,000
Reversal of PMSB's share capital pursuant to reverse acquisition exercise	(5,000,000)	(5,000,000)
Reverse acquisition reserve	91,000,000	91,000,000

19. Trade Payables

	Group 2021 RM	Group 2020 RM
Non-current		
Retention sum on contracts	28,405,659	25,046,116
Current		
Trade payables	113,660,487	153,933,848
Trade accruals	65,986,695	15,138,884
Retention sum on contracts	40,524,116	40,609,365
	220,171,298	209,682,097
	248,576,957	234,728,213

Included in trade accruals is mainly the provision for costs to complete the construction of projects.

The normal trade credit terms granted to the Group range from 30 to 60 days (2020: 30 to 60 days). Other credit terms are assessed and approved on a case by case basis.

20. Sukuk Liabilities

	Group 2021 RM	Group 2020 RM
Sukuk Wakalah		
- Non-current	120,000,000	130,000,000
- Current	10,000,000	10,000,000
	130,000,000	140,000,000

On 20 December 2019, a subsidiary company ("Issuer") entered into Subscription Agreement ("SA") with MIDF Amanah Investment Bank Berhad and Public Investment Bank Berhad ("Subscribers") in relation to the issuance of up to RM150,000,000 in nominal value of Sukuk Wakalah for a tenure of up to 11 years.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

20. Sukuk Liabilities (Cont'd)

The Sukuk Wakalah comprises eleven (11) Tranches of the Sukuk Wakalah amounting to RM130,000,000 (2020: RM140,000,000) issued by subsidiary company.

On 27 December 2019, a subsidiary company issued the following:

a. the first tranche of RM10,000,000 in nominal value of Sukuk Wakalah which is due in financial year ending 31 December 2020. The Sukuk Wakalah bears a profit rate of 4.30% per annum payable semi-annually in arrears;

b. the second tranche of RM10,000,000 in nominal value of Sukuk Wakalah which is due in financial year ending 31 December 2021. The Sukuk Wakalah bears a profit rate of 4.35% per annum payable semi-annually in arrears;

c. the third tranche of RM10,000,000 in nominal value of Sukuk Wakalah which is due in financial year ending 31 December 2022. The Sukuk Wakalah bears a profit rate of 4.40% per annum payable semi-annually in arrears;

d. the fourth tranche of RM15,000,000 in nominal value of Sukuk Wakalah which is due in financial year ending 31 December 2023. The Sukuk Wakalah bears a profit rate of 4.45% per annum payable semi-annually in arrears;

e. the fifth tranche of RM15,000,000 in nominal value of Sukuk Wakalah which is due in financial year ending 31 December 2024. The Sukuk Wakalah bears a profit rate of 4.50% per annum payable semi-annually in arrears;

f. the sixth tranche of RM15,000,000 in nominal value of Sukuk Wakalah which is due in financial year ending 31 December 2025. The Sukuk Wakalah bears a profit rate of 4.55% per annum payable semi-annually in arrears;

g. the seventh tranche of RM15,000,000 in nominal value of Sukuk Wakalah which is due in financial year ending 31 December 2026. The Sukuk Wakalah bears a profit rate of 4.60% per annum payable semi-annually in arrears;

h. the eighth tranche of RM15,000,000 in nominal value of Sukuk Wakalah which is due in financial year ending 31 December 2027. The Sukuk Wakalah bears a profit rate of 4.65% per annum payable semi-annually in arrears;

i. the ninth tranche of RM15,000,000 in nominal value of Sukuk Wakalah which is due in financial year ending 31 December 2028. The Sukuk Wakalah bears a profit rate of 4.70% per annum payable semi-annually in arrears;

j. the tenth tranche of RM15,000,000 in nominal value of Sukuk Wakalah which is due in financial year ending 31 December 2029. The Sukuk Wakalah bears a profit rate of 4.75% per annum payable semi-annually in arrears; and

k. the eleventh tranche of RM15,000,000 in nominal value of Sukuk Wakalah which is due in financial year ending 31 December 2030. The Sukuk Wakalah bears a profit rate of 4.80% per annum payable semi-annually in arrears.

The Sukuk Wakalah is issued under the Shariah principle of Wakalah Bi Al-Istithmar, which is a Shariah Principle and concept approved by the Shariah Advisory Council of the Securities Commission Malaysia.

The Sukuk Wakalah is secured by the followings:

(i) Charge by SEP Resources (M) Sdn. Bhd. ("SEP") over its shareholding in Budaya Positif Sdn. Bhd. ("Budaya Positif");
(ii) Charge by Pesona Metro Holdings Berhad ("Pesona Metro"), director and shareholder over their shareholdings in SEP;
(iii) An assignment and charge by SEP over dividends and distributions from Budaya Positif (Dividends Assignment);
(iv) An assignment and charge by SEP over receivables from Budaya Positif including Murabahah Stocks;
(v) A charge over the Murabahah Stocks (secured by a charge over Budaya Positif's Designated Accounts and a debenture over its assets;
(vi) A first-ranking assignment and charge over the SEP's Designated Accounts;
(vii) A debenture by SEP creating first fixed and floating charges over all its present and future assets; and
(viii) Corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

21. Bank Borrowings

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Secured				
Invoice financing	13,739,798	36,654,088	-	-
Bankers' acceptance	-	964,738	-	-
Trust receipts	-	7,403,077	-	-
Revolving credit	30,032,746	-	20,000,000	-
Term loan	673,532	493,602	-	-
Bank overdrafts	1,060,736	-	-	-
	45,506,812	45,515,505	20,000,000	-
Analysed as:				
Non-current				
Term loan	542,492	428,082	-	-
Current				
Invoice financing	13,739,798	36,654,088	-	-
Bankers' acceptance	-	964,738	-	-
Trust receipts	-	7,403,077	-	-
Revolving credit	30,032,746	-	20,000,000	-
Term loan	131,040	65,520	-	-
Bank overdrafts	1,060,736	-	-	-
	44,964,320	45,087,423	20,000,000	-
	45,506,812	45,515,505	20,000,000	-

(a) Term loans

The term loans are secured by the followings:

(i) first party charged over the investment property of the Group as disclosed in Note 5 to the financial statements; and
(ii) corporate guarantee by the Company.

(b) Invoice financing, bankers' acceptance, trust receipts, revolving credit and bank overdrafts

The invoice financing, bankers' acceptance, trust receipts, revolving credit and bank overdrafts are secured by the followings:

(i) pledge over the Group's fixed deposits with licensed banks as disclosed in Note 15 to the financial statements; and
(ii) corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

21. Bank Borrowings (Cont'd)

The Group's interest rates per annum are as follows:

	Group		Company	
	2021 %	2020 %	2021 %	2020 %
Bank overdrafts	BLR + 0.00%	-	-	-
Invoice financing	BLR + 0.00% and COF + 1.50%	BLR + 0.00% and COF + 1.50%	-	-
Bankers' acceptance	COF + 1.50%	COF + 1.50%	-	-
Trust receipts	BFR - 0.05%	BFR - 0.05%	-	-
Revolving credit	COF + 1.25% - 1.50%	-	COF + 1.25%	-
Term loan	ECOF + 2.00%	ECOF + 2.00%	-	-

22. Leases

	Group	
	2021 RM	2020 RM
Lease liabilities	15,891,596	26,405,681
(a) Lease liabilities		
At 1 January	26,405,681	26,894,791
Additions	-	8,898,159
Payments	(10,514,085)	(9,387,269)
At 31 December	15,891,596	26,405,681
Presented as:		
Non-current	6,673,281	15,891,473
Current	9,218,315	10,514,208
	15,891,596	26,405,681

22. Leases (Cont'd)

(a) Lease liabilities (Cont'd)

The maturity analysis of lease liabilities of the Group at the end of reporting period:

Minimum lease payments:

	Group	
	2021 RM	**2020 RM**
Within one year	9,856,288	11,751,013
Between one to two years	5,305,775	9,856,288
Between two to five years	1,622,048	6,927,824
	16,784,111	28,535,125

Present value of lease liabilities

	Group	
	2021 RM	**2020 RM**
Within one year	9,218,192	10,514,208
Between one to two years	5,090,252	9,218,192
Between two to five years	1,583,152	6,673,281
	15,891,596	26,405,681

<u>Lease obligations</u>

The finance lease payables are secured by a charge over the leased assets as disclosed in Note 4(c) to the financial statements. The interest rates for the leases are ranging from 2.24% to 3.25% (2020: 2.24% to 3.25%) per annum.

23. Deferred Tax Liabilities

	Group	
	2021 RM	**2020 RM**
At 1 January	12,488,782	13,234,381
Recognised in profit or loss (Note 28)	(745,599)	(745,599)
At 31 December	11,743,183	12,488,782

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

23. Deferred Tax Liabilities (Cont'd)

The net deferred tax liabilities and assets shown on the statements of financial position after appropriate offsetting are as follows:

	Group	
	2021 RM	2020 RM
Deferred tax liabilities	12,357,721	13,092,480
Deferred tax assets	(614,538)	(603,698)
	11,743,183	12,488,782

The components and movements of deferred tax liabilities and assets are as follows:

Deferred tax liabilities

	Property, plant and equipment RM	Concession right RM	Total RM
Group			
At 1 January 2021	603,698	12,488,782	13,092,480
Recognised in profit or loss	10,840	(745,599)	(734,759)
At 31 December 2021	614,538	11,743,183	12,357,721
At 1 January 2020	507,824	13,234,381	13,742,205
Recognised in profit or loss	95,874	(745,599)	(649,725)
At 31 December 2020	603,698	12,488,782	13,092,480

Deferred tax assets

	Unutilised tax losses RM
Group	
At 1 January 2021	(603,698)
Recognised in profit or loss	(10,840)
At 31 December 2021	(614,538)
At 1 January 2020	(507,824)
Recognised in profit or loss	(95,874)
At 31 December 2020	(603,698)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

23. Deferred Tax Liabilities (Cont'd)

Deferred tax assets have not been recognised in respect of the following temporary differences:

	Group	
	2021 RM	2020 RM
Unutilised tax losses	39,014,851	34,803,382
Unabsorbed capital allowances	35,601,232	26,480,815
Differences between property, plant and equipment and its tax base	70,421,158	78,720,591
	145,037,241	140,004,788

Pursuant to an amendment to Section 44(5F) of the Income Tax Act 1967, effective from year of assessment 2019 onwards, the unused tax losses can be carried forward for a maximum period of ten consecutive years of assessment. The unused tax losses accumulated up to year of assessment 2018 can be carried forward for another ten consecutive years of assessment until year of assessment 2028. The other temporary differences do not expire under current tax legislation.

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses, as follows:

	Group	
	2021 RM	2020 RM
Unutilised tax losses to be carried forward until:		
- Year of assessment 2031	4,211,469	-
- Year of assessment 2029	2,346,779	2,346,779
- Year of assessment 2028	32,456,603	32,456,603
	39,014,851	34,803,382

24. Other Payables

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other payables	9,147,776	7,027,892	1,534	-
Accruals	1,569,500	1,376,268	113,000	113,000
Deposits received	258,714	155,182	-	-
Provision for foreseeable loss	-	9,623,582	-	-
	10,975,990	18,182,924	114,534	113,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

24. Other Payables

Provision for foreseeable losses

The provision for foreseeable losses represents the present obligation for construction of the UNISZA project. The movement are as follows:

	Group	
	2021 RM	2020 RM
At 1 January	9,623,582	7,269,804
Recognised in profit or loss	-	2,353,778
Utilised	(9,623,582)	-
At 31 December	-	9,623,582

25. Revenue

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Revenue from contracts with customers				
Construction contracts	594,685,581	645,710,043	-	-
Concession finance income (Note 8)	17,553,098	17,866,160	-	-
Sale of goods	3,694,954	4,075,116	-	-
Maintenance and management services	5,836,743	5,836,743	-	-
	621,770,376	673,488,062	-	-
Revenue from other sources				
Interest income	743,271	258,674	623	2,484
Dividend income	-	-	-	5,000,000
	743,271	258,674	623	5,002,484
	622,513,647	673,746,736	623	5,002,484
Timing of revenue recognition				
At a point in time	9,531,697	9,911,859	-	-
Over time	612,238,679	663,576,203	-	-
	621,770,376	673,488,062	-	-

25. Revenue (Cont'd)

Revenue from contracts with customers recognised for the Group in the current financial year included RM53,623,661 (2020: RM47,865,754) that was included in the contract liabilities at the beginning of the financial year.

Breakdown of the Group's revenue from contract with customers:

	Construction RM	Manufacturing and trading RM	Concession RM	Total RM
2021				
Group				
Construction contracts	594,685,581	-	-	594,685,581
Concession finance income	-	-	17,553,098	17,553,098
Sale of goods	1,378,316	2,316,638	-	3,694,954
Maintenance and management service	-	-	5,836,743	5,836,743
	596,063,897	2,316,638	23,389,841	621,770,376
2020				
Group				
Construction contracts	645,710,043	-	-	645,710,043
Concession finance income	-	-	17,866,160	17,866,160
Sale of goods	1,056,150	3,018,966	-	4,075,116
Maintenance and management service	-	-	5,836,743	5,836,743
	646,766,193	3,018,966	23,702,903	673,488,062

26. Finance Costs

	Group	
	2021 RM	2020 RM
Interest expenses on:		
Trust receipts	120,567	118,695
Invoice financing and bankers' acceptance	1,293,748	2,941,004
Revolving credit	238,828	-
Bank overdrafts	29,978	66,309
Sukuk liabilities	6,419,041	6,958,260
Lease liabilities	1,236,827	1,532,718
	9,338,989	11,616,986

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

27. Loss Before Taxation

Loss before taxation is derived at after at charging/(crediting):

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Auditors' remuneration				
- statutory audit				
- current year	124,500	123,000	35,000	35,000
- (over)/under provision in prior year	(2,520)	2,520	12,400	12,400
- non-statutory audit	88,200	88,200	5,000	5,000
Amortisation of concession right	3,106,661	3,106,661	-	-
Depreciation of property, plant and equipment	13,902,750	14,952,693	-	-
Directors' remuneration				
- Fees	324,000	324,000	324,000	324,000
- Salary and other emoluments	583,329	605,329	12,500	14,500
- EPF contribution	68,400	70,800	-	-
Property, plant and equipment written off	52,491	40,413	-	-
Short term lease expenses	633,360	541,140	-	-
Fair value adjustment of investment properties	-	(151,629)	-	-
Gain on disposals of property, plant and equipment	(265,127)	(229,383)	-	-
Gain on disposals of investment properties	-	(756,290)	-	-
(Gain)/Loss on foreign exchange				
- realised	(34,826)	(14,834)	-	-
- unrealised	(2,823)	450	-	-
Provision for foreseeable loss	-	2,353,778	-	-
Impairment loss on goodwill on consolidation	-	34,543	-	-
Impairment loss on investment in a subsidiary company	-	-	-	3,016,298
Impairment loss on property, plant and equipment	-	3,863,265	-	-
Dividend income	-	-	-	(5,000,000)
Interest income	(1,236,174)	(1,788,341)	(623)	(2,484)
Inventories written down	-	195,718	-	-
Net impairment loss/(gain) on financial instruments:				
Impairment loss on amount due from subsidiary companies	-	-	11,700	5,645,620
Reversal of impairment loss on amount due from subsidiary companies	-	-	(289,000)	-
	-	-	(277,300)	5,645,620
Grant income	(104,400)	(226,800)	-	-
Rental income	(669,051)	(564,273)	-	-
Reversal of inventories written down	(35,743)	(155,665)	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

28. Taxation

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Tax expenses for the financial year:				
Current tax provision	512,260	82,417	-	551
Under/(Over)provision in prior years	416,095	1,877,942	(1)	-
	928,355	1,960,359	(1)	551
Deferred tax: (Note 23)				
Relating to origination and reversal of temporary differences	(745,599)	(810,807)	-	-
Underprovision in prior years	-	65,208	-	-
	(745,599)	(745,599)	-	-
	182,756	1,214,760	(1)	551

Income tax is calculated at the statutory tax rate of 24% of chargeable income of the estimated assessable profit for the financial year.

A reconciliation of income tax expenses applicable to loss before taxation at the statutory tax rate to income tax expenses at the effective tax rate of the Group and of the Company are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Loss before taxation	(1,907,161)	(12,805,192)	(323,862)	(4,326,585)
Taxation at statutory tax rate of 24%	(457,719)	(3,073,247)	(77,727)	(1,038,381)
Income not subject to tax	(2,305,773)	(263,252)	-	(1,200,000)
Expenses not deductible for tax purposes	1,322,364	1,217,753	62,393	2,238,932
Taxable income not included in profit or loss	-	576,074	-	-
Deferred tax assets not recognised	4,622,926	4,479,016	15,334	-
Utilisation of previously unrecognised deferred tax	(3,415,137)	(3,664,734)	-	-
Under/(Over)provision of income tax expense in prior years	416,095	1,877,942	(1)	-
Underprovision of deferred tax expense in prior years	-	65,208	-	-
Tax expense for the financial year	182,756	1,214,760	(1)	551

29. Loss per Share

(a) Basic loss per share

The basic earnings per share are calculated based on the consolidated loss for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year is disclosed in next page.

	Group	
	2021 RM	2020 RM
Basic Loss Per Share		
Net loss for the financial year (RM)	(5,366,984)	(17,016,175)
Weighted average number of ordinary shares in issue	694,986,660	694,986,660
Basic loss per share (sen)	(0.77)	(2.45)

The weighted average number of ordinary shares in issue is computed as follow:

	Group	
	2021 RM	2020 RM
As at 1 January	694,986,660	694,941,009
Share issue pursuant to:		
- conversion of warrants	-	45,651
As at 31 December	694,986,660	694,986,660

(b) Diluted loss per share

Diluted loss per share has been calculated by dividing the consolidated loss for the financial year attributable to the owners of the parent by the adjusted weighted average number of ordinary shares issued and issuable during the financial year as follows:

	Group	
	2021 RM	2020 RM
Net loss for the financial year attributable to owners of the Parent (RM)	(5,366,984)	(17,016,175)
Weighted average number of ordinary shares as at 31 December	694,986,660	694,986,660
Diluted loss per share (sen)	(0.77)	(2.45)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

30. Staff Costs

	Note	Group 2021 RM	Group 2020 RM
Staff costs (excluding Directors)		31,797,551	43,176,284
Add:			
Secondment of staff from third party		5,608,012	7,077,721
		37,405,563	50,254,005
Less:			
Capitalised in construction costs	11	(19,074,785)	(38,200,220)
		18,330,778	12,053,785

Included in the staff costs are contributions made to the Employees Provident Fund under a defined contribution plan for the Group amounting to RM1,267,854 (2020: RM962,420).

31. Dividends

	Group and Company 2021 RM	Group and Company 2020 RM
An interim single tier dividend of RM0.01 per ordinary share in respect of the financial year ended 31 December 2019 paid on 22 May 2020	-	6,949,867
	-	6,949,867

In the previous financial year, the Directors declared the interim single tier dividend in respect of the financial year ended 31 December 2019 of RM0.01 per ordinary share to be paid on 22 May 2020.

The Directors do not recommend any dividend in respect of the financial year ended 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

32. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 January RM	Drawdown RM	Repayment RM	At 31 December RM
2021				
Group				
Lease liabilities (Note 22)	26,405,681	-	(10,514,085)	15,891,596
Trust receipts (Note 21)	7,403,077	30,018,405	(37,421,482)	-
Invoice financing (Note 21)	36,654,088	147,499,055	(170,413,345)	13,739,798
Bankers' acceptance (Note 21)	964,738	10,603,601	(11,568,339)	-
Revolving credit (Note 21)	-	30,064,171	(31,425)	30,032,746
Sukuk liabilities (Note 20)	140,000,000	-	(10,000,000)	130,000,000
	211,427,584	218,185,232	(239,948,676)	189,664,140

	At 1 January RM	Drawdown RM	New finance lease payable (Note 4(b)) RM	Repayment RM	Financing cash flows RM	At 31 December RM
2020						
Group						
Lease liabilities (Note 22)	26,894,791	-	8,898,159	(9,387,269)	-	26,405,681
Trust receipts (Note 21)	-	12,927,181	-	(5,524,104)	-	7,403,077
Invoice financing (Note 21)	50,642,979	208,105,714	-	(222,094,605)	-	36,654,088
Banker's acceptance (Note 21)	2,938,149	25,495,167	-	(27,468,578)	-	964,738
Sukuk liabilities (Note 20)	150,000,000	-	-	(10,000,000)	-	140,000,000
Dividend payable	-	6,949,867	-	-	(6,949,867)	-
	230,475,919	253,477,929	8,898,159	(274,474,556)	(6,949,867)	211,427,584
Company						
Dividend payable	-	6,949,867	-	-	(6,949,867)	-
	-	6,949,867	-	-	(6,949,867)	-

The cash flows from bank borrowings make up the net amount of proceed from or repayments of bank borrowings in the statements of cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

33. Related Party Disclosures

(a) Identified related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management and chief executive officers of major subsidiary companies of the Group.

The Group and the Company have related party relationships with its subsidiary companies, others related parties and key management personnel.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. In addition to related party balances disclosed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	2021 RM	2020 RM
<u>Related party transactions</u>		
Group		
Other Related Parties*:		
Progress billing received/receivable	61,224,440	27,919,420
Company		
Subsidiary companies:		
Dividend income	-	5,000,000
Issuance of Ordinary Shares	50,950,100	45,000,000
<u>Year end balances</u>		
Company		
Receivable from related parties:		
- Subsidiary companies	17,704,221	48,949,532

* The nature and relationship between the Group and the related parties are those companies in which a Director of the Company has financial interest.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

33. Related Party Disclosures (Cont'd)

(c) Compensation of key management personnel

Information regarding compensation of key management personnel is as follows:

	Group	
	2021 RM	**2020 RM**
Short-term employee benefits		
- Salaries and other emoluments	3,181,309	3,685,494

Key management personnel include personnel having authority and responsibilities for planning, directing and controlling the activities of the entity, including any Directors of the Company.

34. Segmental Information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

Construction works	Construct building, infrastructure and project planning cum implementation contractor
Manufacturing and trading of polyurethane	Manufacturing and trading of polyurethane andbuilding system
Concession	Maintenance service of Student Hostel
Investment holding	Investment holding

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Information about segment liabilities is neither included in the internal management reports nor provided regularly to the management. Hence, no disclosure is made on segment liabilities.

No geographical segment reporting was made as the Group's activities were carried out within Malaysia.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

34. Segmental Information (Cont'd)

	Construction and trading RM	Manufacturing and trading RM	Concession RM	Investment holding RM	Adjustments and eliminations * RM	Per consolidated financial statements RM
2021						
Revenue						
External sales	596,063,897	2,316,638	23,867,637	623	264,852	622,513,647
Inter-segment	1,668,169	-	8,675,211	-	(10,343,380)	-
Total revenue	597,732,066	2,316,638	32,542,848	623	(10,078,528)	622,513,647
Results						
Segment results	(3,632,927)	(312,013)	19,804,055	(312,784)	263,501	15,809,832
Interest income	691,138	177	5,920,465	623	(5,376,229)	1,236,174
Finance costs	(2,919,948)	-	(11,796,622)	-	5,377,581	(9,338,989)
Depreciation of property, plant and equipment	(13,694,991)	(193,717)	(14,042)	-	-	(13,902,750)
Other non-cash items	7,355,668	(58,994)	-	277,300	(3,285,402)	4,288,572
Profit before taxation	(12,201,060)	(564,547)	13,913,856	(34,861)	(3,020,549)	(1,907,161)
Taxation	(584,423)	(53)	(282,652)	1	684,371	(182,756)
Net profit for the financial year	(12,785,483)	(564,600)	13,631,204	(34,860)	(2,336,178)	(2,089,917)
Assets						
Additions to non-current assets	36,437,008	122,307	5,150	-	-	36,564,465
Segment assets	390,348,544	1,525,025	251,071,777	228,857,544	(304,512,629)	567,290,261
Unallocated assets	25,119,262	250,576	33,368,592	41,255	-	58,779,685
Total assets	451,904,814	1,897,908	284,445,519	228,898,799	(304,512,629)	662,634,411

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

34. **Segmental Information (Cont'd)**

	Construction and trading RM	Manufacturing and trading RM	Concession RM	Investment holding RM	Adjustments and eliminations * RM	Per consolidated financial statements RM
2021						
Non-cash expenses/(income)						
Property, plant and equipment written off	52,491	-	-	-	-	52,491
Impairment loss on amount due from subsidiary companies	-	97,560	-	11,700	(109,260)	-
Impairment loss on investment in a subsidiary company	1,000	-	-	-	(1,000)	-
Amortisation of concession right	-	-	-	-	3,106,662	3,106,662
Gain on foreign exchange - Unrealised	-	(2,823)	-	-	-	(2,823)
Gain on disposal of property, plant and equipment	(265,127)	-	-	-	-	(265,127)
Reversal of inventories written down	-	(35,743)	-	-	-	(35,743)
Reversal of impairment loss on a subsidiary company	-	-	-	(289,000)	289,000	-
Utilised of provision for foreseeable losses	(7,144,032)	-	-	-	-	(7,144,032)
	(7,355,668)	58,994	-	(277,300)	3,285,402	(4,288,572)

34. Segmental Information (Cont'd)

	Construction and trading RM	Manufacturing and trading RM	Concession RM	Investment holding RM	Adjustments and eliminations * RM	Per consolidated financial statements RM
2020						
Revenue						
External sales	646,766,193	3,018,966	23,959,093	2,484	-	673,746,736
Inter-segment	7,186,079	-	9,919,485	5,000,000	(22,105,564)	-
Total revenue	653,952,272	3,018,966	33,878,578	5,002,484	(22,105,564)	673,746,736
Results						
Segment results	(564,476)	(97,575)	19,333,397	4,317,848	(5,064,965)	17,924,229
Interest income	1,529,500	221	6,807,135	2,485	(6,551,000)	1,788,341
Finance costs	(4,658,725)	-	(13,574,226)	-	6,615,965	(11,616,986)
Depreciation of property, plant and equipment	(14,165,282)	(747,561)	(39,850)	-	-	(14,952,693)
Other non-cash items	1,096,889	(3,903,768)	-	(8,661,918)	5,520,714	(5,948,083)
Profit before taxation	(16,762,094)	(4,748,683)	12,526,456	(4,341,585)	520,714	(12,805,192)
Taxation	(1,913,604)	(23)	(46,181)	(551)	745,599	(1,214,760)
Net profit for the financial year	(18,675,698)	(4,748,706)	12,480,275	(4,342,136)	1,266,313	(14,019,952)
Assets						
Additions to non-current assets	36,437,008	122,306	5,150	-	-	36,564,464
Segment assets	417 ,444,733	1,522,118	303,808,855	209,168,655	(331,943,031)	600,001,330
Unallocated assets	42,697,806	340,893	25,181,138	52,469	-	68,272,306
Total assets	496,579,547	1,985,317	328,995,143	209,221,124	(331,943,031)	704,838,100

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

34. Segmental Information (Cont'd)

	Construction and trading RM	Manufacturing and trading RM	Concession RM	Investment holding RM	Adjustments and eliminations * RM	Per consolidated financial statements RM
2020						
Non-cash expenses/(income)						
Inventories written down	-	195,718	-	-	-	195,718
Property, plant and equipment written off	40,413	-	-	-	-	40,413
Impairment loss on amount due from subsidiary companies	-	-	-	3,016,298	(3,016,298)	-
Impairment loss on investment in a subsidiary company	-	-	-	5,630,620	(5,630,620)	-
Impairment loss on property, plant and equipment	-	3,863,265	-	-	-	3,863,265
Impairment loss on goodwill on consolidation	-	-	-	-	34,543	34,543
Amortisation of concession right	-	-	-	-	3,106,661	3,106,661
Fair value gain on investment properties	(151,629)	-	-	-	-	(151,629)
Loss on foreign exchange - Unrealised	-	450	-	-	-	450
Gain on disposal of property, plant and equipment	(229,383)	-	-	-	-	(229,383)
Gain on disposals of investment property	(756,290)	-	-	-	-	(756,290)
Reversal of inventories written down	-	(155,665)	-	-	-	(155,665)
Reversal of impairment loss on a subsidiary company	-	-	-	15,000	(15,000)	-
	(1,096,889)	3,903,768	-	8,661,918	(5,520,714)	5,948,083

* Inter-segment revenue, profit and transactions are adjusted and eliminated.

35. Financial Instruments

(a) Categories of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

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:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At amortised cost				
Financial assets				
Concession receivables	131,869,814	134,583,186	-	-
Trade receivables	324,129,203	313,260,277	-	-
Other receivables	23,334,036	25,614,915	5,000	20,900
Amount due from subsidiary companies	-	-	17,704,221	48,949,532
Fixed deposits with licensed banks	41,833,034	40,346,307	-	-
Cash and bank balances	12,172,572	24,602,675	39,486	51,771
Total financial assets	533,338,659	538,407,360	17,748,707	49,022,203
Financial liabilities				
Trade payables	248,576,957	234,728,213	-	-
Other payables	10,975,990	18,182,924	114,534	113,000
Sukuk liabilities	130,000,000	140,000,000	-	-
Lease liabilities	15,891,596	26,405,681	-	-
Bank borrowings	45,506,812	45,515,505	-	-
Total financial liabilities	450,951,355	464,832,323	114,534	113,000

(b) Financial risk management

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operations whilst managing their credit, liquidity, interest rate risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

(i) Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from the individual characteristics of each customer, loans and advances to subsidiary companies and financial guarantee given to banks for credit facilities granted to related companies and third parties. There are no significant changes as compared to prior periods.

Contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis via Group's management reporting procedures and action will be taken for stagnant contract assets.

35. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Contract assets (Cont'd)

Risk management objectives, policies and processes for managing the risk (Cont'd)

At each reporting date, the Group assesses whether any of the contract assets are credit impaired.

The gross amounts of credit impaired contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Concentration of credit risk

As at the end of the financial year, the Group has 4 (2020: 2) major contract customers accounted for approximately 100% (2020: 100%) of the total contract assets.

Recognition and measurement of impairment loss

As there are only a few contract customers, the Group assessed the risk of loss of each customer individually based on their financial information and past trend of payments, where applicable. All these customers have low risk of default because there is no history of default from these customers. The Group is of the view that loss allowance is not material and hence, it is not provided for.

The aged analysis of contract assets as at the end of the reporting period:

	Gross amount RM	Allowance for impairment RM	Net balance RM
Group			
2021			
- Less than 30 days	2,755,958	-	2,755,958
- 31 to 60 days	812,844	-	812,844
- More than 60 days	358,526	-	358,526
	3,927,328	-	3,927,328
2020			
- Less than 30 days	2,254,441	-	2,254,441
- 31 to 60 days	4,831,807	-	4,831,807
- More than 60 days	20,770,597	-	20,770,597
	27,856,845	-	27,856,845

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

35. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis via the Group's management reporting procedures and action will be taken for long overdue debts. Majority of the trade receivables are from construction, manufacturing and trading activities and concession receivables.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amounts in the statement of financial position.

The Group receives collaterals in the form of properties from certain trade receivables in which the Group is permitted to sell the collateral in the absence of default. There are no specific terms and conditions to use the collaterals.

Concentration of credit risk

As at the end of the financial year, the Group has 6 (2020: 6) major customers and accounted for approximately 75% (2020: 79%) of the trade receivables outstanding.

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 30 days. The retention sums are due upon the expiry of the defect liability period stated in the respective construction contracts. The Group's debt recovery process is that when invoices which are exceeded credit terms, the Company will start to initiate a structured debt recovery process which is monitored by sales team.

The Group uses an allowance matrix to measure ECLs for trade receivables for all segments except for construction segment. Consistent with the debt recovery process, invoices which are exceeded credit terms will be considered as credit impaired.

Loss rates are based on actual credit loss experience over the past three years. Nevertheless, the Group believes that the forward-looking factors are immaterial for the purpose of calculation impairment for the year.

For construction contracts, as there are only a few contract customers, the Group assessed the risk of loss of each customer individually based on their financial information and past trend of payments, where applicable. All these customers have low risk of default because there is no history of default from these customers. The Group is of the view that loss allowance is not material and hence, it is not provided for.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

35. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at reporting period.

	Gross amount RM	Allowance for impairment RM	Net balance RM
Group			
2021			
Current	221,143,242	-	221,143,242
Past due not impaired			
- Less than 30 days	33,033,468	-	33,033,468
- 31 to 60 days	30,689,410	-	30,689,410
- More than 60 days	39,263,083	-	39,263,083
	324,129,203	-	324,129,203
2020			
Current	142,378,542	-	142,378,542
Past due not impaired			
- Less than 30 days	44,345,768	-	44,345,768
- 31 to 60 days	19,744,202	-	19,744,202
- More than 60 days	106,791,765	-	106,791,765
	313,260,277	-	313,260,277

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

The cash and cash equivalents are held in hand and banks and financial institutions. The Group and the Company have a credit policy in place to control credit risk by deposit with banks and financial institutions with good credit rating.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Recognition and measurement of impairment loss

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

35. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Other receivables

Risk management objectives, policies and processes for managing the risk

Credit risks on other receivables are mainly arising from advances to sub- contractors and deposits paid for tendering projects. These deposits will be refunded upon unsuccessful in tendering the projects. The Group and the Company manage the credit risk on an ongoing basis via Group and the Company's management reporting procedures and action will be taken for long outstanding debts.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Recognition and measurement of impairment loss

These other receivables have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Group provides secured loans and advances to subsidiary companies. The Group monitors the ability of the subsidiary companies to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiary companies has low credit risk because there is no indicates that any going concern from subsidiary companies. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Group provides bank guarantees to the third parties in respect of contracts entered into by a subsidiary company. The Company provides corporate guarantees to banks in respect of banking facilities granted to certain subsidiary companies.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk of the Group and of the Company amounting to RM137,803,743 (2020: RM156,352,864) and RM137,803,743 (2020: RM156,352,864) respectively, representing the guarantee amount to the third parties and outstanding banking facilities of the subsidiaries as at the end of the reporting period respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

35. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Financial guarantees (Cont'd)

Recognition and measurement of impairment loss

The Group and the Company assumes that there is a significant increase in credit risks when a subsidiary's financial position deteriorates significantly. The Group and the Company considers a financial guarantee to be credit impaired when:

1) the subsidiary is unlikely to repay its credit obligation to the bank in full; or
2) the subsidiary is continuously loss making and is having a deficit shareholders' fund with no plan to turnaround the business.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total Contractual Cash Outflow RM	Total Carrying Amount RM
Group						
2021						
Trade payables	220,171,298	7,463,127	20,942,532	-	248,576,957	248,576,957
Other payables	10,975,990	-	-	-	10,975,990	10,975,990
Leases liabilities	9,856,288	5,305,775	1,622,048	-	16,784,111	15,891,596
Sukuk Liabilities	15,983,973	15,540,856	57,592,788	72,092,021	161,209,638	130,000,000
Bank borrowings	45,110,414	196,765	439,212	-	45,746,391	45,506,812
Total undiscounted financial liabilities	302,097,963	28,506,523	80,596,580	72,092,021	483,293,087	450,951,355

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

35. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total Contractual Cash Outflow RM	Total Carrying Amount RM
Group						
2020						
Trade payables	209,682,097	553,279	24,492,837	-	234,728,213	234,728,213
Other payables	18,182,924	-	-	-	18,182,924	18,182,924
Lease liabilities	11,751,013	9,856,288	6,927,824	-	28,535,125	26,405,681
Sukuk Liabilities	16,419,041	15,983,973	59,623,767	85,601,897	177,628,678	140,000,000
Bank borrowings	45,103,393	143,545	306,958	-	45,553,896	45,515,505
Total undiscounted financial liabilities	301,138,468	26,537,085	91,351,386	85,601,897	504,628,836	464,832,323

	On demand or within 1 year RM	Total Contractual Cash Outflow RM	Total Carrying Amount RM
Group			
2021			
Other payables	114,534	114,534	114,534
Financial guarantee liabilities*	137,803,743	137,803,743	-
Total undiscounted financial liabilities	137,918,277	137,918,277	114,534
2020			
Other payables	113,000	113,000	113,000
Financial guarantee liabilities*	156,352,864	156,352,864	-
Total undiscounted financial liabilities	156,465,864	156,465,864	113,000

* *Based on the maximum amount that can be called for under the financial guarantee contract.*

The Group and the Company provides unsecured financial guarantee to banks in respect of credit facilities granted to certain subsidiary companies and monitors on an ongoing basis the performance of the subsidiary companies. At end of the financial year, there was no indication that the subsidiary companies would default on repayment.

Financial guarantee has not been recognised since the fair value on initial recognition was deemed not material.

The maximum amount of the financial guarantees issued to the banks for subsidiary companies' borrowings is limited to the amount utilised by the subsidiary companies, amounting to RM137,803,743 as at 31 December 2021 (2020: RM156,352,864). The earliest period any of the financial guarantees can be called upon by the financial institutions is within the next 12 months. At end of the financial year, there was no indication that the subsidiary companies would default on repayment.

35. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(iii) Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

(a) Currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the functional currencies of the Group entities. The currencies giving rise to this risk are primarily United Stated Dollar ("USD").

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Group	
	2021 RM	2020 RM
Financial Assets		
Cash and bank balances	101,588	209,584
Trade receivables	57,928	76,124
	159,516	285,708

Currency risk sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit net of tax to be reasonably possible change in the key foreign currency against the functional currency of the Group, with all other variables held constant.

	Group	
	2021 RM	2020 RM
Effect on loss before taxation		
USD/RM		
-Strengthened 5%	7,976	14,587
-Weakened 5%	(7,976)	(14,587)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

35. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk

The Group's investments in fixed rate deposits with licensed banks and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short- term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	Group	
	2021 RM	**2020 RM**
Group		
Fixed rate instruments		
Financial asset		
Fixed deposits with licensed banks	41,833,034	40,346,307
Financial liabilities		
Sukuk liabilities	130,000,000	140,000,000
Lease liabilities	15,891,596	26,405,681
Floating rate instrument		
Financial liability		
Bank borrowings	45,506,812	45,515,505

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

35. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change of 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's loss before taxation by RM455,068 (2020: RM455,155), arising mainly as a result of lower/higher interest expenses on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair value information

The carrying amounts of receivables and payables, cash and cash equivalents and borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

	Fair value of financial instruments carried at fair value		Fair value of financial instruments not carried at fair value		Total	Carrying
	Level 3 RM	Total RM	Level 2 RM	Total RM	fair value RM	amount RM
2021						
Group						
Financial assets						
Concession receivables	128,802,549	128,802,549	-	-	128,802,549	128,802,549
Trade receivables	-	-	-	#	#	51,091,272
	128,802,549	128,802,549	-	-	128,802,549	179,893,821
Financial liabilities						
Trade payables	-	-	-	#	#	28,405,659
Sukuk liabilities	-	-	120,000,000	120,000,000	120,000,000	120,000,000
	-	-	120,000,000	120,000,000	120,000,000	148,405,659

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

35. Financial Instruments (Cont'd)

(c) Fair value information (Cont'd)

	Fair value of financial instruments carried at fair value		Fair value of financial instruments not carried at fair value		Total	Carrying
	Level 3 RM	Total RM	Level 2 RM	Total RM	fair value RM	amount RM
2020						
Group						
Financial assets						
Concession receivables	131,869,814	131,869,814	-	-	131,869,814	131,869,814
Trade receivables	-	-	-	#	#	55,919,649
	131,869,814	131,869,814	-	-	131,869,814	187,789,463
Financial liabilities						
Trade payables	-	-	-	#	#	25,046,116
Sukuk liabilities	-	-	130,000,000	130,000,000	130,000,000	130,000,000
	-	-	130,000,000	130,000,000	130,000,000	155,046,116

The fair value cannot be reliably measured using valuation techniques

36. Capital Management

The Group's management manages its capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern and maintains an optimal capital structure, so as to maximise shareholders value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital managed at Group level, which comprises shareholders' funds, cash and cash equivalents and bank borrowings.

	Group	
	2021 RM	2020 RM
Total loans and borrowings	191,398,408	211,921,186
Less: Cash and cash equivalents	(19,811,241)	(40,446,156)
Net debt	171,587,167	171,475,030
Total equity	153,779,132	159,146,116
Gearing ratio	1.12	1.08

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) AS AT 31 DECEMBER 2021

37. Capital Commitments

Approved and contracted for:

	Group	
	2021 RM	2020 RM
Acquisition of property, plant and equipment	148,331	1,425,128

38. Significant Events

Outbreak of coronavirus pandemic

The emergence of novel Coronavirus ("Covid-19") since early 2020 that caused travel restrictions and lockdown to be effectuated in Malaysia and other precautionary measures being imposed by the Government of Malaysia has brought disruption in the Company's business operations.

At the reporting date, the Company has performed an assessment of the overall impact of the situation on the Company's operations, including the recoverability of the carrying amount of assets and measurements of assets and liabilities and concluded that there is no material adverse effect on the financial statements for the financial year ended 31 December 2021.

39. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 April 2022.

LIST OF PROPERTIES

Existing Use	Land Area (as per Land Title) (Square Feet)	Build Up Area (Square Feet)	Tenure / Date of Expiry of Lease	Address	Date of acquisition (S&P Date)	Approximate age of Building	NBV @ 31/12/2021 RM
Shop Office (3 Floors)	2,131.25	5,717.57	Leasehold 99 years expiring on 05.01.2091 (Balance 70 years)	No.19,19A & 19B , Jalan SB Indah 1/18, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.	20/8/2003	23 years	1,181,135
Investment Property (1 ½ Floor)	1,668.40	2,142.02	Freehold	No.9 - PT 9078, Jalan Industri Putra 1, Precinct 14, 62050 Putrajaya.	28/8/2007	11 years	1,200,000
Investment Property (1 ½ floor)	1,668.40	2,142.02	Freehold	No.11- PT 9077, Jalan Industri Putra 1, Precinct 14, 62050 Putrajaya.	28/8/2007	11 years	1,200,000
Store	216,171.61	-	Freehold	Lot 4627, Jalan Broga Besar, 71750 Broga, Negeri Sembilan.	3/8/2009	-	1,080,503
Store	215,891.75	-	Freehold	Lot 4628, Jalan Broga Besar, 71750 Broga, Negeri Sembilan.	23/10/2012	-	2,390,735
Investment Property (Shop Office)	1,173.27	2,922.40	Leasehold 99 years expiring on 08.07.2098 (Balance 77 years)	No.7, Jalan MU Empat, Medan Universiti, 02600 Arau, Perlis	26/3/2015	6 years	580,000
Investment Property (Shop Office)	1,173.27	2,922.40	Leasehold 99 years expiring on 08.07.2098 (Balance 77 years)	No.5, Jalan MU Empat, Medan Universiti, 02600 Arau, Perlis	26/3/2015	6 years	580,000
Head Office (3 1/2 Floors)	1,530.94	5,900.52	Leasehold 99 years expiring on 05.01.2091 (Balance 70 years)	No.39, Jalan Sungai Besi Indah 1/19, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.	12/7/2016	18 years	3,230,633
Head Office (3 1/2 Floors)	1,530.94	5,965.14	Leasehold 99 years expiring on 05.01.2091 (Balance 70 years)	No.41, Jalan Sungai Besi Indah 1/19, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.	12/7/2016	18 years	3,230,634
Shop Lot	1,407.00	2,347.00	Freehold	G-01, Third Avenue, Jalan Teknokrat 3, Cyberjaya 4, 63000 Cyberjaya, Selangor.	15/1/2016	4 year	3,350,000

LIST OF PROPERTIES (CONT'D)

Existing Use	Land Area (as per Land Title) (Square Feet)	Build Up Area (Square Feet)	Tenure / Date of Expiry of Lease	Address	Date of acquisition (S&P Date)	Approximate age of Building	NBV @ 31/12/2021 RM
Investment Property (CWIP) - 1 Serviced Apartment	-	635	Leasehold land 99 years expiring on 31.12.2114 (Balance 93 years)	Parcel No.20-03 (Type A1), Residensi Eaton H.S.(D) 119912, PT78, Seksyen 63, Bandar KL, Daerah KL, Negeri WP KL	6/3/2017	-	775,563.85
Investment Property (CWIP) - 1 Serviced Apartment	-	80 Sq. Meters	Freehold	Parcel No.A-22-6 (Type B-M), Tower A, Lot 15, Geran No.56741, Lot No.15, in the Town Subang Jaya, District of Petaling , State of Selangor.	18/2/2019	-	609,797.94
Investment Property (CWIP) - 1 Condo-minium	-	764	Leasehold land 99 years expiring on 11.05.2113 (Balance 92 years)	Parcel No.C-22-03A (Type X5), Residensi Tria Seputeh H.S.(D) 52985, Lot 20032, Seksyen 98, Bandar KL, Daerah KL, State of WP KL.	24/7/2019	-	279,648.00

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2022

Number of Shares Issued : 694,986,660 ordinary shares
Class of Shares : Ordinary shares
Voting Right : One vote per ordinary share
Number of Shareholders : 11,467

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Total Shareholdings	%
Less than 100 shares	5,855	50,531	0.007
100 – 1,000 shares	2,794	975,951	0.140
1,001 – 10,000 shares	1,504	7,482,472	1.076
10,001 – 100,000 shares	1,100	40,861,157	5.879
100,001 to less than 5% of issued shares	211	239,496,149	34.460
5% and above of issued shares	3	406,120,400	58.435
Total	11,467	694,986,660	100.00

SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders under Section 144 of the Companies Act 2016, the following are the substantial shareholders of the Company:

	Direct Interest		Indirect Interest	
Shareholders	No. of Shares	%	No. of Shares	%
Wie Hock Beng	8	*	406,120,400#	58.436
Wie Hock Kiong	-	-	406,120,400#	58.436
Sincere Goldyear Sdn Bhd	117,419,900	16.895	-	-
Kombinasi Emas Sdn Bhd	288,700,500	41.540	-	-

Notes:
* negligible
\# Deemed interested by virtue of his interest in Sincere Goldyear Sdn Bhd and Kombinasi Emas Sdn Bhd pursuant to Section 8 of the Companies Act 2016

DIRECTORS' SHAREHOLDINGS

	Direct Interest		Indirect Interest	
Directors	No. of Shares	%	No. of Shares	%
Dato' Sri Lee Tuck Fook	-	-	-	-
Datuk Hj Subhi Bin Dziyauddin	-	-	-	-
Wie Hock Beng	8	*	406,120,400#	58.436
Wie Hock Kiong	-	-	406,120,400#	58.436
Loh Kong Fatt	-	-	-	-
Salwa Binti Shamshuddin	-	-	-	-

Notes:
* negligible
\# Deemed interested by virtue of his interest in Sincere Goldyear Sdn Bhd and Kombinasi Emas Sdn Bhd pursuant to Section 8 of the Companies Act 2016

ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2022 (CONT'D)

THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 MARCH 2022

No.	Name of Shareholders	No. of Shares	%
1.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kombinasi Emas Sdn Bhd*	185,700,500	26.720
2.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Sincere Goldyear Sdn Bhd*	117,419,900	16.895
3.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - AmBank (M) Berhad for Kombinasi Emas Sdn Bhd (SMART)*	103,000,000	14.820
4.	Advance Harvest Sdn Bhd	23,391,000	3.366
5.	Chin Guek Hong	23,191,000	3.337
6.	Constant Uptrend Holdings Sdn Bhd	15,776,500	2.270
7.	Chong Mei Yien	12,846,000	1.848
8.	Intrasegi Sdn Bhd	12,617,800	1.816
9.	Kan Fui Man	11,267,600	1.621
10.	Tegas Setuju Sdn Bhd	11,126,100	1.601
11.	Country Dairy Sdn Bhd	10,932,000	1.573
12.	Yeoh Chooi Phin	10,662,000	1.534
13.	Interjuta Raya Sdn Bhd	9,010,200	1.296
14.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Mohamad Bolhair Bin Reduan*	8,950,000	1.288
15.	Wie Hock Kow	8,000,000	1.151
16.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Mohamed Faroz Bin Mohamed Jakel*	5,100,000	0.734
17.	Ikatan Generasi Sdn Bhd	4,870,000	0.700
18.	Chang Yock Chai	2,595,000	0.373
19.	Lew Ming Kiet	2,502,900	0.360
20.	Tan Boon Yong	2,100,000	0.302
21.	Kok Fatt Kong	2,092,800	0.301
22.	Ang Mui Lan	2,000,000	0.288
23.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Bee Ling (MY3591)*	2,000,000	0.288
24.	Chang Yock Chai	1,870,000	0.269
25.	Su Ming Yaw	1,604,100	0.231
26.	Lam Kaw Chai @ Lam Yit Loon	1,575,000	0.227
27.	Lee Chee Keong	1,280,000	0.185
28.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Swee Suan Teck (MY3526)*	1,109,500	0.160
29.	Lau Kien Hung	1,010,000	0.145
30.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Si Tho Yoke Meng (6000156)*	1,000,000	0.144
	Total	596,599,900	85.843

PESONA METRO

PESONA METRO HOLDINGS BERHAD
(Registration No. 201101029741) (957876-T)

PROXY FORM

CDS Account No.

No. of shares held

I/We____**Tel:**__________________
[Full name in block, NRIC/Passport/Company No.]

of____
[Full address]

being member(s) of PESONA METRO HOLDINGS BERHAD, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and (if more than one (1) proxy)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairperson of the Meeting, as my/our proxy/proxies to vote for me/us and on my/our behalf at the Eleventh Annual General Meeting of the Company which will be conducted virtually from the broadcast venue at **Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia** ("Broadcast Venue") on **Wednesday, 29 June 2022** at **10.30 a.m.** or at any adjournment thereof, and to vote as indicated below:

Description of Resolution	Resolution	For	Against
To approve the payment of Directors' fees for the financial year ending 31 December 2022 to be paid quarterly in arrears.	Ordinary Resolution 1		
To approve the payment of Directors' benefits from the date of the forthcoming Annual General Meeting until the next Annual General Meeting.	Ordinary Resolution 2		
To re-elect Mr Loh Kong Fatt as Director.	Ordinary Resolution 3		
To re-appoint UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	Ordinary Resolution 4		
Authority to Issue and Allot Shares of the Company pursuant to Sections 75 and 76 of the Companies Act 2016.	Ordinary Resolution 5		
Proposed Renewal of Shareholders' Mandate for RRPTs.	Ordinary Resolution 6		
Proposed Renewal of Share Buy-Back Authority.	Ordinary Resolution 7		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this ____________ day of __________________, 2022

____
Signature*
Member

* Manner of execution:
(a) If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
(i) at least two (2) authorised officers, one of whom shall be a director; or
(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

NOTES:

1. *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting.*
   Shareholders will not be allowed to attend the 11th Annual General Meeting in person at the Broadcast Venue on the day of the meeting.
   Shareholders are to attend, speak (including posing question to the Board via real time submission of typed texts) and vote remotely at the 11th Annual General Meeting via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at https://tiih.online.
   For further information, kindly refer to the Administrative Guide for the 11th Annual General Meeting.
2. *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 21 June 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, participate, speak and vote on his/her/its behalf.*
3. *A member who is entitled to attend and vote at a general meeting may appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.*
4. *A member who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the general meeting.*
5. *Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*
7. *Where a member, an authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the proportions of his shareholdings to be represented by each proxy.*

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AFFIX
STAMP

The Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd
Registration No. 197101000970 (11324-H)

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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8. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 11th Annual General Meeting or adjourned general meeting at which the person named in the appointment proposes to vote:*
   (i) *In hard copy form*
   Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
   (ii) *By electronic means via Tricor TIIH Online website at https://tiih.online*
   Please follow the procedure as set out in the Administrative Guide of the 11th Annual General Meeting for further information on electronic submission of proxy form via TIIH Online.
9. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the general meeting or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
10. *Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.*
11. *Last date and time for lodging the proxy form is* ***Monday, 27 June 2022 at 10.30 a.m.***
12. *For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please deposit the* ***ORIGINAL*** *certificate of appointment executed in the manner as stated in the proxy form with the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia if this has not been lodged at the Company's Share Registrar's office earlier.*
13. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 11th Annual General Meeting will be put to vote by way of poll.*

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PESONA METRO HOLDINGS BERHAD
(Registration No. 201101029741) (957876-T)

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