PM
PESONA METRO

PESONA METRO HOLDINGS BERHAD

(Registration No. 201101029741) (957876-T)

ANNUAL REPORT 2022

12th 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, 28 JUNE 2023

INSIDE THIS REPORT

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

NOTICE OF 12th ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 12th Annual General Meeting of the Company will be conducted virtually through live streaming 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** on **Wednesday, 28 June 2023** at **10.30 a.m.** for the following purposes:

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 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 RM384,000.00 for the financial year ending 31 December 2023 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 for the period from 28 June 2023 until the next Annual General Meeting of the Company. **(Ordinary Resolution 2)**

4. To re-elect the following Directors who are retiring in accordance with Clause 76(3) of the Constitution of the Company:-

   (a) Dato' Sri Lee Tuck Fook **(Ordinary Resolution 3)**
   (b) Mr Wie Hock Kiong **(Ordinary Resolution 4)**

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 5)**

6. 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

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

28 April 2023

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 12th 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 12th 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 12th 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 20 June 2023. 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.*

NOTICE OF 12th ANNUAL GENERAL MEETING (CONT'D)

NOTES: (cont'd)

3. *A member of the Company 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 of the Company 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 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 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 proportion 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 48 hours before the time appointed for holding the 12th 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 refer to the procedure as set out in the Administrative Guide of the 12th 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 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, 26 June 2023 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 with the Company's Share Registrar 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 12th Annual General Meeting will be put to vote by way of poll.*

NOTICE OF 12th ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES TO THE AGENDA

(i) **Item 1 of the Agenda**
Audited Financial Statements for the financial year ended 31 December 2022

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 2023

The Directors' fees proposed for the financial year ending 31 December 2023 are calculated based on the current board size and assuming that all Non-Executive Directors will hold office until 31 December 2023. This resolution is to facilitate payment of the Directors' fees on current financial year basis. In the event the Company appoints additional Non-Executive Directors, approval on additional Directors' fees will be sought at the next Annual General Meeting.

(iii) **Ordinary Resolution 2**
Directors' benefits for the period from 28 June 2023 until the next Annual General Meeting

Directors' benefits consist of meeting allowance payable to Independent Non-Executive Directors and in determining the estimated amount, the 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 28 June 2023 until the next Annual General Meeting as well as the number of Independent 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 Resolutions 3 and 4**
Re-election of Directors

Dato' Sri Lee Tuck Fook and Mr Wie Hock Kiong are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 12th Annual General Meeting.

Their profiles are disclosed in the Profile of the Board of Directors of the 2022 Annual Report.

Saved as disclosed, the retiring Directors have no conflict of interest with the Company and have no family relationship with any Director and/or major shareholder of the Company. The Nomination Committee ("NC") has considered the performance and contribution, time and commitment, calibre and personality, and fit and properness of the retiring Directors. Based on the recommendation of the NC, the Board is supportive of their re-election based on the following justifications:-

(i) Ordinary Resolution 3 – Re-election of Dato' Sri Lee Tuck Fook as Independent Non-Executive Director
Dato' Sri Lee Tuck Fook has demonstrated his independence through his engagement in Board and Board Committee meetings. He also exercised due care and carried out his duties professionally and proficiently during his tenure as an 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.

(ii) Ordinary Resolution 4 – Re-election of Mr Wie Hock Kiong as Non-Independent Non-Executive Director
Mr Wie Hock Kiong possesses relevant qualification, knowledge and experience which complement the Board's competencies. He also has vast experience in the construction industry and has contributed significantly to the Group by providing valuable input to steer the Group forward.

(v) **Ordinary Resolution 5**
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 12th Annual General Meeting are disclosed in the Audit Committee Report of the 2022 Annual Report.

NOTICE OF 12th ANNUAL GENERAL MEETING (CONT'D)

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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.

CORPORATE MILESTONES (CONT'D)

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 - 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.

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.

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.

- 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.

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.

CORPORATE MILESTONES (CONT'D)

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.

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 JKR.

CORPORATE MILESTONES (CONT'D)

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.

2022

- The Lot 15 SJCC project achieved a score of 80.2% in the BuildQAS Assessment from BuildQAS Consulting Singapore and a score of 79% in the QLASSIC Assessment from CIDB.
- The MCT Lakefront Residence project achieved a score of 79% in the QLASSIC Assessment from CIDB.
- The Ativo Suites, Damansara Avenue project achieved a score of 80% in the BuildQAS Assessment from BuildQAS Consulting Singapore and in the QLASSIC Assessment from CIDB.

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' SRI LEE TUCK FOOK
Chairman
(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

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)

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%
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)

100%
LUMAYAN METRO SDN BHD
202101014359 (1414659-A)

70%
SEP RESOURCES (M) SDN BHD
201301013382 (1043220-T)

- 100%
  BUDAYA POSITIF SDN BHD
  201201039032 (1023510-U)

BOARD OF DIRECTORS

From left to right:

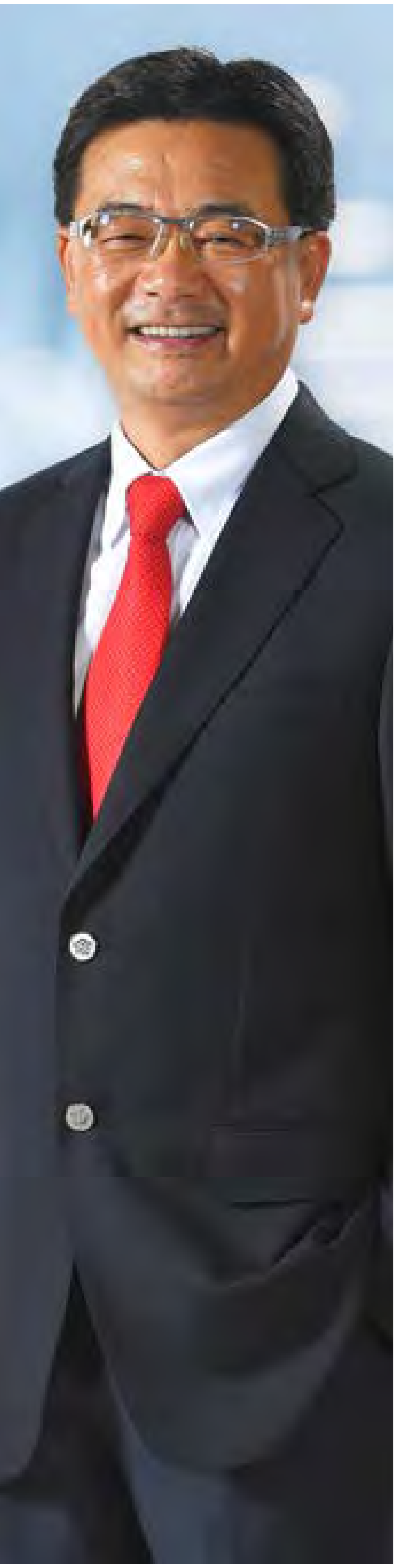
DATO' SRI LEE TUCK FOOK
Chairman

WIE HOCK BENG
Managing Director

WIE HOCK KIONG
Director

LOH KONG FATT
Director

SALWA BINTI SHAMSHUDDIN
Director



PROFILE OF DIRECTORS

DATO' SRI LEE TUCK FOOK

Chairman
(Independent Non-Executive Director)

Male | 68 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 as 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, 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 (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Dato' Sri Lee attended all the 8 Board Meetings of the Company held during the financial year ended 31 December 2022.

MR WIE HOCK BENG

Managing Director
(Non-Independent Executive Director)

Male | 50 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 31 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 a major shareholder of the Company and brother to 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 (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Wie Hock Beng attended 5 out of 8* Board Meetings of the Company held during the financial year ended 31 December 2022.

PROFILE OF DIRECTORS (CONT'D)

MR WIE HOCK KIONG

(Non-Independent Non-Executive Director)

Male | 62 years old | Malaysian

Wie Hock Kiong was appointed 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 5 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 a major shareholder of the Company and brother to 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 (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Wie Hock Kiong attended 5 out of 8* Board Meetings of the Company held during the financial year ended 31 December 2022.

MR LOH KONG FATT

(Senior Independent Non-Executive Director)

Male | 69 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 (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Loh Kong Fatt attended all the 8 Board Meetings of the Company held during the financial year ended 31 December 2022.

PROFILE OF DIRECTORS (CONT'D)

MS SALWA BINTI SHAMSHUDDIN

(Independent Non-Executive Director)

Female	46 years old	Malaysian

Salwa binti Shamshuddin was appointed 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 (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Salwa binti Shamshuddin attended all the 8 Board Meetings of the Company held during the financial year ended 31 December 2022.

Note:
**Mr Wie Hock Kiong and Mr Wie Hock Beng, being the interested Directors, abstained from participating in the Board of Directors' Meetings held on 2 December 2022, 5 December 2022 and 15 December 2022 for the purposes of deliberating on the Appointment of Independent Adviser in relation to the Unconditional Mandatory Take-Over Offer by Mr Wie Hock Kiong and Kombinasi Emas Sdn. Bhd. through RHB Investment Bank Berhad dated 30 November 2022 and the issuance of Independent Advice Circular to the holders of the offer shares.*

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 operating matters of the Group.

CHONG KIEN ENG
Chief Financial Officer

Male | 51 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 and The Malaysian Institute of Certified Public Accountants. Prior to joining PMHB, Chong Kien Eng 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.

Chong Kien Eng currently is 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 (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

SOH CHOON GUAN
Chief Operating Officer (Building Division)

Male | 55 years old | Malaysian

Mr. Soh Choon Guan, a Bachelor Degree holder of Technology (Honours) in Construction Management, has to-date more than 31 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.

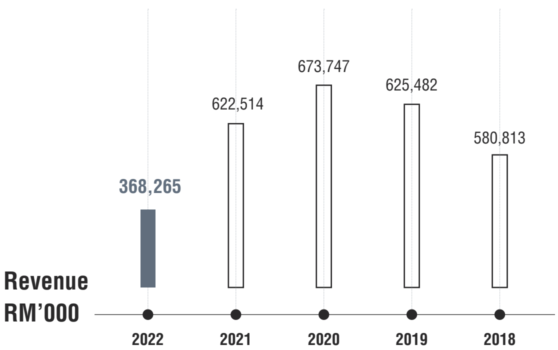
He specializes in building construction and management for both commercial and residential construction activities including high-rise luxury condominiums in Malaysia.

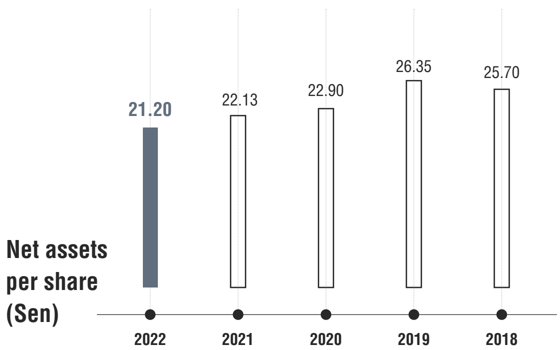
On 26 June 2014, he joined PMHB as the Chief Operating Officer for the Construction Division in overseeing the Building Division from project planning to execution.

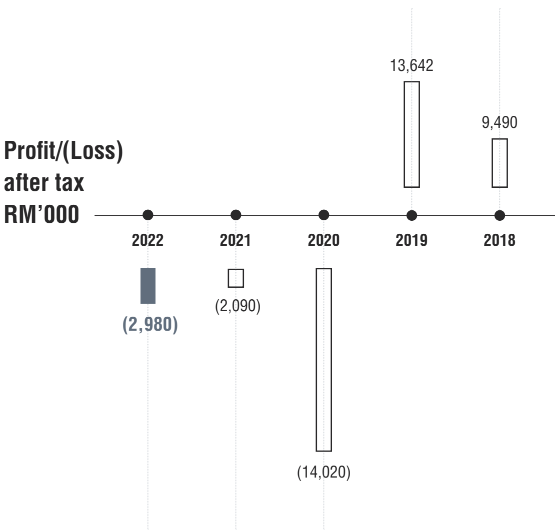
He does not hold any directorship in public companies and listed issuers. He does not have any family relationship with other directors and/or major shareholders of the Company. He has no conviction of any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

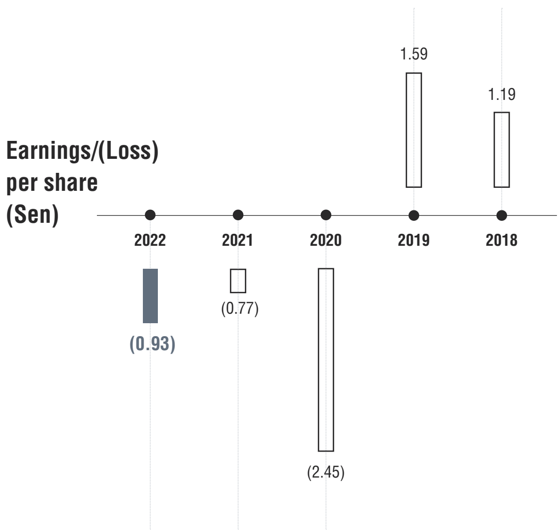
FINANCIAL HIGHLIGHTS

In RM'000 (Except otherwise indicated)	2022	2021	2020	2019	2018
Revenue	368,265	622,514	673,747	625,482	580,813
Profit/(Loss) before tax	(3,552)	(1,907)	(12,805)	17,745	14,057
Profit/(Loss) after tax	(2,980)	(2,090)	(14,020)	13,642	9,490
Total assets	569,607	662,634	704,838	700,555	569,128
Share capital	194,032	194,032	194,032	194,020	194,020
Total equity attributable to owners of the parent	147,342	153,779	159,146	183,101	178,998
No. of shares ('000) (Unit)	694,987	694,987	694,987	694,941	694,910
Earnings/(Loss) per share (Sen)	(0.93)	(0.77)	(2.45)	1.59	1.19
Net assets per share (Sen)	21.20	22.13	22.90	26.35	25.70
Dividend (Sen)	-	-	-	1.00	1.00









MANAGEMENT DISCUSSION & ANALYSIS

Dear Valued Shareholders,

In 2022, Pesona Metro Holdings Berhad ("PMHB" or "the Group") steadfastly navigated the various challenges posed by global and domestic headwinds to deliver a modest performance. Amidst a recovering domestic economy and construction industry, as well as the challenges stemming from the global energy crisis, tight labour market and raw materials shortage, we successfully delivered on several key construction projects and remained relevant to the market. Nevertheless, in spite of our people's resilient efforts, we turned in a higher loss than the preceding year's loss. In this Management Discussion and Analysis, we present an overview of PMHB, the details of the Group's operational and financial performance for the financial year ended 31 December 2022 ("FY2022"), as well as our strategic direction and prospects moving forward.

OVERVIEW OF THE GROUP

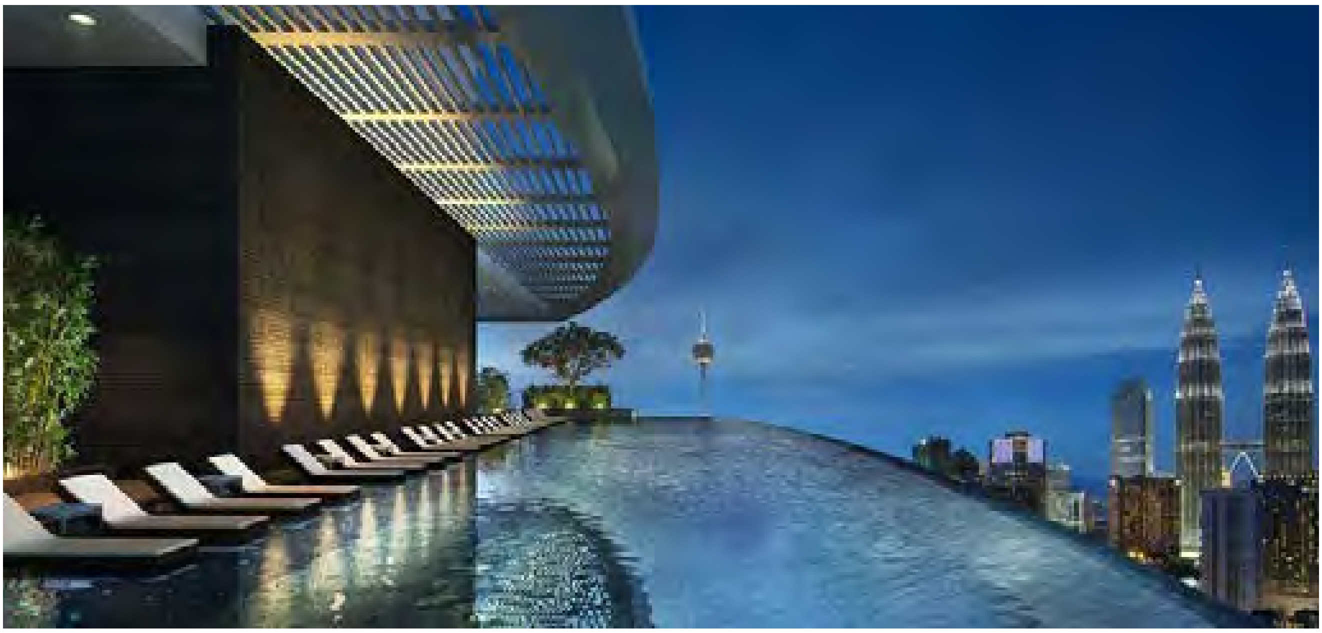
PMHB is an investment holding company that is primarily involved in the construction of residential and commercial buildings as well as infrastructure works. The Group's main subsidiary, Pesona Metro Sdn Bhd ("PMSB"), helms the Construction Division of the Group which is also the main revenue contributor to PMHB. PMSB's project portfolio comprises the construction of high-rise luxury residential buildings, commercial buildings for offices and malls, hospitals, infrastructure works for the construction of highways, irrigation projects, as well as the rehabilitation and beautification of rivers. In FY2022, PMSB generated RM342 million or 93% of the Group's revenue.

Recognising the merits of diversifying our revenue streams into businesses that will provide recurring income and consistent cash flows, we ventured into construction-related concessionaire activities in 2017 by acquiring 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 FY2022, the Concessionaire Division contributed RM24 million or 7% towards the Group's revenue, reflecting another year of steady contributions.

Over the years, PMHB's Manufacturing Division had been registering losses due to operational challenges and market constraints. In an effort to consolidate our resources and minimise further losses, we finally managed to divest the businesses within this division in November 2022.

OUR STRATEGIC OBJECTIVES

PMHB's groupwide strategies serve to align our value creation efforts with our sustainability goals. These strategies transcend every aspect of the Group's operations and help us to uphold our vison 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 Near-Term Strategies

PMHB's near-term strategies focus on the consolidation of our resources via our enhanced cost control management initiative which aims to improve the Group's profit margins. Among the measures we have embedded in our day-to-day operations is a focus on increasing the efficiency and quality of our operations by minimising wastage. This is achieved through decreasing the margin for error in our processes.

Other initiatives under this strategy centre on our employee-based peer-to-peer training programme, as well as both in-house and external training sessions for our workforce. These activities equip our employees to be efficient in implementing work processes and also prepare them to be responsive and adaptive to economic changes. By developing an effective workforce, we are essentially ensuring solid workflows at our project sites which supports our aim of delivering high-quality products (with a minimum QLASSIC score of 73%) within the specified timeframe.

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.

Our Long-Term Strategies

PMHB's long-term strategies encompass a four-phase blueprint that is aimed at further bolstering our value creation efforts on the back of a strong asset portfolio. In the first two phases of the plan, the Group focused on strengthening the Group's operational processes with the successful implementation of new systems and human resource measures. We also enhanced our workforce, assets and equipment. The third phase of the plan saw the Group apply our strategy to bid for and acquire projects more competitively.

Currently in our fourth phase of the blueprint, the Group will continue with its efforts to deliver long-term sustainable profits. Our efforts on the domestic front are spearheaded by our main subsidiary, PMSB. To this end, the company will continue to reinforce its reputation as a dependable builder with the capabilities to deliver high-quality works for developments of various sizes.

To ensure that PMSB has a steady stream of construction projects amidst lacklustre market conditions, it has been exploring property development activities in the affordable homes segment in particular. Its recent success in securing the *Residensi Wilayah* project in Cheras for the lower- to middle-income groups, underscores that this strategy is beginning to pay off. Moving forward, we will continue to identify strategic land for the purpose of constructing affordable homes.

We will also continue to closely monitor the property development market 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. At the same time, we will continue to keep a keen eye on market trends to see how best to capitalise on opportunities for growth.

Given that the current market is soft due to rising inflation and high interest rates, we will focus our efforts on the effective execution of our existing construction projects by enhancing operational efficiencies, avoiding cost overruns and project delays, as well as ensuring timely sourcing of the required manpower for our projects.

With regard to the Concessionaire Division, we will continue to focus on the UniMAP contract which continues to deliver a steady revenue stream for the long term.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

THE YEAR IN REVIEW

Resilient Economic Recovery

At the onset of 2022, with much of the world beginning to recover from the disruptive challenges brought on by the COVID-19 pandemic, there was renewed hope that things were turning around for the better. With international borders reopened for trade and travel, many markets began to see demand increase once again. However, Russia's invasion of Ukraine in February 2022 triggered a global slowdown in economic activities and an energy crisis in Europe. Thankfully, the implications of the war were less severe than predicted. All in all, global growth came in at 3.4% in 2022 in comparison to 6.2% growth in 2021.[1]

On the domestic front, Malaysia emerged from the pandemic to make the official transition to the endemic phase in early April 2022. By the year's end, consumer sentiment had recovered and many industries were reporting an upturn in their financial performance. For the year as a whole, the Malaysian economy experienced a surge in growth by 8.7%, propelled by consumption and private sector investment.

For the domestic construction industry, output grew by 8.8% in 2022, rebounding from a 5% drop in the previous year.[2] However, developers continued to be challenged by the issue of balancing margins as labour supply issues and escalating material costs continued to affect profitability.

As part of the efforts to counter the increase in operational costs, the Group implemented several cost saving measures which included monitoring the movement of prices closely. We also engaged in strategically timing the planning and sourcing of our workers and observing stringent tendering in new projects. These efforts enabled us to consolidate our resources.

A Key Corporate Development

On 30 November 2022, PMHB received a Notice of Unconditional Mandatory Take-Over Offer from RHB Investment Bank Berhad on behalf of Wie Hock Kiong and Kombinasi Emas Sdn Bhd ("Joint Offerors"), to acquire all the remaining ordinary shares in PMHB not already held by the Joint Offerors and the persons acting in concert with them ("Offer Share") for a cash consideration of RM0.19 per Offer Share subject to the terms and conditions of the Offer Document. The offer lapsed on 11 January 2023 and accordingly, the corporate proposal was completed on that date.

The Mandatory Take-Over Offer saw 38,410 shares or 0.01% of the Group's total share base sold to the Joint Offerors. This raised the shareholding of the Joint Offerors and the persons acting in concert with them to 416.99 million shares (60% stake) from 416.95 million shares (59.99% stake) previously. PMHB continues to maintain its listing status.

1 Adapted from the IMF's World Economic Outlook: Inflation Peaking Amid Low Growth, January 2023 – refer https://www.imf.org/en/Publications/WEO/Issues/2023/01/31/world-economic-outlook-update-january-2023.

2 Extracted from a summary of Malaysia's construction output on the Trading Economics website – refer https://tradingeconomics.com/malaysia/construction-output#:~:text=Eases%20in%20Q4-,Construction%20activity%20in%20Malaysia%20rose%2015.7%20percent%20year%2Don%2Dyear,vs%2014.6%20percent%20in%20Q3).

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

FINANCIAL PERFORMANCE

Statement of Comprehensive Income

	2022 RM'000	2021 RM'000	Variance	
			RM'000	%
Revenue	368,265	622,514	(254,249)	-41%
Gross Profit	29,898	33,592	(3,694)	-11%
Other Income	2,449	3,577	(1,128)	-32%
Administrative Expenses	27,835	29,737	(1,902)	-6%
Finance Costs	8,063	9,339	(1,276)	-14%
Loss Before Tax	(3,552)	(1,907)	(1,645)	-86%

For FY2022, the Group registered total revenue of RM368 million, marking a RM254 million or 41% decrease from revenue of RM622 million in FY2021. The lower revenue was mainly due to the completion of three construction projects during the year. In line with the lower revenue, the Group registered a higher loss before tax ("LBT") of RM3.7 million for FY2022 as compared to a LBT of RM1.9 million previously.

Statement of Financial Position

	2022 RM'000	2021 RM'000	Variance	
			RM'000	%
Non-current Assets	280,381	298,518	(18,137)	-6%
Current Assets	289,227	364,117	(74,890)	-21%
Equity	168,823	171,803	(2,980)	-2%
Non-current Liabilities	149,443	167,365	(17,922)	-11%
Current Liabilities	251,341	323,466	(72,125)	-22%

In FY2022, PMHB's non-current assets declined by RM18 million or 6% from the previous year, while current assets decreased by RM75 million or 21%. 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 reduction in trade and other receivables by RM96 million or 32% as compared to FY2021.

Meanwhile the Group's non-current liabilities decreased by RM18 million or 11%, while current liabilities decreased by RM72 million or 22% due to the partial repayment of Sukuk liabilities and hire purchase creditors during the year, as well as the reduction in trade and other payables by RM57 million or 24% as compared to FY2021.

The Board did not recommend any dividend pay-outs in respect of FY2022 due to the need to conserve the cash for operations in order to counterbalance rising operational costs.

PERFORMANCE OF THE BUSINESS SEGMENTS

Construction Division

Financial Highlights

The Group's Construction Division, helmed by PMSB, is the primary contributor to the Group's consolidated revenue. In FY2022, the Division's revenue decreased from RM596 million to RM342 million. This was largely due to the completion of three construction projects during the year. The Construction Division posted a marginally higher LBT of RM15 million in FY2022 as compared to a LBT of RM12 million in FY2021 mainly due to the escalation in material costs.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Performance Highlights

The opening of all economic sectors in April 2022 in tandem with Malaysia's transition to the endemic phase resulted in the Construction Division's return to its full operational capacity. However, the operational disruptions during the height of the pandemic meant that we had to expedite our construction processes in order to compensate for the delays. Progress was further challenged by the shortage of workers and the rising labour and material costs. To mitigate the negative impact of these factors and further losses, PMSB engaged in prudent cost-management processes and closer monitoring of resources.

In spite of the challenges, the Division successfully completed three construction projects during the year in review, namely, Lot 15 SJCC in Subang, Ativo Suites and MCT LakeFront Residence .

PMSB also went on to secure sizeable projects during the financial year in review, providing the Division with a healthy order book and construction works for the coming years.

The start of 2023 saw the Division inking a RM948.13 million turnkey construction agreement with developer Danau Lumayan Sdn Bhd to plan, design and build 3,438 units of *Residensi Wilayah* over two phases in Cheras. *Residensi Wilayah* (formerly known as *Rumawip*), is a government initiative to provide affordable housing for first-time buyers from the lower- to middle-income groups. Located along Jalan Tasik Permaisuri in Kuala Lumpur, the project will be constructed in phases with all phases expected to be completed in 36 months.

In October 2022, PMSB accepted a RM154.67 million contract from ONG&ONG 360 Consultancy Sdn Bhd to undertake the main building works of LakeFront Residence in Cyberjaya. This guarded and gated community development project will consist of two blocks of 28-level buildings with a total of 606 condominium units as well as two levels of parking lots and public facilities. The project, which will run for a duration of 24 months commencing 25 October 2022, is being developed by Lakefront Residence Sdn Bhd, a wholly-owned subsidiary of MCT Berhad.

The start of 2023 saw the Division inking a RM948.13 million turnkey construction agreement with developer Danau Lumayan Sdn Bhd to plan, design and build 3,438 units of *Residensi Wilayah* over two phases in Cheras. *Residensi Wilayah* (formerly known as *Rumawip*), is a government initiative to provide affordable housing for first-time buyers from the lower-to middle-income groups. Located along Jalan Tasik Permaisuri in Kuala Lumpur, the project will be constructed in phases with all phases expected to be completed in 36 months.

The Division also secured a RM349 million contract from Land Marker Sdn Bhd for the construction of two blocks of 44-storey luxury condominium buildings in Kuala Lumpur and ancillary facilities. The project entails the construction and completion of the main building works, hardscape works, external works and other ancillary works. The project will span a duration of 36 months commencing 8 February 2023.

Moving Forward

Moving forward, PMSB will continue to leverage innovative technology as part of its competitive advantage over its industry peers. To this end, it will strengthen its efforts to embed Building Information Modelling ("BIM") technology into its construction management processes.

BIM technology taps a 3D model-based process that integrates the various aspects of architecture, engineering and construction to produce a more holistic overview of a building. These insights are enabling PMSB to more efficiently plan out projects resulting in significant time and cost savings. BIM technology is also enabling PMSB to drastically minimise wastage as the coordination of a project's various design facets mitigates the need for rework. The flexibility of BIM technology is enabling its users to constantly deliver solid results while remaining flexible to marketplace changes and emerging technological trends. To date, PMSB has constructed three projects using BIM technology, namely, Eaton Residences, Conlay 301 in Kuala Lumpur and Lot 15 SJCC in Subang Jaya.

Moving forward, PMSB will continue to prioritise the completion of the eight ongoing projects it currently has in hand, as well as focus its efforts on streamlining and bolstering its resources to face market challenges.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Concessionaire Division

Our Concessionaire Division continues to manage PMHB's 70% equity stake in SEP which holds the concession for the development and management of student hostels at UniMAP. The project has entailed SEP's end-to-end involvement in the development process – from the planning, construction and installation of fittings at the hostels, to ensuring their upkeep through the provision of asset management services. The success of the project, which has been providing steady income for the Group since 2017, underscores the fact that our management was on point when looking to diversify our revenue streams at that time.

In FY2022, the Concessionaire Division contributed RM24 million towards the Group's revenue and recorded a profit before tax ("PBT") of RM15 million. This revenue and PBT were similar to its revenue and PBT amounts in FY2021. Given that the contract with UniMAP is set to carry on for the next 15 years, we are confident that this business will continue to be a positive and consistent contributor to the Group's income in the years to come.

Manufacturing Division (Divested)

Originally established to complement the role of the Group's Construction Division, PMHB's Manufacturing Division (then) consisted of two subsidiaries, namely Pesona Saferay Sdn Bhd and PM2 Building System Sdn Bhd. Due to the poor performances of both subsidiaries these past few years, the Group divested these businesses last year to mitigate further losses.

BUSINESS RISKS AND MITIGATION STRATEGIES

We are committed to safeguarding the Group's operations, performance, financial condition and liquidity from any unexpected negative material impact. To this end, we continue to uphold stringent risk management practices that are guided by our agenda of sustainability. Our efforts include the mitigation of all anticipated and known risks by strategically applying the appropriate decisions and actions, the details of which are outlined 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.	We will continue to explore opportunities to diversify and strengthen both our 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.	Weekly monitoring of a centralised construction material procurement process is underway.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

BUSINESS RISKS AND MITIGATION STRATEGIES (Cont'd)

Key Area	Risk	Description	Mitigation Measures
Operational	The occurrence of personal injuries and accidents.	Due to the nature of the 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.
External	Volatile material prices.	Unstable market prices for raw materials could cause the Group to incur additional expenses, thus affecting financial performance 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

In upholding our role as a reliable corporate entity, we recognise the importance of operating in a responsible manner that protects and grows both our human and material resources. To this end, we continue to roll out various initiatives that help us to futureproof our businesses, such as safeguarding the wellbeing of our workforce. Although the imminent threat of the COVID-19 virus has subsided considerably, the Group continues to uphold selected preventive measures to mitigate the spread of the virus within our workspaces.

GOOD GOVERNANCE AND ROBUST RISK MANAGEMENT

As part of our commitment to creating value in an ethical and sustainable manner, PMHB continues to uphold the highest standards of corporate governance. This helps us to ensure that we maintain our position as a reputable and transparent industry player. We also continue to engage in robust risk management and apply stringent internal control measures across the scope of our organisation. These initiatives form part of the plan to strengthen our businesses for the long term.

The details of our Board Charter, the Terms of Reference for the Audit Committee, Remuneration Committee and Nomination Committee, as well as our Whistleblowing Policy can be accessed on our website at www.pesona.com.my.

UPHOLDING THE AGENDA OF SUSTAINABILITY

PMHB is committed to furthering the agenda of sustainability throughout the Group to strengthen the long-term viability of our businesses. We also continue to develop our operational practices and construction methods to support our goal of reducing our carbon footprint.

For a detailed summary of our sustainability efforts please turn to the Sustainability Report section in this Annual Report.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

RECOGNISED FOR OUR COMMITMENT TO EXCELLENCE

As testament to the Group's commitment to achieving high building quality, our projects continue to receive commendable scores from leading regulatory boards such as BuildQas Consulting Singapore and the Construction Industry Development Board ("CIDB").

In 2022, the Group's Lot 15 SJCC project achieved a score of 80.2% in the BuildQAS Assessment from BuildQAS Consulting Singapore and a score of 79% in the QLASSIC Assessment from CIDB. Meanwhile, our MCT LakeFront Residence project achieved a score of 79% in the QLASSIC Assessment from CIDB.

Similarly, our Ativo Suites, Damansara Avenue project was awarded a score of 80% in the BuildQAS Assessment from BuildQAS Consulting Singapore and in the QLASSIC Assessment from CIDB respectively. These scores serve to strengthen our foothold as a reputable and reliable developer within the industry.

MOVING FORWARD INTO FY2023 AND BEYOND

As we venture forth, the International Monetary Fund in its January 2023 World Economic Outlook publication has forecast that global growth is projected to fall from an estimated 3.4% in 2022 to 2.9% in 2023, then rise to 3.1% in 2024. The rise in central bank rates to fight inflation and Russia's war in Ukraine continue to weigh on global economic activity. While the rapid spread of COVID-19 in China dampened growth in 2022, the reopening of its economy has paved the way for a faster-than-expected recovery.[3] However, given the risk of contagion from the current banking crisis in the US, as well as heightened tensions between the US and China, there is much uncertainty on the way forward for the global economy.

Although downside risks have risen on the global front, including global supply chain disruptions due to the Russia-Ukraine war, Bank Negara Malaysia ("BNM") forecasts that there is no risk of a recession for Malaysia in 2023, as the economy will be supported by an improvement in domestic demand. For 2023, domestic demand is expected to continue driving economic growth, although at a more moderate rate of 4% to 5% due to challenging external factors. The recovery of the labour market and the realisation of multi-year investments is also expected to support the nation's economic growth.

Following annual growth of 5%[4] in 2022, Malaysia's construction industry is expected to expand by 3.5% in real terms in 2023, supported by works under the 12th Malaysia Plan and funding through the 2023 Budget. For the short term, acute labour shortages and rising inflationary pressures are expected to weigh on construction demand. However, the projections are that between 2024 and 2027, the construction industry is expected to register an annual average growth rate of 6.2% driven by investments in large-scale transport and energy projects. Construction industry growth will be further supported by the government's aim of establishing the Public Private Partnership (PPP) 3.0 model, a specialised mechanism to fund infrastructure projects under the 12th Malaysia Plan between 2021 and 2025. Furthermore, in January 2023, as part of the Masyarakat Madani policy, the local Government Development Ministry, will be focusing on the construction of 500,000 housing units by the end of 2025.

Although the projected economic growth is not likely to meaningfully uplift the domestic property market, the current economic climate can be deemed favourable for developers, particularly those who are targeting the middle-income segment. The pause in the interest rate upcycle and the stabilisation of building material costs is also expected to provide some relief to developers.

The property industry is also expected to benefit from the Malaysian government's announcement that it will be easing the rules relating to foreign labour hiring. This positive change may have the most impact on developers with sizeable unbilled sales as the fast-tracked construction and development processes will be translated into quicker recognised billings. Moreover, the reopening of China's borders may signal the return of Chinese buying interest in Malaysian properties, although this will be at the higher end of the price spectrum given the minimum price thresholds that are in place for foreign buyers.

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

[3] Extracted from the IMF's January 2022 World Economic Outlook publication – refer https://www.imf.org/en/Publications/WEO/Issues/2023/01/31/world-economic-outlook-update-january-2023

[4] Adapted from a report by Global Data dated 17 March 2023 – refer https://www.globaldata.com/store/report/malaysia-construction-market-analysis-2/

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

As the Group ventures forth, we will continue to improve the sustainability of our business by aligning our value-creation endeavours with our strategic objectives, both for the near-term and the long-term. This will entail prioritising the strengthening of our workforce and construction standards, as well as driving efficiency in project timelines while artfully managing our cashflow and resources. As the Group focuses 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 continue to be spearheaded by PMSB, which continues to steadfastly expand its reputation as a trustworthy builder that delivers excellent results within budget.

As at 31 December 2022, the Group had an outstanding order book of RM0.8 billion, comprising five ongoing projects. With the new projects secured in the first quarter of FY2023, the outstanding order book has increased to RM2.1 billion. These projects are expected to contribute towards our construction income for FY2023. On top of this, the concessionaire and maintenance income will provide consistent additional income due to the concession's stability.

However, the Group will still have to contend with the challenges of high construction material costs and the tight supply of foreign construction workers. While these challenges are expected to impact our construction business for FY2023, we are taking the appropriate measures to mitigate these challenges. Moving forward, in view of the scarcity of projects in the market, we will do all that we can to strengthen our competitive advantage.

As we venture forth into FY2023, PMHB is cautiously optimistic of turning in a resilient performance. Having considered economic conditions and ever-evolving market trends, the Board and Management of PMHB remain steadfast in our commitment to creating value for our diverse stakeholders. We will 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.

ACKNOWLEDGEMENTS

On behalf of PMHB, I wish to convey my sincere gratitude to all those who have supported us as we navigated the challenges of the year in review.

Firstly, our heartfelt thanks goes to the Management Team and valued employees of our subsidiaries and associate companies. Your dedication and commitment to upholding excellence has certainly done much to help PMHB overcome another difficult year. To my esteemed colleagues on PMHB's Board and Management Team, thank you for your astute leadership and careful guidance which has helped us to establish a stronger footing moving forward.

I would like to convey our sincere appreciation to Datuk Hj. Subhi Bin Dziyauddin for his invaluable contributions to PMHB during his tenure with us. Datuk Subhi was appointed to the Board as the Director and Deputy Chairman of the Company on 8 August 2012 and has served as a Non-Independent Non-Executive Director. We wish him all the best on his retirement.

Last but not least, our utmost appreciation goes 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.

Looking ahead, marketplace difficulties notwithstanding, we will remain steadfast in our goal of creating sustainable value for the long term. To this end, we humbly request that all our stakeholders continue to lend us their unstinting support as we focus our efforts on strengthening our businesses, capitalising on new opportunities and overcoming all challenges that may come our way. The future bodes well for PMHB. Thank you and stay safe, everyone.

WIE HOCK BENG
Managing Director
Pesona Metro Holdings Berhad

OUR SUSTAINABILITY COMMITMENT

Being a responsible and conscientious corporate citizen, Pesona Metro Holdings Berhad ("PMHB" or "the Group") is committed to delivering holistic, long-term value to its diverse stakeholders including the communities in which it operates, while safeguarding the environment. To this end, the Group continues to embed sustainable practices throughout the length and breadth of its organisation. Today, the Group's sustainability agenda continues to be upheld via a sustainable business model that enables PMHB to preserve the interests of its internal and external stakeholders as well as implement efficient operations across the Group as a whole.

COMMITTED TO CREATING SUSTAINABLE VALUE

PMHB is an investment holding company listed under the Construction sector 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 trading of building-related materials.

The Group's primary commitment is rooted in developing a sustainable future for itself through the creation of long-term value for its stakeholders. This value is developed and achieved through PMHB's consistent effort in creating sustainable progress on the Economic, Environmental and Social ("EES") fronts. The implementation of responsible and sustainable management practices has enabled PMHB's operational efficiencies to continually be enhanced, allowing for the steady increase in business momentum across the Group.

SUSTAINABILITY REPORT

SCOPE AND BOUNDARY OF THIS REPORT

This is PMHB's seventh Sustainability Report ("Report") to date. It encompasses the key material EES activities that the Group carried out in financial year 2022 ("FY2022") through engagement with both its internal and external stakeholders. The Group has ensured that the highest levels of transparency and accountability have been observed in the process of crafting this Report.

Reporting Period

1 January 2022 – 31 December 2022.

Reporting Cycle

Annually.

Business Entity Covered

The scope of this Report is confined to the activities of Pesona Metro Sdn Bhd ("PMSB"), the Group's Construction Division and its main subsidiary which contributes the majority (93%) of the Group's annual turnover. It specifically reports on the material issues related to PMSB's principal business activities and excludes coverage of the activities of PMHB's other subsidiaries. The Group's primary business ventures centre predominantly on the construction of commercial and residential buildings in Peninsular Malaysia.

Guidelines

This Report aligns with and complies with Bursa Securities' Sustainability Reporting Guide (3rd edition).

Report Content

The contents of this Report describe the significant material matters which are material or of importance to PMHB's stakeholders. This Report complies with the rules and regulations of the relevant local authorities and is to be read in conjunction with the rest of the Group's 2022 Annual Report which covers other financial and non-financial aspects of the Group's business. While this Report has not been subjected to external assurance, it aligns with PMHB's aim to first streamline its sustainability data collection and monitor its activities before seeking external assurance.

Methodology

The Group's Executive Committee has proposed the various aspects and concerns highlighted in this Report in line with PMHB's regular practice. This Report has been approved by the Board of Directors as well as executed by the Working Committee.

PMHB's Sustainability Journey

Established in 1996, PMHB remains steadfast in its commitment to grow and operate as a responsible corporate citizen. The Group first incorporated its Sustainability Framework in its processes following Bursa Securities' introduction of Sustainability Reporting in 2016. This Sustainability Framework acts as guide to PMHB's business activities and operations, ensuring that the Group's efforts are consistently directed towards building a sustainable business and future for its stakeholders.

The Group's efforts to rigorously comply with sustainability standards and embed the relevant sustainability components into its businesses are helping to enhance its focus on operational efficiencies, cost savings, enhanced revenue generation and innovation for the long-term.

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 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 are continuously upgrading our equipment to ensure that our safety, health and environmental practices comply with regulatory requirements.

ENVIRONMENT

Being 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.

LABOUR PRACTICES

The Group 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.

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

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

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)

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

SUSTAINABILITY REPORT (CONT'D)

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.

The Executive Committee has oversight for the processes related to studying, formulating and strategising the sustainability framework for the Group. It is also responsible for the development of the Sustainability Report and Policy.

The Sustainability Working Committee is tasked with closely monitoring and achieving the Group's sustainability targets. Its findings are shared at quarterly reviews where any gaps between the targets and the results are subsequently finetuned.

Board of Directors

PMHB's Board of Directors ("the Board"), comprising an efficient and knowledgeable team of professionals with a broad and diverse range of experiences and expertise, is dedicated to implementing an agenda that upholds good and consistent EES practices. The agenda also serves to promote long-term value creation for shareholders through ensuring the Group invests in measures that promote the sustainable growth of its businesses.

PMHB's Board is also tasked with overseeing, supporting and promoting the smooth implementation of EES efforts within the Group. The Board's mandate is to enhance the Group's business strategy through upholding corporate governance best practices and incorporating the relevant sustainable material matters in the evaluation processes. On top of this, the Board is responsible for implementing planning activities that serve to enhance transparency, integrity and accountability within all areas of PMHB's operations and management activities.

Executive Committee

PMHB's Executive Committee, comprising the Chief Financial Officer ("CFO") as well as the Chief Operating Officer ("COO"), has oversight for the processes related to studying, formulating and strategising the sustainability framework for the Group. The committee is led by the MD, whose role is to report the findings and progress of the Group's sustainability development efforts to the Board. The committee is also responsible for the development of the Sustainability Report and Policy which are strategically aligned to the abovementioned processes. These responsibilities include 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.

Sustainability Working Committee

The Group's Sustainability Working Committee is tasked with closely monitoring and ensuring that the efforts to achieve sustainability targets are aligned with PMHB's implementation of group-wide policies and best practices. The committee's members are strategically 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 as well as to finetune any potential gaps between targets.

The Group continues to evaluate its sustainability governance structure as well as strengthen and restructure it where necessary to enhance the efficiency of PMHB'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 Corporate Governance Overview Statement as well as the Statement on Risk Management and Internal Control in this Annual Report.

SUSTAINABILITY REPORT (CONT'D)

STAKEHOLDER ENGAGEMENT

Stakeholder engagement remains an integral aspect of the Group's sustainability strategy, more so as the Group's businesses and markets continue to evolve and expand. PMHB directs its efforts towards developing and reinforcing ties with its stakeholders to achieve a strengthened position as a stakeholder-centric organisation. 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. This enables us to ensure stakeholder engagement within the Group is continuously aligned with the project development process that runs throughout the project life cycle.

In addition, the Group evaluates the needs of its stakeholders, ensuring they are met in a manner that is timely and efficient, on a regular basis. This practice is achieved through first identifying, then categorising our stakeholders into specific groups based on their direct and indirect impact on the Group's business and supply chain and vice versa. The Group's stakeholders' expectations and the methods by which we engage 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 training sessions/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 and 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.
[redacted]			
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

A stakeholder prioritisation exercise is conducted annually to ensure that our stakeholders' needs are met in a timely and efficient manner. This practice enables PMHB to strategically prioritise how it specifically handles various 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

PMHB's Stakeholder Prioritisation Matrix was developed by organising the analysed data collected throughout the stakeholder prioritisation exercise. The Group's stakeholders were categorised according to the extent of influence that their opinions and views carry for the advancement and development of the Group. The seven top stakeholders have been categorised in terms of their High Dependency-High Influence. At the same time, the remaining stakeholders are categorised 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) Employees 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

PMHB values materiality topics and deems them as issues of high importance as they have the power to impact the Group's ability to create, preserve or erode EES value in relation to the Group, its stakeholders and the community. PMHB strategically addresses these material topics through analysing material and data which provides detailed insights into the EES-related topics that the Group's stakeholders deem as most important. These analyses include specific details on effective engagement methods which includes face-to-face meetings, surveys, feedback and a brief analysis of peer practices.

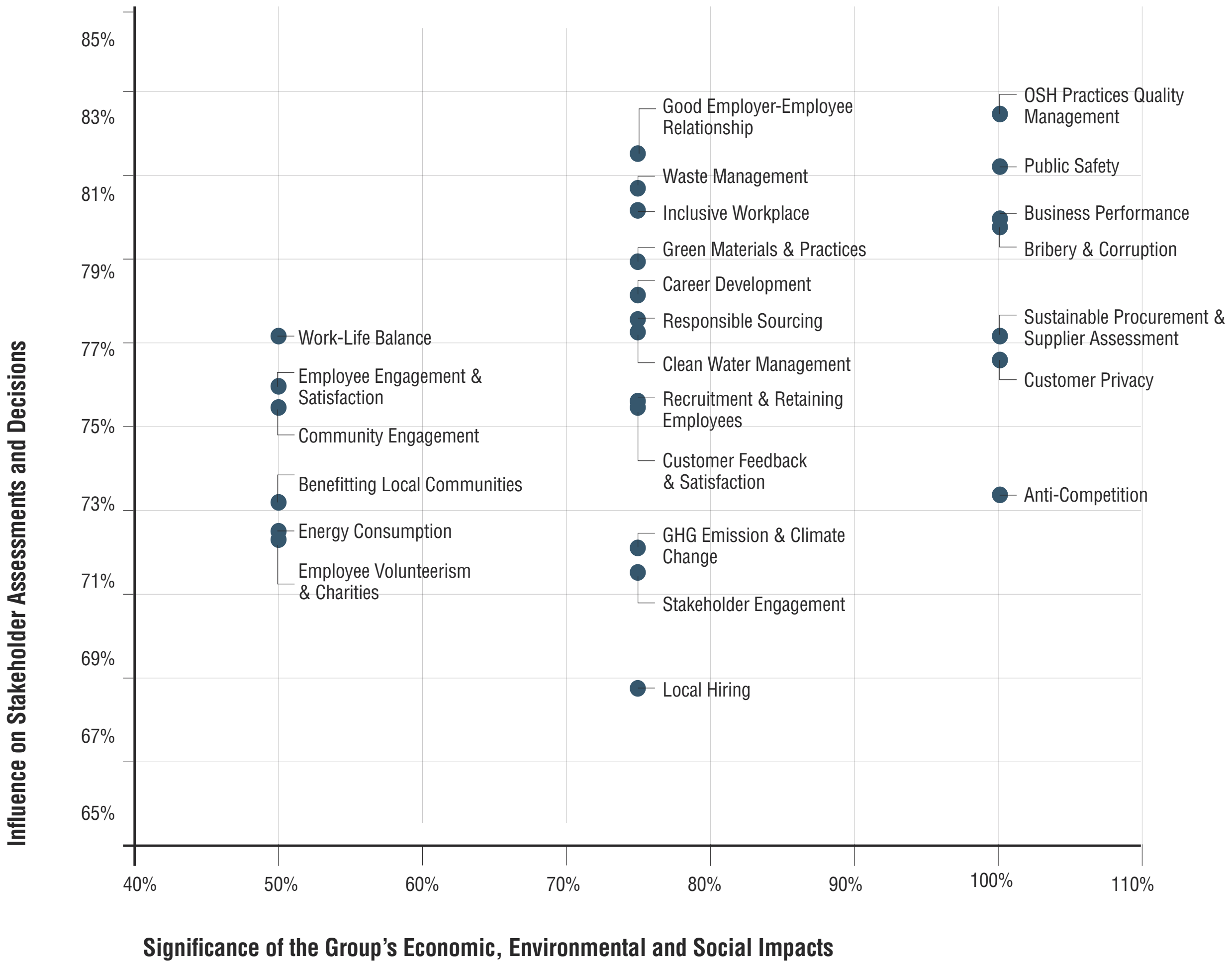
Two of these material analyses were conducted back in February and December 2018. Through the utilisation of Google Forms, a survey was sent out to our stakeholders within the High Dependency and High Influence category, namely PMHB's employees, customers, suppliers, sub-contractors, regulators and authorities, 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 Board 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)

PMHB's current Materiality Matrix below was based on the findings of these analyses. In addition, the matrix was also used as a guide for plotting the 2022 Sustainability Roadmap.

EES Materiality Matrix



UPHOLDING GOOD ECONOMIC PRACTICES

Strategic Direction

In terms of the Group's strategic direction, we are directing our efforts towards strengthening our core businesses to ensure further sustainable growth. By implementing strategic changes where necessary, we are able to maintain good momentum as well as to adapt to everchanging market and economic conditions. For more detailed insights into the Group'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)

2022 Sustainability Roadmap (Targets and Achievements)

Health & Safety		Labour Practices		Environment		Product Quality	
Target	Achievements	Target	Achievements	Target	Achievements	Target	Achievements
Zero Fatality	Not Achieved (Due to a fatality at a project site)	Annual Staff Survey	Achieved	Allowable Construction Waste i) Steel 7% ii) Concrete 5% iii)Timber 10%	Achieved 1.58% 1.00% 3.17%	QLASSIC 73%	Achieved
Zero Lost Time	Achieved	3 Major Festive Celebrations	Achieved			80% Customer Satisfaction	Not Achieved (Average score for 3 projects - 74.1%)
Zero Stop Work Orders	Achieved	Minimum 14 hour/staff Training	6.32 Training Hours / Employee (COVID-19)	Zero Environmental Summons/ Notices	Achieved	75% Sub-Contract Grade B	Achieved
Zero Dengue Cases	Achieved	4 CSR activities	Not Achieved - COVID-19 pandemic			75% Supplier Grade C and above	Achieved
		Internship i) 10 HQ ii) 25 Site	Not Achieved i) 5 HQ ii) 9 Site				
		8 Scholarships	Not Achieved				

The finer details for all the abovementioned sustainability themes are spelt out in the respective sections of this Sustainability Report.

Strengthening the Market Ecosystem

To establish meaningful connections at every level of the supply chain, from our suppliers to our customers, we remain committed to prioritising our marketplace engagement activities. As an active member of the construction industry in Malaysia, PMHB's aim is to cultivate synergistic and strategic relationships that will generate sustainable growth for the long term, thereby strengthening the industry as a whole. The Group also remains committed to enriching the diverse social and industrial circles in which it operates, through investing its resources in initiatives that will help to create sustainable value over the long run. PMHB's main subsidiary, PMSB, continues to spearhead the Group's marketplace efforts within the industry. With construction having significant impact in the nation's economic cycle, the Group looks forward to playing a part in the projected growth and recovery of the economy throughout the course of 2023.

PMHB's humble beginnings go back to its inception in 1996 when it began with just 20 employees. Since then, PMHB has grown from strength to strength and is today a key player within the construction industry of Malaysia with a steady workforce of approximately 400 employees comprising both permanent and contract workers. The Group is committed to employing both local and foreign workers at its construction sites in line with its vision of strengthening trans-border employment and diversity. In addition, its diverse workforce also consists of general workers with various special skills in specific trades including carpenters, bar benders, electricians and special trade workers to assist with the construction work at its sites.

Aside from this, the Group also has a role in supporting specific sectors of the domestic economy through providing jobs within its project sites, as well as prioritising local companies for the purchase of raw materials such as cement, steel and timber. This regular practice enables more avenues of opportunity and growth to be opened for our local producers. In addition, it also reduces the Group's dependency on foreign suppliers which decreases the risk of external macroeconomic factors in its dealings, thereby resulting in a more significant contribution towards the growth of the Malaysian economy. In line with the Group's aim to encourage healthy market competition, its efforts are further complemented by its commitment to engage in prudent procurement practices. 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 potential dangers that stem from the hazardous nature of our work, we prioritise the safety of our people through upholding the strict regulations that govern Malaysia's construction industry. The Group's activities are governed by the rules and regulations of the CIDB, of which we are a member, and are subject to audits by SIRIM. Moreover, being a public listed company, PMHB is governed by the Main Market Listing Requirements ("MMLR") of Bursa Securities.

Being a company that prioritises transparency, PMHB is consistently directing its efforts towards the advocacy of good industry and marketplace behaviour within its operations. As such, the Group exemplifies its zero-tolerance stance towards bribery and corruption through upholding and implementing various practices, values and policies. One of these examples include the PMHB Induction Programme which was first introduced to the Group in 2019. This programme enables us to strengthen transparency across our workforce via acquainting all our new employees with the Group's firm stand against white-collar crime. This initiative is further supported by the group-wide introduction and implementation of the Zero Tolerance Policy, which can be found in the Group Employee Handbook.

PMHB 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 Group's 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 www.pesona.com.my

To make sure that our governance framework consistently remains comprehensive and up-to-date, we work closely with the relevant regulatory bodies to ensure stringent compliance with regulatory requirements. Today, 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 came into effect on 1 June 2020. In addition to this legislation, PMHB has 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

The Group continues to be recognised for its commitment to upholding excellence throughout its operations. The Group did not participate in any safety events last year. Due to the reasons that were unique to 2022, physical gatherings were not encouraged in this specific area. For the details of the awards and accolades that PMHB 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

One of our key goals is to mitigate the negative impact of our operations and businesses upon the environment. To this end, the Group puts into practice various strategic initiatives that allow us to bolster our protection and preservation of the environment in a sustainable manner. To ensure environmental awareness is inculcated throughout every level of the Group, we continue to roll out educational and awareness programmes to our valued employees, workers, sub-contractors and suppliers. This is helping us ensure that environmental conservation is continuously advocated across the Group.

Green 5S Practices

In line with our ambition of cultivating a "greener" organisation, PMHB was one of the first builders in Malaysia to subscribe to the 5S methodology. The 5S methodology enables our project sites to continually remain organised, clean and incident-free. All of the Group's projects have been audited by the SIRIM Green 5S team for their relevant Green 5S practices. PMHB's The Mews project site was the first of our sites to achieve a Zero Non-Conformance Report under SIRIM's Green 5S Audit back in 2017.

Upon Malaysia entering the endemic stage and pandemic restrictions being lifted, the Group was able to conduct 5S Awareness training sessions at six project sites and three 5S Awareness training sessions at Headquarters (HQ), during the year in review. In addition, the Group also organised 46 weekly 5S Site Coordination and Surveillance sessions as well as three HQ 5S Monthly Audit sessions.

The SIRIM Green 5S Audits provide a formal track record of the Group's 5S efforts. These audits enable us to track our progress in relation to 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.

7-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
2022	TNB Gold, Bangsar	0	2

* *Back in 2021, due to the COVID-19-induced operational restrictions, we did not conduct any auditing exercises at our sites.*

SUSTAINABILITY REPORT (CONT'D)

Environmental Talks

As part of PMHB's aim to cultivate a greener organisation, the Group remains compliant with regulatory requirements. The Group's environmental preservation efforts are regulated by systems that keep it on course as part of its efforts to be a good practitioner. These regulatory systems are complemented by quarterly refresher courses and sharing sessions with project teams, enabling the Group to adopt a more comprehensive approach in relation to its check-and-balance efforts.

The successful maintenance of PMHB's 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 2022 can be seen in the following table:

	2018	2019	2020	2021	2022
Environmental Talks during EMS Internal Audits at Project Sites	5	7	7	14	19
Environmental Talks during EMS Internal Audits at Headquarters	1	4	5	7	12
Induction Programme (EMS Session) – introduced in Nov 2018	1	5	2	2	1

The Group's new employees are required to undergo an introduction to PMHB's culture and our commitment to environmental conservation and 3R activities as part of their induction process. In addition, new employees are also encouraged to uphold group-wide campaigns such as the Styrofoam Food Packaging Campaign which we continued to implement throughout FY2022. The campaign strictly prohibits the use of plastic/polystyrene food and beverage packaging at our offices and project sites. We aim to minimise the use of non-biodegradable waste by encouraging our workers and employees to utilise reusable containers in lieu of single-use plastic.

Materials Management

In line with the Group's goal to minimise waste, PMHB has implemented a materials management programme at all its project sites. Our materials management programme continues to deliver stable and effective results by mitigating processes that may lead to waste at the Group's project sites. This is done by meticulously budgeting construction materials across 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

The Group also sources raw materials locally as well as sets budgets for its purchases in accordance with the number of projects being carried out to support its agenda to minimise waste. 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	2022
Steel Bar (tonnes)	18,487	10,557	10,472	10,110
Concrete (m^3)	188,944	95,222	114,721	86,597
Timber (tonnes)	1,159	506	288	553

PMHB has set a limit for the maximum amount of acceptable wastage in our 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 FY2022.

	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)

As we make good progress forward in our conservation of resources, we will continue to further review and strengthen the Group's materials management programme for better results. Through the continuous monitoring of the construction materials wastage output, the dedication of our site management teams, and the reduction of the materials management percentage, the programme has proven successful thus far. Moving forward, we will continue to work closely with our teams to take the necessary actions to mitigate any potential wastage.

Utilities Management

In line with our aspiration of becoming more eco-friendly, the Group practices resource consolidation, particularly in the area of construction materials and the consumption of utilities across its project sites. The consumption of essential utilities such as diesel, petrol, water and electricity at our construction sites is closely monitored to further reduce the Group's carbon footprint.

In addition, the Group also advocates the importance of the conservation of water through the utilisation of rain-water harvesting methods. This sees recycled water being used to supply water for cleaning purposes at sites as well as to wash tyres and other objects. The amount of potable water used is also monitored and determined by the number of workers residing at each site. The Group's water usage at our project sites have been decreasing significantly from year to year. However, in 2022, there was an increase in water usage at HQ due to all staff returning physically to the office.

Water Usage (m^3)

	2019	2020	2021	2022
Project Sites	94,728	90,614	127,532	100,351
Headquarters	1,754	1,735	1,711	1,793

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. In 2022, diesel utiliisation decreased even further due to the completion of three construction projects during the year.

Diesel Usage (litres)

	2019	2020	2021	2022
Project Sites	656,640	473,248	108,099	89,571
Headquarters	9,120	8,610	7,669	7,501

Electricity Usage (kWh)2

	2019	2020	2021	2022
Project Sites	2,464,521	2,892,113	3,347,919	1,947,840
Headquarters	142,885	139,412	109,515	124,247

The primary use of petrol within PMHB is limited to fuelling the vehicles that ferry workers and employees to and from the Group's sites. Because of its limited use, the amount used is significantly smaller than other utilities. Since petrol remains a contributor to the Group's carbon footprint, we have included it in this Report. The increase in petrol usage in 2022 was attributable to the return of our staff to the Group's sites.

Petrol Usage (litres)

	2019	2020	2021	2022
Project Sites	67,726	68,655	52,123	52,778
Headquarters	89,616	70,300	53,962	71,278

SUSTAINABILITY REPORT (CONT'D)

Waste Management

PMHB's initiatives to limit the generation of general waste falls under the ambit of a 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 enable us to achieve these targets in a sustainable manner:

Waste Management Targets and Programmes

Minimising Formwork Wastage

In order to reduce the high percentage of timber wastage that is involved in the manufacturing and temporal usage of conventional frameworks, the Group utilises non-conventional recyclable formworks. The recyclable formworks that are currently 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, PMHB still requires timber formworks for project structures that are not identical which require more flexible formwork.

Optimising Formwork Usage

We first achieved a stable 90% rate of system formworks usage at all our sites in 2019 and we continue to maintain this milestone today. This achievement reflects our efforts to reduce the usage of timber formworks at project sites through the long-term investment in fixed assets such as system formworks.

Minimising Packaging Waste

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

Minimising Rework

PMHB addresses waste management in our projects through reducing the level of rework in the construction process by carefully inspecting projects while they are still in the blueprint phase. By employing

innovative technologies such as Building Information Modelling ("BIM") and Virtual Design and Construction ("VDC"), the Group is able to locate potential errors that may occur prior to the construction phase of our projects. Bringing correction and alignment 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. PMHB's BIM team continues to oversee this vital aspect of the construction process.

Minimising Instances of Damaged Materials

PMHB's implementation of the 5S system ensures the presence of safe and proper storage of materials at our construction sites. This further reduces unnecessary expenses incurred by the Group as it lowers the risk of materials being damaged. 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 line with our agenda to become more eco-friendly, we continue with our efforts to minimise waste in other areas too. In FY2022, we continued to partner with NGOs to process the recyclable waste collected from our HQ as well as the homes of our employees. This practice serves to instil a sense of responsibility amongst our employees when recycling. In addition to this, our project sites also continue to uphold proper recycling practices by repurposing construction waste where possible as well as transporting recyclable waste to recycling centres.

Results of 2022 Recycling Efforts (kg)

	Headquarters					All Project Sites				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
Carton Boxes/Cardboard	6,687	4,222	6,458	4,080	2,770	9,333	13,974	51,950	44,439	30,167
Plastics & PVC	883	343	343	94	34	2,297	8,812	26,398	6,667	2,394
Metal/Aluminium/Iron	0	20	25	5	3	547	624	1,763	1,363	925
Others (shredded paper, glass, unused film)	1,699	2,852	3,613	-	-	116	1,705	9,780	9,897	3,553

Pollution Control and Management

Aside from our recycling efforts, the Group also aims to strategically manage its carbon footprint significantly through estimating the potential carbon output of every project prior to the commencement of each project. With the trusted help of a sustainability consultant, the Group's projects are 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.

In addition to measuring its carbon output, PMHB also continues to uphold the reinforcement of its environmental performance in its construction activities through several measures which are not only friendly to the environment, but also 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

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

- Strategic Environmental Management Planning: PMSB's 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:
LABOUR & DECENT WORKPLACE PRACTICES

The Group remains committed to treating all members of its workforce respectfully and equally, regardless of race, background, gender and age. PMHB's "fair and equal opportunity policy" acts as a guide in our approach to human resources as outlined in our Employee Handbook. As a forward-thinking organisation, the Group 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 of Directors currently comprises one female Director, namely Pn. Salwa Binti Shamshuddin, an Independent Non-Executive Director, who also serves as a member of the Audit Committee. A valued member of the Board, Pn. Salwa's input enables the Group to uphold a more balanced, well-rounded sharing of views and opinions between the genders through her diverse experiences and insightful perspectives. Moreover, her appointment to the Board is compliant with Bursa Securities' recommendations to foster gender equality on the Board.

PMHB's Workforce

PMHB's success can be attributed to the tremendous and continuous efforts of the hard-working, ever committed, and talented individuals who form our valued workforce. As of December 2022, the Group registered a total count of 254 employees (end 2021: 296 employees). The following table details the composition of the Group's workforce over the past three years:

	2020	2021	2022
Total Number of Employees	367	296	254
Gender (Gender Equality):			
Male	77%	73%	74%
Female	23%	27%	26%
Age (Inclusivity):			
> 50 years old	17%	18%	18%
30 – 50 years old	55%	57%	60%
< 30 years old	28%	25%	22%
Race (Diversity):			
Malay	56%	52%	52%
Chinese	35%	38%	38%
Indian	7%	7%	7%
Others	2%	2%	2%
Type of Employment (Fair Employment Policy):			
Permanent	45%	48%	49%
Contractual	55%	52%	51%
Nationality (Local Labour Employment):			
Malaysian	100%	100%	100%
Non-Malaysian	0%	0%	0%
Skills (Product Quality):			
Technical	79%	77%	77%
Non-technical	21%	23%	23%
Years of Service (Talent Attraction & Retention):			
< 1 year	23%	5%	11%
1 – 3 years	22%	29%	8%
> 3 – 6 years	27%	26%	25%
> 6 – 10 years	17%	23%	31%
> 10 years	11%	17%	25%
Staff Turnover Rate	20%	26.67%	27.84%
Health & Safety:			
Worked Manhours	11,400,772	8,435,172	5,727,975
Fatal Accidents	0	0	1
Lost Time Injury Accidents	0	0	0
Accident Frequency Rate/Million Hours	0	0	0

SUSTAINABILITY REPORT (CONT'D)

As a progressive organisation, the Group focuses its efforts on further developing the demographic of our female employees in the construction industry where male-domination is evident. This growth is reflected in PMHB's current workforce gender ratio and will remain a top priority for the Group.

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

In FY2022, PMHB's staff turnover rate increased to 28% from 26% compared to the year prior. The Group optimistically views the staff turnover cycle as a healthy contributor to operational sustainability as the stream of new recruits into PMHB allows for the cultivation of new ideas, fresh perspectives and approaches to take place on an annual basis. In addition to all this, younger employees are also 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.

We regret to report that in May 2022, a valued member of our workforce lost his life due to electrocution while installing a gondola at the Tria9 project site in Seputeh. We wish to extend our deepest condolences to all those who were affected by this incident. The Group has taken all the necessary measures to investigate the incident and has put in place the necessary precautions to prevent such a recurrence while upholding the safety and protection of our valued team. For information on our health and safety initiatives, please refer to the "Occupational Health and Safety" sub-section within this Social segment.

Human Rights

PMHB continues to implement practices that uphold the rights of all its employees and workers. With regard to our general on-site workers (blue-collar workers), the Group 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.

In line with our agenda to ensure the protection of human rights for our employees, the Group holds strong views against the enslavement of individuals and child labour both as a practice in general and especially within our operations. We believe in striving 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 addition to our transparent practices, all the Group's workers are employed via legal means, ensuring the ownership of 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. This handbook also highlights the various benefits that our employees are entitled to.

Work-Life Integration

The nature of work in the construction industry often requires our employees and workers to undertake lengthy periods of strenuous activity. To offset the potential constraints of a demanding 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

PMHB highly encourages its members to prioritise a healthy work-life balance in line with our belief that all members of the Group 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 engaging activities include various sports such as futsal, bowling and badminton which are held on a weekly basis. In addition to these activities, the Group'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 total, the Group organised 156 physical activities for its members in FY2022 compared to the 55 physical activities organised in the year prior. This significant increase was due to the fact that COVID-19 related restrictions for face-to-face gatherings finally came to an end upon the nation's transition to the endemic stage in April 2022.

SUSTAINABILITY REPORT (CONT'D)

Education and Personal Development

PMHB is committed to contributing to the nation's economic development through offering undergraduate internship programmes at both its construction sites and offices. In FY2022, the Group continued the implementation of 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.

Internship Programme

In FY2022, the Group accepted a total of 14 brand new interns with nine interns at HQ and an additional five interns at its construction sites during the year in review. These internship placements are the results of the sponsorship initiatives which PMHB continues to carry out in conjunction with the Universiti Tunku Abdul Rahman ("UTAR").

	2019	2020	2021	2022
Interns at HQ	10	11	3	5
Interns at Project Sites	46	29	7	9
Total	56	40	10	14

Training & Development

In FY2022, the Group's employees underwent a total of 6.32 training hours in comparison to 0.62 training hours per employee in the year prior. Training and development took place as per the training categories listed below:

	2019	2020	2021	2022
Health & Safety	25	10	1	3
Quality & Technical	29	13	9	15
Environmental	9	4	1	2
Corporate Governance	5	1	0	0

The increase in the number training hours over FY2022 can be attributed to the reduction in gathering restrictions as we transitioned to the endemic phase.

Employee Reward and Recognition Practices

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

Employee Recognition Awards

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

- **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 our 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.

However, similar to the situation in FY2021, we did not carry out any recognition programmes in FY2022, as operational restrictions made it difficult to gather the data necessary for the efficient execution of the programme.

SUSTAINABILITY REPORT (CONT'D)

Annual Appraisal

In addition to our recognition awards, the Group is also committed to practicing an appraisal exercise that serves to help our employees shape and frame their career paths. In this exercise, our employees are rewarded at the end of every financial year following an evaluation and appraisal of their performance, competency and personal attributes. This process also further enables the Group to examine 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 the implementation of these necessary measures to assist and inspire our employees to continuously aim higher and achieve their career goals while meeting the Group's requirements.

Employee Welfare and Benefits

The Group provides standard employee benefits such as general group health insurance, medical claims, paid and special leave, as well as travel and outstation allowances to members of our workforce. On top of these benefits, PMHB 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.

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

As representatives of the Group, our employees are also required to uphold the Employee Code of Conduct. 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.

As part of the Group's employee engagement efforts, PMHB carried out its fifth groupwide employee survey in FY2022 to further strengthen our workforce. PMHB garnered a total of 82 responses to the 2022 survey, thus meeting the Group's target of reaching a minimum response rate of 25%.

Employee Engagement

PMHB understands and acknowledges that clear and consistent communication plays a key role in an organisation's success. As such, we continue to organise opportunities to further enhance 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 strengthening and cultivation of management-employee relationships, through developing better levels of trust and communication. The following initiatives are also part of the Group's agenda for engagement:

Annual Employee Survey

As part of the Group's employee engagement initiative, PMHB carried out its fifth groupwide employee survey in FY2022 to further strengthen our workforce. The term "employees" refers to all staff members who are registered under the Group's payroll. PMHB garnered a total of 82 responses to the 2022 survey, thus meeting the Group's target of reaching a minimum response rate of 25%.

Greater Use of Technology Platforms

In order to maintain a steady line of communication with our diverse stakeholders, the Group leverages advanced digital communication platforms. By according our employees easy access to social interaction platforms such as WhatsApp which facilitates seamless data communication on a real time basis. we are enabling our teams to more effectively track project progress. In addition, PMHB also employs its intranet platform, eBoard, which enables the dissemination of corporate information, project updates and group-wide activities to all employees on a common platform, resulting in better communication across the Group.

SUSTAINABILITY REPORT (CONT'D)

SOCIAL: OCCUPATIONAL HEALTH AND SAFETY

Recognised for Good Health and Safety Measures

Due to events that were unique to 2022, the Group did not participate in any safety award events last year as physical gatherings were discouraged in this specific area.

Continuing to Uphold Stringent Health and Safety Standards

PMHB is deeply committed to upholding the highest occupational health and safety ("OSH") standards throughout our operations. We continue to subscribe to OSH best practices through the most recent upgrade of ISO 45001:2018, a system under the renowned international standards for occupational health and safety. The mandatory participation of leadership within this new standard propels our management teams to commit to continuously being intentional when it comes to embedding good OSH practices within the purchase-decision-making process, thereby resulting in a healthier and safer working environment across the organisation.

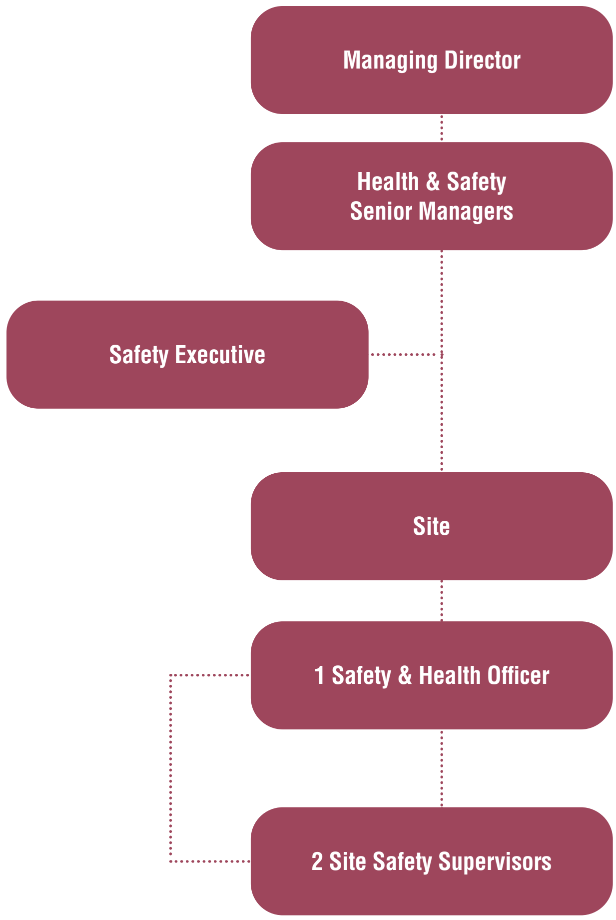
Our Health and Safety Policy

In line with our agenda to uphold health and safety as a fundamental priority within our organisation, the Group continues to direct its efforts towards establishing a more coherent and preventative working environment. PMHB has embedded strict regulations within our operational facilities which requires all personnel to fully comply with these mandatory regulations. Establishing a comprehensive definition of rules and regulations within our operational workflows has not only equipped our workforce to be more insightful with their roles and responsibilities but has also resulted in the development of safe working practices across the Group.

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

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

As part of our efforts to uphold high standards of OSH practices throughout the Group, we continued to implement the following activities at our project sites in FY2022:

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 2022, 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 2022, there were only six medical treatment cases over the 5,727,975 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.	58% achieved	In 2022, some 58% of our Site Supervisors passed as compared to the 60% passing rate we achieved in 2021.
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 2022, while SSS attended external courses/training sessions in the same year.

SUSTAINABILITY REPORT (CONT'D)

Training

Throughout the year, the Group proactively conducts various training sessions which specifically cater to the individual needs of each project site as well as the workers therein. These sessions serve to promote safe work practices while reducing any incidents that may potentially occur due to human error. The sessions are typically divided into three types of training as follows:

- **On-the-Job Training:** PMHB's on-the-job training module serves to equip our 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:** Our internal training aims to educate our safety staff and all our 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 in ensuring the safety of our valued workers and staff members.

Inspections

Throughout FY2022, HQ continued to schedule weekly site inspections to ensure the relevant KPIs were fulfilled at each site. These comprehensive inspections which spell out the health and safety requirements for each site also cover the requirements for all heavy machinery in use such as tower cranes, mobile cranes, passenger hoists, air compressors, oxy-tanks, forklifts, bob-cats, as well as small power tools such as welding tools, fire extinguishers and even ladders.

Internal Audit

In order to ensure that all construction sites are operating in compliance with PMHB's safety standards, the Group's Head of Department ("HOD") Senior Safety and Health Manager conducts internal audits at each project site on a quarterly basis to assess each site's safety records, documentation and site practices. To date, the Group 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 inspires project teams to adopt the best safety frameworks and habits, irrespective of their positions and trades. The BBS programme is implemented and led by each site's respective Head of Project. This programme aims to encourage our 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 focuses on 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

The Group's first Monthly Safety Reward and Recognition Programme was initiated in 2019 to celebrate and honour the efforts of our employees who maintain and improvise site safety. In line with our agenda to cultivate diligence, stewardship and overall good behaviour at the workplace, PMHB 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.

In line with our agenda to cultivate diligence, stewardship and overall good behaviour at the workplace, PMHB implemented a rewards and recognition system to drive this goal.

SUSTAINABILITY REPORT (CONT'D)

SOCIAL: COMMUNITY/SOCIETY

The Group is committed to enhancing the livelihood of the communities that we operate in and to developing a better Malaysia by undertaking effective corporate social responsibility ("CSR") initiatives. To this end, we continue to organise CSR activities which include visits to charitable organisations as well as maintain a scholarship programme. Through a culture of continuously caring, we aim to inspire our employees to engage in charitable activities that enrich the communities that we operate in.

In previous years, PMHB's visits to charitable homes were a regular practice which formed a significant portion of our community-based activities. The continued circumstances of the COVID-19 pandemic, however, have increased the health risks of running these events, making them both unsafe and impractical for the time being. Despite the reduced COVID-19 restrictions in FY2022, the Group did not venture forth to undertake any CSR activities.

Number of New Scholars			
2019	2020	2021	2022
9	-	1	-

Total Annual Scholarship Amount			
2019	2020	2021	2022
RM 215,000	RM 210,581	RM 125,000	RM 75,000

Members of PMHB are also encouraged to cultivate a culture of caring in their lifestyles through organising their own personal charitable initiatives. Our aim is to develop a workforce that is inspired to achieve excellence for the betterment of themselves and the communities around them.

SOCIAL: PRODUCT RESPONSIBILITY

In line with PMHB's focus on maintaining sustainable business growth, the delivery of high quality products and services remains an integral part of its value proposition. To carry this out, PMHB continues to implement the appropriate measures to ensure the certification of 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 for the long term. 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. The Group's Quality Assurance and Control team has set a QLASSIC score of 73% as the minimum score to be achieved in all our projects upon completion. Establishing a minimum score encourages the Group to further maintain consistent levels of excellence in all its projects comprising high quality results that are delivered on time, enabling the name of our brand to be strengthened.

The following roadmap enables PMHB 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.

Over the course of FY2022, PMHB successfully completed three construction projects, namely Lot 15 SJCC in Subang, Ativo Suites in Damansara Avenue, as well as MCT LakeFront Residence in Cyberjaya. The Group scored above and beyond the minimum required score for another consecutive year with all three of our projects. The Lot 15 SJCC and MCT LakeFront Residence projects achieved a Quality Assessment System in Construction or QLASSIC score of 79% while the Ativo Suites project scored an impressive 80.2%. This assessment was carried out in an unbiased manner according to the QLASSIC criteria by third-party assessors from the CIDB.

In addition, the Ativo Suites project located in Damansara Avenue as well as the Lot 15 SJCC project located in Subang also underwent a BuildQAS assessment (Singapore Standards), whereby they achieved a total score of 80% and 80.2% respectively. The BuildQAS Assessment from BuildQAS Consulting Singapore 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. These scores serve to strengthen the Group's foothold as a reputable and reliable developer within the industry.

Customer Satisfaction

When it comes to customer satisfaction, the Group assesses the quality of its offerings and services through our customer satisfaction standards. These standards serve as a gauge enabling us to ensure the maintenance of the standard of excellence within our organisation. In order to achieve this, the Group 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 knowledge.

In addition to these assessments, the Group 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 as well as 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	2022
Less than 50%	-	-	-	-	-
50% to less than 80%	-	-	-	-	Lot 15 SJCC project: 75.6% MCT LakeFront Residence project: 68.9% Ativo Suites project: 77.8%
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%	0%

Over the course of FY2022, the Group achieved a customer satisfaction rating of 68.9% for its MCT LakeFront Residence project, 75.6.% for its Lot 15 SJCC project, and 77.8% for its Ativo Suites, Damansara Avenue project.

Sub-Contractor Evaluation

The Group is committed to upholding high standards of quality and believes it is crucial that our sub-contractors also do the same. PMHB's sub-contractors add significant value to our organisation as they play a vital role in our operations. In line with this commitment, PMHB 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.

Following a letter grading system, this assessment requires all sub-contractors to achieve a minimum score of 'B-'. After the completion of the assessment, the Group makes an executive decision to determine if these sub-contractors need to participate in induction courses to assist them in the strengthening 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 the Group's practice includes issuing a notice of warning to all sub-contractors who have underperformed for the first time. If these sub-contractors fail to meet the Group's requirements after the first warning, they will be terminated accordingly in order to maintain high levels of quality across the Group.

In line with our agenda to maintain quality across the Group, we 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 to this process, the Group is also committed to enhancing the procedures within our sub-contractor interview process so as to facilitate more stringent inspections of a sub-contractor's skills and experience. The Group will organise various training sessions which will include meetings and induction programme, further enhancing the skills of our sub-contractors.

Sub-Contractor Evaluation Results

	2018	2019	2020	2021	2022
% of Sub-contractors with B-category and above	75%	71%	-	99.3%	Lot 15 SJCC: 89.3% Ativo Suites: 100%

SUSTAINABILITY REPORT (CONT'D)

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.

Supplier Evaluation Results

	2017	2018	2019	2020	2021	2022
Grade A	-	-	-	-	-	5%
Grade B	75%	100%	100%	65%	47%	95%
Grade C	24%	-	-	35%	53%	0%
Grade D	1%	-	-	-	-	0%

In FY2022, some 95% of the Group's suppliers received a Grade B rating while the remaining 5% received a Grade A rating. PMHB remains committed to helping its suppliers to gradually develop and enhance their standards in a manner that is mutually beneficial for all parties.

Quality, Environment, and Occupational Health and Safety Management Standards

PMHB has completely upgraded its ISO 9001 and ISO 14001 standards to the 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 2023

Moving forward, PMHB will continue to support future business growth by prioritising the delivery and provision of high quality products and services. We will endeavour to continuously strive for excellence in a manner that is both sustainable and responsible. In addition, we will also continue to focus on strengthening and enhancing the Group as a whole while adding significant value to the organisation and stakeholders for the long term.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

THE BOARD OF DIRECTORS ("BOARD") IS COMMITTED TOWARDS ADOPTING THE PRINCIPLES AND 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 2022 ("FY 2022") 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 FY 2022 IS DISCLOSED IN THE CORPORATE GOVERNANCE REPORT ("CG REPORT") WHICH CAN BE VIEWED ON THE COMPANY'S WEBSITE AT WWW.PESONA.COM.MY AS WELL AS THE WEBSITE OF BURSA SECURITIES.

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 key matters reserved for the Board's approval include but not limited to setting overall Group strategy and direction, approving major corporate plans, approving quarterly and annual financial statements, as well as monitoring financial and operational performance of 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 importance 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 ("Group"). 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.

A Conflict of Interest Policy was adopted by the Company on 30 November 2022 to identify and manage any actual, potential and perceived conflict of interest situations between the employees (including Directors) and the Group.

The Directors are 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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 provide guidance to the Group, all its personnel and business associates in order to promote better governance culture and ethical behaviour within the Group and to prevent the occurrence of corrupt practices. The Management will carry out regular assessment on the policy to ensure that it continues to remain relevant, appropriate and effective. The Anti-Bribery and Corruption Policy is available on the Company's website at www.pesona.com.my.

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

The Board 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 minuted, recorded and kept.

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, the Senior Independent Director and Independent Directors, individual Directors and Company Secretaries, including a formal schedule of matters reserved to the Board for consideration and decision.

The Board Charter was last reviewed and updated on 30 November 2022 in accordance with the needs of the Company and new regulations that 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 5 members, comprising 1 Non-Independent Executive Director (being the Managing Director), 1 Non-Independent Non-Executive Director and 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

9. Board Composition (Cont'd)

A brief profile of each Director is presented on pages 18 to 20 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.

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.

The Company had on 29 June 2022 established a Directors' Fit and Proper policy to enhance the governance of the Company in relation to the Board's quality and integrity. The Board and the Nomination Committee shall conduct the fit and proper assessment prior to the appointment of any candidate as Director, or making recommendation for the re-election of retiring Director.

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 was last reviewed on 30 November 2022 and is available on the Company's website at www.pesona.com.my.

The Nomination Committee will 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 the following factors to be considered during the recruitment process:-

(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. The candidates' ability to act independently of management should also be considered.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

11. Nomination Committee (Cont'd)

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.

During FY 2022, 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 independence of the Independent Directors based on the criteria set out in the MMLR;
- 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 trainings attended by the Directors and determined their training needs;
- reviewed and recommended the adoption of the Directors' Fit and Proper Policy to the Board;
- reviewed the Terms of Reference of Nomination Committee and Diversity Policy; and
- reviewed the size and composition of the Board and Board Committees.

On 28 February 2023, 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 12th AGM, taking into consideration their fit and properness, skill sets, experience, professional qualifications, contribution to the Company and time commitment before recommending their re-elections to the Board for approval. Dato' Sri Lee Tuck Fook and Mr Wie Hock Kiong are due to retire by rotation at the 12th AGM. Both Directors had given their consent for re-election at the forthcoming AGM.

The Company has adopted a 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 1 woman director out of the 5 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 2022 are as follows:-

Gender		Age		Ethnicity	
Male	4	40 - 49	1	Malay	1
Female	1	50 - 59	1	Chinese	4
		Above 60	3	Indian	-

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

12. Independent Directors (Cont'd)

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 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 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 12 years from the date of his first appointment as an Independent Director. As such, the Board had updated its Board Charter on 30 November 2022 by limiting the tenure of an Independent Director to a cumulative period of 12 years.

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 2022. 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 8 Board meetings during FY 2022. 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	8/8
Wie Hock Beng	Managing Director	Non-Independent and Executive	5/8*
Wie Hock Kiong	Director	Non-Independent and Non-Executive	5/8*
Loh Kong Fatt	Director	Senior Independent and Non-Executive	8/8
Salwa Binti Shamshuddin	Director	Independent and Non-Executive	8/8

* Mr Wie Hock Kiong and Mr Wie Hock Beng, being the interested Directors, abstained from participating in the Board of Directors' Meetings held on 2 December 2022, 5 December 2022 and 15 December 2022 for the purposes of deliberating on the Appointment of Independent Adviser in relation to the Unconditional Mandatory Take-Over Offer by Mr Wie Hock Kiong and Kombinasi Emas Sdn. Bhd. through RHB Investment Bank Berhad dated 30 November 2022 and the issuance of Independent Advice Circular to the holders of the offer shares.

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 professional development programmes:-

Name of Director	List of Training Programmes/ Seminars attended/ participated
Dato' Sri Lee Tuck Fook	• Rethinking Business Strategies in Driving the ESG and Sustainability Agenda • Malaysia's Reit Forum 2022 M-REITs and the Road Ahead
Wie Hock Beng	• Effective Project & Value Management
Wie Hock Kiong	• Effective Project & Value Management
Loh Kong Fatt	• Audit Oversight Board's Conversation with Audit Committees
Salwa Binti Shamshuddin	• Iron Ore and Steel Market Outlook: Challenges and Opportunities

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 twice during the financial year and all the members registered full attendance.

The Terms of Reference of the Remuneration Committee was last reviewed on 30 November 2022 and is available at www.pesona.com.my

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 package.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

16. Directors' Remuneration (Cont'd)

The Remuneration Policy and Procedures for Directors and Senior Management was last reviewed on 30 November 2022 and is available at the Company's website at www.pesona.com.my.

The details of the remuneration of each individual director for FY 2022 are as follows:

Name of Director	Salary/ Fees RM'000	EPF RM'000	Other benefits RM'000	Total RM'000
Executive				
Wie Hock Beng	600	72	29	701
Non-Executive				
Dato' Sri Lee Tuck Fook	84	-	4	88
Wie Hock Kiong	60	-	3	63
Loh Kong Fatt	60	-	4	64
Salwa Binti Shamshuddin	60	-	4	64

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 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 twice during FY 2022 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 2022 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 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 12th AGM ("the Notice") and the Annual Report are sent to shareholders at least 28 days before the meeting. The additional time given to the shareholders allows them to make the necessary preparations to attend and participate the AGM. More importantly, it provides shareholders sufficient time to go through the annual report and information supporting the resolutions proposed.

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. Administrative Guide was issued to assist the shareholders on the registration, participation and voting using the Remote Participation and Voting (RPV) facilities. 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.

The 11th AGM of the Company was convened on 29 June 2022 and was conducted virtually via the RPV facilities, allowing attendance of the shareholders and proxy holders via remote participation and voting in absentia. The RPV facilities were provided by Tricor Investor & Issuing House Sdn. Bhd. via its TIIH Online website at https://tiih.online and is subject to the Personal Data Protection Policy.

All the resolutions set out in the Notice of the 11th AGM held on 29 June 2022 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 11th AGM is published on the Company's website within 30 business days after the 11th AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

KEY FOCUS AREAS IN RELATION TO CORPORATE GOVERNANCE PRACTICES

The Board had on 29 June 2022 and 30 November 2022 adopted the Directors' Fit and Proper Policy and Conflict of Interest Policy respectively in line with the latest regulatory requirements. Such adoption also provides guidance to the Board on the appointment and re-election of director as well as to manage any potential conflict of interest situation. The Board had also reviewed and revised various existing policies and procedures, as part of its efforts to enhance the Company's corporate governance practices and align them with the latest regulatory requirements, where applicable.

PRIORITIES FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023

The Board took note of the importance of strengthening board oversight and will continue to drive efforts in identifying suitable candidates to enhance the Board's composition, dynamics and succession planning of Board members. The Board will also continue to increase its focus towards embracing ESG into the Group's daily operations and work towards to report the performance of the Company in ESG to the stakeholders.

This Corporate Governance Overview Statement was approved by the Board on 25 April 2023.

AUDIT COMMITTEE REPORT

THE BOARD OF DIRECTORS ("BOARD") IS PLEASED TO PRESENT THE AUDIT COMMITTEE REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 ("FY 2022").

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. THE TERMS OF REFERENCE WAS LAST REVIEWED BY THE AUDIT COMMITTEE ON 30 NOVEMBER 2022.

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.

All members of the Audit Committee are financially literate. None of the members were former key audit partners of the Company's existing External Auditors.

MEETINGS

The Audit Committee held five (5) meetings during the FY 2022 which were attended by all the members as shown below:-

Audit Committee Members	Attendance
Loh Kong Fatt	5/5
Dato' Sri Lee Tuck Fook	5/5
Wie Hock Kiong	5/5
Salwa Binti Shamshuddin	5/5

The Audit Committee meets at least once in every quarter. The Managing Director and Chief Financial Officer were invited to all Audit Committee meetings to facilitate direct communication related to the Group's financial results and clarifying matters raised in relation to operations. The representatives of External and Internal Auditors were also invited to attend the meetings to present their audit plans, audit findings and reports. The Chairman of the Audit Committee reports to the Board on matters discussed at every Audit Committee meeting subsequently as well as the Audit Committee's recommendation, as and when relevant for the consideration of the Board. All deliberations during the Audit Committee meetings, including issues tabled and rationale adopted for decisions were properly recorded.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF WORK OF THE AUDIT COMMITTEE

Summary of work carried out by the Audit Committee in discharging its duties and responsibilities for FY 2022 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 and significant adjustments resulting from audit. 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;

(b) Reviewed the financial statements for FY 2022 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, going concern assumption, completeness of disclosures and compliance with the applicable approved accounting standards and other legal and regulatory requirements;

(c) Reviewed the External Auditors' audit plan for FY 2022, covering the audit engagement team, materiality, audit approach, independence and objectivity, areas of audit emphasis and audit timeline to ensure the work carried out is adequate;

(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 2022. 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 provided by the External Auditors;

(f) Met privately with the External Auditors at the Audit Committee meetings held on 28 February 2023 and 25 April 2023 to ensure there were no restrictions on the scope of audit for FY 2022 and to discuss material issues that arose during their 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 FY 2023;

(j) Met privately with the Internal Auditors at the Audit Committee meeting held on 28 February 2022 to discuss material issues that arose during the course of internal audit. There were no major concerns from the Internal Auditors and they had been receiving full co-operation from Management;

(k) Reviewed the Statement on Risk Management and Internal Control, Audit Committee Report, Management Discussion and Analysis, Corporate Governance Overview Statement and Corporate Governance Report and recommended the same to the Board for inclusion in the 2022 Annual Report;

(l) Reviewed the Terms of Reference of Audit Committee and the External Auditors' Assessment Policy;

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

(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 11th Annual General Meeting held on 29 June 2022.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF WORK OF THE AUDIT COMMITTEE (Cont'd)

The Audit Committee had on 28 February 2023, conducted an assessment on the performance and independence of the External Auditors for FY 2022 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.

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 12th 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 FY 2022 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;

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

(e) Followed up on the implementation of corrective action plans to ensure satisfactory actions have been taken to address previous internal audit findings.

The Audit Committee had on 28 February 2023 reviewed the adequacy of the scope, functions, competency and resources of the internal audit function for FY 2022 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 2022 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 2022, the Company has undertaken processes to review its risk management framework.

Meanwhile, the Board maintains full control over strategic, financial, organisational 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 organized 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 there from 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.

In the year under review and based on the Audit Plan 2022, the following areas are the internal audit compliance reviews undertook by the Internal Auditors:

1) Recurrent Related Party Transaction;
2) Project Management;
3) Project Cost Control; and
4) Follow up on prior internal audits.

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 Board 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, majority are independent Directors. The Audit Committee is not restricted in any way in the conduct of its duties and has unrestricted access to the advice of 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 2022, 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 Statement on Risk Management and Internal Control for inclusion in the Annual Report for the year ended 31 December 2022 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 2022 as set out on pages 76 to 158 of this Annual Report.

ADDITIONAL INFORMATION

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable by the Group and the Company to the External Auditors for the financial year ended 31 December 2022 are as follows:-

	Group (RM)	Company (RM)
Audit fees	109,500	30,000
Non-audit fees	5,000	5,000

RECURRENT RELATED PARTY TRANSACTIONS ("RRPTS")

Apart from the details of RRPTs as disclosed in Note 32 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 29 June 2022.

The Company will not be seeking shareholders' mandate on the RRPTs at the 12th Annual General Meeting as the project for the construction of main building, mechanical and electrical services, external works, landscape and ancillary works for the "Cadangan pembangunan pangsapuri rumah mampu milik (1,260 units) yang mengandungi: 2 blok pangsapuri rumah mampu milik 42 tingkat dan 1 blok tempat letak kereta 8 tingkat di atas sebahagian Lot 46040, Mukim Petaling, Bukit Jalil, Kuala Lumpur" is scheduled to be completed by 29 May 2023.

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 2022.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors of Pesona Metro Holdings Berhad hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

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.

There have been no significant changes in the nature of these activities during the financial year.

Financial Results

The results of the Group and of the Company for the financial year are as follows:

	Group RM	Company RM
Loss for the financial year	(2,980,000)	(6,899,336)
Attributable to:		
Owners of the Parent	(6,436,671)	(6,899,336)
Non-controlling interests	3,456,671	-
	(2,980,000)	(6,899,336)

In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend payment in respect of the current financial year.

Issue of Shares and Debentures

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

Share Options

No options were granted to any parties by the Company during the financial year to take up unissued share.

DIRECTORS' REPORT (CONT'D)

Directors

The Directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Dato' Sri Lee Tuck Fook
Wie Hock Beng*
Wie Hock Kiong*
Loh Kong Fatt
Salwa Binti Shamshuddin*
Datuk Hj Subhi Bin Dziyauddin* (Retired on 29 June 2022)

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

Directors of Subsidiary Companies

The following is a list of Directors of subsidiary companies (excluding Directors who are also Directors of the Company) in office during the financial year and during the period from the end of the financial year to the date of this report are:

Maszeallan bin Mohamad
Datuk Hj Subhi Bin Dziyauddin

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 1.1.2022**	**Acquired**	**Disposed**	**At 31.12.2022**
Direct interests:				
Wie Hock Beng	8	-	-	8
Indirect interests:				
Wie Hock Beng [1]	406,120,400	-	(288,700,500)	117,419,900
Wie Hock Kiong [1]	406,120,400	-	(117,419,900)	288,700,500

[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' REPORT (CONT'D)

Directors' Benefits

Since the end of the previous financial year, none of the 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 32(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 32(b) to the financial statements.

Neither during nor at the end of the financial year, was the Company or any of its subsidiary companies 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' Remuneration

The details of the Directors' remuneration paid/payable to Directors of the Group and of the Company during the financial year are as follows:

	Group RM	Company RM
Salary and other emoluments	642,399	13,500
Directors' fees	294,000	294,000
Defined contribution plans	72,000	-
	1,008,399	307,500

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.

DIRECTORS' REPORT (CONT'D)

Other Statutory Information (Cont'd)

(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.

Auditors' Remuneration

The details of the auditors' remuneration for the financial year are as follows:

	Group RM	Company RM
Auditors' Remuneration		
- Statutory audit	109,500	30,000
- Non-statutory audit:		
- UHY	5,000	5,000
- Tricor Axcelasia Sdn. Bhd.	68,000	-
	182,500	35,000

Auditors

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

Signed on behalf of the Board, as approved by the Board in accordance with a resolution of the Directors dated 25 April 2023.

WIE HOCK BENG **WIE HOCK KIONG**

KUALA LUMPUR

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

The Directors of Pesona Metro Holdings Berhad., state that, in their opinion, the accompanying financial statements 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 Company as of 31 December 2022 and of the financial performance and the cash flows of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Directors dated 25 April 2023.

WIE HOCK BENG **WIE HOCK KIONG**

KUALA LUMPUR

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY
PURSUANT TO SECTION 251(1)(B) 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 the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in the)
Federal Territory, this 25 April 2023)

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 2022 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 158.

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 2022, 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
Recognition of revenue and costs from construction contract 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 approval 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 certificate 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 order; • 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.

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

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.

- 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.

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

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

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

TEOH WEI YEIN
Approved Number: 03655/04/2024 J
Chartered Accountant

KUALA LUMPUR

25 April 2023

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	52,537,618	61,696,583	-	-
Investment properties	5	9,504,138	7,997,576	-	-
Intangible assets	6	45,823,266	48,929,930	-	-
Investments in subsidiary companies	7	-	-	206,954,600	211,148,323
Concession receivables	8	125,368,571	128,802,549	-	-
Trade receivables	9	47,147,047	51,091,272	-	-
Total non-current assets		280,380,640	298,517,910	206,954,600	211,148,323
Current assets					
Inventories	10	-	649,927	-	-
Contract assets	11	15,715,344	3,927,328	-	-
Concession receivables	8	3,433,978	3,067,265	-	-
Trade receivables	9	177,241,232	273,037,931	-	-
Other receivables	12	23,851,031	24,654,367	12,274	5,000
Amounts due from subsidiary companies	13	-	-	14,940,360	17,704,221
Amount due from an associated company	14	-	-	-	-
Tax recoverable		5,658,587	4,774,077	2,392	1,768
Fixed deposits with licensed banks	15	39,319,929	41,833,034	-	-
Cash and bank balances	16	24,006,506	12,172,572	142,565	39,486
		289,226,607	364,116,501	15,097,591	17,750,475
Total assets		569,607,247	662,634,411	222,052,191	228,898,798

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (CONT'D)

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 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		44,310,710	50,747,381	7,853,177	14,752,513
Equity attributable to owners of the Company		147,342,461	153,779,132	201,884,928	208,784,264
Non-controlling interests		21,480,956	18,024,285	-	-
Total equity		168,823,417	171,803,417	201,884,928	208,784,264
LIABILITIES					
Non-current liabilities					
Trade payables	19	31,123,036	28,405,659	-	-
Sukuk liabilities	20	105,000,000	120,000,000	-	-
Bank borrowings	21	739,593	542,492	-	-
Lease liabilities	22	1,583,028	6,673,281	-	-
Deferred tax liabilities	23	10,997,584	11,743,183	-	-
Total non-current liabilities		149,443,241	167,364,615	-	-
Current liabilities					
Contract liabilities	11	19,420,668	28,125,991	-	-
Trade payables	19	163,901,824	220,171,298	-	-
Other payables	24	10,637,901	10,975,990	167,263	114,534
Sukuk liabilities	20	15,000,000	10,000,000	-	-
Bank borrowings	21	37,303,431	44,964,320	20,000,000	20,000,000
Lease liabilities	22	5,018,324	9,218,315	-	-
Tax Payable		58,441	10,465	-	-
		251,340,589	323,466,379	20,167,263	20,114,534
Total liabilities		400,783,830	490,830,994	20,167,263	20,114,534
Total equity and liabilities		569,607,247	662,634,411	222,052,191	228,898,798

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Revenue from contract with customer	25	350,481,920	604,217,278	-	-
Concession finance income	25	17,199,205	17,553,098	-	-
Revenue from other sources	25	584,276	743,271	149	623
Construction costs		(330,459,612)	(580,880,701)	-	-
Assets and facilities management and maintenance services		(2,520,711)	(2,694,112)	-	-
Changes in inventories of finished goods and work in progress		(5,249,552)	(5,181,459)	-	-
Raw material and consumable used		(137,550)	(165,128)	-	-
Other income		2,448,929	3,576,857	-	-
Employee benefit expenses		(8,715,235)	(8,463,829)	-	-
Depreciation and amortisation expenses		(14,475,924)	(16,823,351)	-	-
Other expenses		(4,644,178)	(4,450,096)	(6,886,485)	(601,785)
Net (loss)/gain on impairment of financial instruments		-	-	(13,000)	277,300
Finance costs	26	(8,063,237)	(9,338,989)	-	-
Loss before tax	27	(3,551,669)	(1,907,161)	(6,899,336)	(323,862)
Taxation	28	571,669	(182,756)	-	1
Loss for the financial year, representing total comprehensive loss for the financial year		(2,980,000)	(2,089,917)	(6,899,336)	(323,861)
Loss attributable to:					
Owner of the Parent		(6,436,671)	(5,366,984)	(6,899,336)	(323,861)
Non-controlling interest		3,456,671	3,277,067	-	-
		(2,980,000)	(2,089,917)	(6,899,336)	(323,861)
Total comprehensive loss attributable to:					
Owner of the Parent		(6,436,671)	(5,366,984)	(6,899,336)	(323,861)
Non-controlling interest		3,456,671	3,277,067	-	-
		(2,980,000)	(2,089,917)	(6,899,336)	(323,861)
Loss per share:					
- Basic and diluted loss per share (sen)	29	(0.93)	(0.77)		

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Attributable to Owners of the Parent					
		Non-Distributable	Distributable			
Group	Share Capital RM	Reverse Acquisition Reserve RM	Retained Earnings RM	Total RM	Non Controlling Interests RM	Total Equity RM
At 1 January 2022	194,031,751	(91,000,000)	50,747,381	153,779,132	18,024,285	171,803,417
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	(6,436,671)	(6,436,671)	3,456,671	(2,980,000)
At 31 December 2022	194,031,751	(91,000,000)	44,310,710	147,342,461	21,480,956	168,823,417
At 1 January 2021	194,031,751	(91,000,000)	56,114,365	159,146,116	14,747,218	173,893,334
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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

Company	Share Capital RM	Distributable Retained Earnings RM	Total Equity RM
At 1 January 2022	194,031,751	14,752,513	208,784,264
Loss for the financial year, representing total comprehensive loss for the financial year	-	(6,899,336)	(6,899,336)
At 31 December 2022	194,031,751	7,853,177	201,884,928
At 1 January 2021	194,031,751	15,076,374	209,108,125
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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash Flows From Operating Activities				
Loss before tax	(3,551,669)	(1,907,161)	(6,899,336)	(323,862)
Adjustments for:				
Amortisation of concession right	3,106,664	3,106,661	-	-
Depreciation of property, plant and equipment	11,514,932	13,902,750	-	-
Gain on disposals of property, plant and equipment	(105,748)	(265,127)	-	-
(Gain)/Loss on disposals of investment properties	(890,426)	-	6,251,230	-
Impairment loss on:				
- amount due from subsidiary companies	-	-	13,000	11,700
- reversal of impairment loss on amount due from subsidiary companies	-	-	-	(289,000)
Interest expenses	8,063,237	9,338,989	-	-
Interest income	(1,061,534)	(1,172,888)	(149)	(623)
Property, plant and equipment written off	31,231	52,491	-	-
Reversal of inventories written down	-	(35,743)	-	-
Unrealised gain on foreign exchange	(6,602)	(2,823)	-	-
Operating profit/(loss) before working capital changes	17,100,085	23,017,149	(635,255)	(601,785)
Changes in working capital:				
Inventories	649,927	(67,015)	-	-
Contract assets	(11,788,016)	23,929,517	-	-
Concession receivables	3,067,265	2,713,372	-	-
Trade and other receivables	100,165,473	(8,395,940)	(7,274)	15,900
Contract liabilities	(8,705,323)	(25,497,670)	-	-
Trade and other payables	(52,463,162)	6,630,167	(15,905)	1,534
	30,926,164	(687,569)	(23,179)	17,434
Cash from/(used in) operations	48,026,249	22,329,580	(658,434)	(584,351)
Tax paid	(925,244)	(2,368,644)	(624)	(1,068)
Net cash from/(used in) operating activities	47,101,005	19,960,936	(659,058)	(585,419)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Cash Flows From Investing Activities					
Additional investment in a subsidiary company		-	-	-	(950,000)
Interest received		936,277	1,236,174	149	623
Purchases of property, plant and equipment		(2,945,237)	(2,517,112)	-	-
Purchases of investment properties		(1,506,562)	(430,161)	-	-
Repayment from/(Advance to) subsidiary companies		-	-	761,986	(18,477,489)
Proceeds from disposals of property, plant and equipment		663,787	569,300	-	-
Proceeds from disposals of investment properties		-	84,788	-	-
Net cash outflow from disposal of subsidiary companies	7(d)	(180,380)	-	-	-
Proceeds from disposals of investment in subsidiary companies		-	-	2	-
Changes in fixed deposits pledged with licensed banks		(2,853,205)	(7,193,070)	-	-
Changes in pledged cash and bank balances		(1,496,116)	(1,437,733)	-	-
Net cash (used in)/from investing activities		(7,381,436)	(9,687,814)	762,137	(19,426,866)
Cash Flows From Financing Activities					
Interest paid		(8,103,728)	(9,410,800)	-	-
Repayment of lease liabilities		(9,290,244)	(10,514,085)	-	-
Repayment of issuance of sukuk liabilities		(10,000,000)	(10,000,000)	-	-
Changes in invoice financing, bankers'acceptance, trust receipts and revolving credit		(6,299,955)	(985,975)	-	20,000,000
Net cash (used in)/from financing activities		(33,693,927)	(30,910,860)	-	20,000,000
Net changes in cash and cash equivalents		6,025,642	(20,637,738)	103,079	(12,285)
Cash and cash equivalents at the beginning of the financial year		19,811,241	40,446,156	39,486	51,771
Effect of exchange translation difference on cash and cash equivalents		6,602	2,823	-	-
Cash and cash equivalents at the end of the financial year		25,843,485	19,811,241	142,565	39,486
Cash and cash equivalents at the end of the financial year comprises:					
Fixed deposits with licensed banks		39,319,929	41,833,034	-	-
Cash and bank balances		24,006,506	12,172,572	142,565	39,486
Bank overdrafts		-	(1,060,736)	-	-
		63,326,435	52,944,870	142,565	39,486
Less: Fixed deposits pledged with licensed banks		(29,319,929)	(26,466,724)	-	-
Less: Pledged cash and bank balances		(9,425)	(13,026)	-	-
Less: Restricted cash and bank balances		(8,153,596)	(6,653,879)	-	-
		25,843,485	19,811,241	142,565	39,486

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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. There have been no significant changes in the nature of those activities of the Company and its subsidiary companies during the financial year.

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 annual improvements to MFRS, issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to MFRS 16	Covid-19 Related Rent Concessions beyond 30 June 2021
Annual Improvements to MFRS Standard 2018 - 2020 • Amendments to MFRS 1 • Amendments to MFRS 9 • Amendments to MFRS 16 • Amendments to MFRS 141	
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

The adoption of the above amendments to MFRSs 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 for the Company:

		Effective dates for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

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 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 101	Non-current liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS 128	Lease liability in a Sale and Leaseback	1 January 2024
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 intend 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;

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

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)

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.

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).

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

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.

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 2022, the Group has tax recoverable of RM5,658,587 (2021: RM4,774,077) and tax payable of RM58,441 (2021: RM10,465) respectively. While, the Company has tax recoverable of RM2,392 (2021: RM1,768).

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Acquisition method (Cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

3. Significant Accounting Policies (Cont'd)

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

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.

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).

(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
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

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	$3\frac{1}{3}$ - 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
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

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 MFRS 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(f) Investment properties (Cont'd)

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.

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

(i) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(h) Financial assets (Cont'd)

(i) Fair value through other comprehensive income ("FVOCI")

The Group and the Company have not designated any financial assets at FVOCI.

(iii) Fair value through profit or loss ("FVTPL")

The Group and the Company have not designated any financial assets at FVTPL.

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.*

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(o) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(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.

(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

(i) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(s) Revenue recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

The Groups recognises revenue from the following major sources:

(a) Revenue from 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.

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.

(b) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(s) Revenue recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

The Groups recognises revenue from the following major sources: (Cont'd)

(b) Sale of goods (Cont'd)

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.

(c) 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.

(d) 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.

(ii) Dividend income

Dividend income is recognised when the Company's and the subsidiary companies' right to receive payment is established.

(iii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

<u>Significant financing component</u>

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(t) Borrowing costs (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

3. Significant Accounting Policies (Cont'd)

(x) Service concession arrangements (Cont'd)

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 or liabilities that the Company can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable 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.

(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 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. Property, Plant and Equipment

	At Cost					
	At 1 January RM	Additions RM	Disposals RM	Written off RM	Reclassification RM	At 31 December RM
Group						
2022						
Freehold land	3,358,392	-	-	-	-	3,358,392
Building	151,808	-	-	-	-	151,808
Long term leasehold land and building						
- ROU	9,105,967	-	-	-	-	9,105,967
Motor vehicles						
- Owned	10,823,683	-	(1,220,562)	-	-	9,603,121
- ROU	616,700	-	-	-	-	616,700
Office equipment	3,839,194	31,750	(68,068)	(10,948)	-	3,791,928
Furniture and fittings	2,249,157	-	(1,891,568)	(2,444)	-	355,145
Plant and machineries						
- Owned	87,785,354	2,828,045	(13,230,872)	(45,061)	16,015,087	93,352,553
- ROU	49,610,799	-	-	-	(16,015,087)	33,595,712
Computers	3,029,273	54,278	(313,634)	-	-	2,769,917
Moulds	8,533,936	31,164	(8,564,341)	(759)	-	-
Renovation	2,139,510	-	(309,733)	-	-	1,829,777
	181,243,773	2,945,237	(25,598,778)	(59,212)	-	158,531,020

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. Property, Plant and Equipment (Cont'd)

	Accumulated depreciation					
	At 1 January	Charge for the financial year	Disposals	Written off	Reclassification	At 31 December
	RM	RM	RM	RM	RM	RM
Group						
2022						
Freehold land	-	-	-	-	-	-
Building	38,962	3,036	-	-	-	41,998
Long term leasehold land and building						
- ROU	886,130	109,177	-	-	-	995,307
Motor vehicles						
- Owned	10,506,418	305,424	(1,220,562)	-	-	9,591,280
- ROU	355,464	123,340	-	-	-	478,804
Office equipment	2,963,901	349,448	(64,152)	(6,551)	-	3,242,646
Furniture and fittings	2,077,210	13,490	(1,736,717)	(1,584)	-	352,399
Plant and machineries						
- Owned	66,256,559	6,374,235	(9,060,778)	(19,087)	8,852,274	72,403,203
- ROU	19,139,192	4,071,660	-	-	(8,852,274)	14,358,578
Computers	2,925,187	64,140	(289,917)	-	-	2,699,410
Moulds	8,001,457	95,952	(8,096,650)	(759)	-	-
Renovation	2,047,111	5,030	(222,364)	-	-	1,829,777
	115,197,591	11,514,932	(20,691,140)	(27,981)	-	105,993,402

4. **Property, Plant and Equipment (Cont'd)**

	Accumulated impairment losses			Carrying amount
	At 1 January	Disposals	At 31 December	At 31 December
	RM	RM	RM	RM
Group				
2022				
Freehold land	-	-	-	3,358,392
Building	-	-	-	109,810
Long term leasehold land and building				
- ROU	-	-	-	8,110,660
Motor vehicles				
- Owned	-	-	-	11,841
- ROU	-	-	-	137,896
Office equipment	-	-	-	549,282
Furniture and fittings	132,366	(132,366)	-	2,746
Plant and machineries				
- Owned	4,128,003	(4,128,003)	-	20,949,350
- ROU	-	-	-	19,237,134
Computers	10,908	(10,908)	-	70,507
Moulds	-	-	-	-
Renovation	78,322	(78,322)	-	-
	4,349,599	(4,349,599)	-	52,537,618

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. Property, Plant and Equipment (Cont'd)

	At Cost					
	At 1 January RM	Additions RM	Disposals RM	Written off RM	Reclassification RM	At 31 December RM
Group						
2021						
Freehold land	3,358,392	-	-	-	-	3,358,392
Building	151,808	-	-	-	-	151,808
Long term leasehold land and building						
- ROU	9,105,967	-	-	-	-	9,105,967
Motor vehicles						
- Owned	11,155,535	-	(331,852)	-	-	10,823,683
- ROU	616,700	-	-	-	-	616,700
Office equipment	3,847,472	132,136	(131,144)	(9,270)	-	3,839,194
Furniture and fittings	2,247,904	1,253	-	-	-	2,249,157
Plant and machineries						
- Owned	82,793,457	2,209,979	(1,325,000)	(119,571)	4,226,489	87,785,354
- ROU	53,837,288	-	-	-	(4,226,489)	49,610,799
Computers	2,999,728	43,228	-	(13,683)	-	3,029,273
Moulds	8,403,420	130,516	-	-	-	8,533,936
Renovation	2,139,510	-	-	-	-	2,139,510
	180,657,181	2,517,112	(1,787,996)	(142,524)	-	181,243,773

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. Property, Plant and Equipment (Cont'd)

	Accumulated depreciation					
	At 1 January	Charge for the financial year	Disposals	Written off	Reclassification	At 31 December
	RM	RM	RM	RM	RM	RM
Group						
2021						
Freehold land	-	-	-	-	-	-
Building	35,926	3,036	-	-	-	38,962
Long term leasehold land and building						
- ROU	776,954	109,176	-	-	-	886,130
Motor vehicles						
- Owned	10,234,557	603,713	(331,852)	-	-	10,506,418
- ROU	232,123	123,341	-	-	-	355,464
Office equipment	2,599,445	459,650	(91,971)	(3,223)	-	2,963,901
Furniture and fittings	2,055,283	21,927	-	-	-	2,077,210
Plant and machineries						
- Owned	59,111,333	6,168,062	(1,060,000)	(73,252)	2,110,416	66,256,559
- ROU	15,411,340	5,838,268	-	-	(2,110,416)	19,139,192
Computers	2,821,963	116,782	-	(13,558)	-	2,925,187
Moulds	7,876,042	125,415	-	-	-	8,001,457
Renovation	1,713,731	333,380	-	-	-	2,047,111
	102,868,697	13,902,750	(1,483,823)	(90,033)	-	115,197,591

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. Property, Plant and Equipment (Cont'd)

	Accumulated impairment losses	Carrying amount
	At 1 January/ 31 December	At 31 December
	RM	RM
Group		
2021		
Freehold land	-	3,358,392
Building	-	112,846
Long term leasehold land and building		
- ROU	-	8,219,837
Motor vehicles		
- Owned	-	317,265
- ROU	-	261,236
Office equipment	-	875,293
Furniture and fittings	132,366	39,581
Plant and machineries		
- Owned	4,128,003	17,400,792
- ROU	-	30,471,607
Computers	10,908	93,178
Moulds	-	532,479
Renovation	78,322	14,077
	4,349,599	61,696,583

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. Property, Plant and Equipment (Cont'd)

(a) The long term leasehold land and building's remaining period of lease term is 69 (2021: 70) years.

(b) Assets held under finance leases arrangement

Included in the property, plant and equipment of the Group under finance leases arrangement with carrying amount are as follows:

	Group	
	2022 RM	2021 RM
Plant and machineries	19,237,134	30,471,607
Motor vehicles	137,896	261,236
	19,375,030	30,732,843

The leased assets are pledged for the related financing facilities as disclosed in Note 22 to the financial statements.

5. **Investment Properties**

	Freehold land and buildings RM	Leasehold land and buildings RM	Capital work-in progress RM	Total RM
Group				
2022				
At 1 January	5,750,000	582,566	1,665,010	7,997,576
Additions	-	-	1,506,562	1,506,562
Reclassification	1,703,944	1,052,040	(2,755,984)	-
At 31 December	7,453,944	1,634,606	415,588	9,504,138
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

(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 companies. 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.

(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 (2021: 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

5. Investment Properties (Cont'd)

(b) Fair value basis of investment properties (Cont'd)

	Level 2 RM	Level 3 RM	Total RM
Group			
2022			
Commercial properties	2,982,566	6,105,984	9,088,550
Group			
2021			
Commercial properties	2,982,566	3,350,000	6,332,566

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

The fair value of certain properties reclassified from capital work-in-progress with carrying amount of RM2,755,984 (2021: Nil) was estimated by the Director based on internal approval of market value of comparable property.

There was no transfer between levels during current and previous 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	
	2022 RM	2021 RM
Rental income	209,909	335,991
Direct operating expenses:		
- income generating investment properties	24,189	17,743

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

5. Investment Properties (Cont'd)

(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.

During the year, the Group reclassified RM2,755,984 from capital work-in progress to freehold land and buildings and leasehold land and buildings as the construction of the propertis have been completed.

(e) Investment property of the Group amounting to RM2,755,984 (2021: RM1,385,362) has been charged to secure banking facilities granted as disclosed in Note 21 to the financial statements.

6. Intangible Assets

	Goodwill on Consolidation RM	Concession Right RM	Total RM
Group			
2022			
Cost			
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	13,203,311	16,237,854
Amortisation for the financial year	-	3,106,664	3,106,664
At 31 December	3,034,543	16,309,975	19,344,518
Carrying Amount			
At 31 December	-	45,823,266	45,823,266
Group			
2021			
Cost			
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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

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 years, the 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 14 years (2021: 15 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	
	2022 RM	2021 RM
In Malaysia		
Unquoted shares, at cost	209,970,898	165,714,521
Addition	-	50,950,100
Less: Accumulated Impairment loss	(3,016,298)	(5,516,298)
	206,954,600	211,148,323

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

7. Investments in Subsidiary Companies (Cont'd)

Movement in the allowance for impairment losses of investments in subsidiary companies are as follows:

	Group	
	2022 RM	2021 RM
At 1 January	5,516,298	5,516,298
Disposal of subsidiary companies	(2,500,000)	-
At 31 December	3,016,298	5,516,298

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 2022 %	Effective interest 2021 %	Principal activities
Pesona Metro Sdn. Bhd.	Malaysia	100	100	Engage in construction work
Pesona Saferay Sdn. Bhd.	Malaysia	-	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	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	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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

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		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2022 %	2021 %	2022 RM	2021 RM	2022 RM	2021 RM
SEP Resources (M) Sdn. Bhd. and its subsidiary company ("SEP"Group")	30	30	3,456,671	3,277,067	21,480,956	18,024,285

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	
	2022 RM	2021 RM
Non-current assets	125,370,545	128,805,553
Current assets	43,284,072	38,326,530
Non-current liabilities	(105,000,000)	(120,000,000)
Current liabilities	(26,673,486)	(17,014,096)
Net assets	36,981,131	30,117,987

(ii) Summarised statements of profit or loss and other comprehensive income

	SEP Group	
	2022 RM	2021 RM
Revenue	28,241,898	29,245,217
Profit for the financial year, representing total comprehensive income for financial year	13,883,301	13,284,612

(iii) Summarised statements of cash flows

	SEP Group	
	2022 RM	2021 RM
Net cash from operating activities	18,053,107	17,839,616
Net cash used in investing activities	(8,423)	-
Net cash used in financing activities	(13,736,638)	(17,349,674)
Net changes in cash and cash equivalents	4,308,046	489,942

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

7. Investments in Subsidiary Companies (Cont'd)

(a) Acquisition of subsidiary companies

In the previous financial year

On 4 October 2021, Pesona Metro Sdn. Bhd. ("PMSB"), a wholly owned subsidiary company of the Company increased its paid-up capital from RM50,000,000 to RM100,000,000 by issuance of 50,000,000 new ordinary shares. Consequently, the Company has subscribed for additional 50,000,000 shares in PMSB for a total consideration of RM50,000,000 by way of conversion of amount due to holding company. Hence, PMSB remained as a wholly-owned subsidiary of the Company

On 5 October 2021, Pesona Asset Management Sdn. Bhd. ("PAMSB"), a wholly owned subsidiary company of the Company increased its paid-up capital from RM50,000 to RM1,000,000 by issuance of 950,000 new ordinary shares. Consequently, the Company has subscribed for additional 950,000 shares in PAMSB for a total cash consideration of RM950,000. Hence, PAMSB remained as a wholly-owned subsidiary of the Company.

(c) Incorporation of a subsidiary company

On 16 April 2021, the Company incorporated a wholly owned subsidiary company, Lumayan Metro Sdn. Bhd. ("LMSB") with subscription of RM100 by way of conversion of amount due to holding company.

(d) Disposal of subsidiaries companies

On 9 November 2022, the Company disposed of its 100% equity interest in Pesona Saferay Sdn. Bhd. ("PSSB") and PM2 Building System Sdn. Bhd. ("PM2") for a total consideration of RM2. The subsidiary companies was previously reported as part of the manufacturing and trading segment.

The effect of the disposal of PSSB and PM2 on the financial position of the Group as at the date of disposal was as follows:

	2022 RM
Trade and other receivables	504,040
Tax recoverable	12,340
Cash and bank balances	180,382
Amount due to related companies	(97,560)
Amount due to holding company	(605,000)
Trade and other payables	(884,626)
Total net liabilities disposed	(890,424)
Gain on disposal	890,426
Proceeds from disposal	2
Less: Cash and bank balances disposal	(180,382)
Net cash outflow from disposal	(180,380)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

8. Concession Receivables

	Group	
	2022 RM	2021 RM
Concession receivables:		
- Non-current	125,368,571	128,802,549
- Current	3,433,978	3,067,265
	128,802,549	131,869,814

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	
	2022 RM	2021 RM
Concession receivables:		
At 1 January	131,869,814	134,583,186
Transferred to trade receivable	(20,266,470)	(20,266,470)
Concession finance income (Note 25)	17,199,205	17,553,098
At 31 December	128,802,549	131,869,814

9. Trade Receivables

		Group	
		2022 RM	2021 RM
Non-current			
Retention sums			
- third parties		41,737,609	45,681,834
- related parties		5,409,438	5,409,438
	(b)	47,147,047	51,091,272

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

9. Trade Receivables (Cont'd)

		Group	
		2022 RM	2021 RM
Current			
Trade receivables			
- third parties		113,771,738	169,336,035
- related parties		25,087,770	43,151,430
	(a)	138,859,508	212,487,465
Retention sums			
- third parties		22,972,286	45,141,028
- related parties		15,409,438	15,409,438
	(b)	38,381,724	60,550,466
		177,241,232	273,037,931
		224,388,279	324,129,203

(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 (2021: 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	
	2022 RM	2021 RM
Within one year	38,381,724	60,550,466
After one year	47,147,047	51,091,272
	85,528,771	111,641,738

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

10. Inventories

	Group	
	2022 RM	2021 RM
Raw materials	-	297,945
Work-in-progress	-	234,249
Finished goods	-	117,733
	-	649,927
Recognised in profit or loss:		
Inventories recognised as cost of sales	-	956,265
Reversal of inventories written down	-	(35,743)

The reversal of inventories written down amounting to Nil (2021: RM35,743) was made during the financial year when the related inventories were sold above their carrying amounts.

11. Contract Assets/(Liabilities)

	Group	
	2022 RM	2021 RM
Contract assets	15,715,344	3,927,328
Contract liabilities	(19,420,668)	(28,125,991)

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	
	2022 RM	2021 RM
Contract costs incurred to date	612,698,650	1,837,157,501
Add: Attributable profits	22,592,006	27,690,222
	635,290,656	1,864,847,723
Less: Progress billings	(638,995,980)	(1,889,046,386)
	(3,705,324)	(24,198,663)

The transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) as at 31 December 2022 is RM760,270,595 (2021: RM920,906,185) where the Group expects to recognise it as revenue over the next 2 (2021: 3) years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

11. Contract Assets/(Liabilities) (Cont'd)

The costs incurred to date on construction contract include the following charges made during the financial year:

		Group	
	Note	2022 RM	2021 RM
Short-term leases:			
- Plant and machineries		1,995,558	1,527,905
- Premises		147,400	183,000
Secondment of staff	30	2,426,127	2,724,335
Staff costs:			
- Salaries and other emoluments	30	17,651,324	15,396,577
- EPF contribution	30	956,629	953,873

12. Other Receivables

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Other receivables	19,342,217	19,605,043	7,274	-
Less: Accumulated impairment loss	-	(75,333)	-	-
	19,342,217	19,529,710	7,274	-
Deposits	3,692,330	3,804,326	5,000	5,000
Prepayments	816,484	1,319,857	-	-
GST recoverable	-	474	-	-
	23,851,031	24,654,367	12,274	5,000

Included in the Group's other receivables are advances to sub-contractors amounting to RM16,470,116 (2021: RM13,334,344) and advance payment made to acquire property, plant and equipment amounting to RM876,676 (2021: RM203,494).

Movement in the allowance for impairment losses of other receivables are as follows:

	Group	
	2022 RM	2021 RM
Group		
Credit impaired		
At 1 January	75,333	75,333
Disposal of subsidiary company	(75,333)	-
At 31 December	-	75,333

Other receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

13. Amount Due from Subsidiary Companies

	Group	
	2022 RM	2021 RM
Amount due from subsidiary companies	15,105,680	17,856,541
Less: Accumulated impairment losses	(165,320)	(152,320)
	14,940,360	17,704,221

Non-trade balances is unsecured, interest-free advances and are repayable on demand.

Movement in the allowance for impairment losses of amount due from subsidiary companies are as follows:

	Group	
	2022 RM	2021 RM
Company		
Credit impaired		
At 1 January	152,320	429,620
Impairment loss recognised	13,000	11,700
Impairment loss reversed	-	(289,000)
At 31 December	165,320	152,320

Amount due from subsidiary companies that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.

14. Amount Due from an Associated Company

	Group and Company	
	2022 RM	2021 RM
Amount due from an associated company	2,300,000	2,300,000
Less: Accumulated impairment loss	(2,300,000)	(2,300,000)
	-	-

Non-trade balance is unsecured, interest-free advances and is repayable on demand.

There is no movement in the allowance for impairment losses in amount due from an associated company during the financial year.

15. Fixed Deposits with Licensed Banks

The fixed deposits of the Group amounting to RM29,319,929 (2021: RM26,466,724) is pledged to licensed banks as security for banking facilities and sukuk liabilities granted to the Group as disclosed in Note 21 to the financial statements.

The interest rates of the deposits of the Group range from 1.45% to 3.00% (2021: 1.45% to 2.75%) per annum and mature with range from 1 month to 12 months (2021: 1 month to 12 months).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

16. Cash and Bank Balances

Included in cash and bank balances is an amount of RM9,425 (2021: RM13,026) pledged to Sukuk liabilities issued by a subsidiary company as disclosed in Note 20 to the financial statement and an amount of RM8,153,596 (2021: RM6,653,879) is cash restricted for payment of concession project.

17. Share Capital

	Group and Company			
	2022		2021	
	Number of shares Units	Amount RM	Number of shares Units	Amount RM
Issued and fully paid				
At 1 January/ 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 declared from time to time and entitled to one vote per share at meetings of the Company. All ordinary shares carry rank equally with regard to the Company's residual assets.

18. Reverse Acquisition Reserve

	Group	
	2022 RM	2021 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	
	2022 RM	2021 RM
Non-current		
Retention sum on contracts	31,123,036	28,405,659
Current		
Trade payables	87,818,595	113,660,487
Trade accruals	48,506,132	65,986,695
Retention sum on contracts	27,577,097	40,524,116
	163,901,824	220,171,298
	195,024,860	248,576,957

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 (2021: 30 to 60 days). Other credit terms are assessed and approved on a case by case basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

20. Sukuk Liabilities

	Group	
	2022 RM	2021 RM
Sukuk Wakalah		
- Non-current	105,000,000	120,000,000
- Current	15,000,000	10,000,000
	120,000,000	130,000,000

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.

The Sukuk Wakalah comprises eleven (11) Tranches of the Sukuk Wakalah amounting to RM120,000,000 (2021: RM130,000,000) 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 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

21. Bank Borrowings

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Secured				
Invoice financing	10,383,384	13,739,798	-	-
Revolving credit	26,677,407	30,032,746	20,000,000	20,000,000
Term loan	982,233	673,532	-	-
Bank overdrafts	-	1,060,736	-	-
	38,043,024	45,506,812	20,000,000	20,000,000
Analysed as:				
Non-current				
Term loan	739,593	542,492	-	-
Current				
Invoice financing	10,383,384	13,739,798	-	-
Revolving credit	26,677,407	30,032,746	20,000,000	20,000,000
Term loan	242,640	131,040	-	-
Bank overdrafts	-	1,060,736	-	-
	37,303,431	44,964,320	20,000,000	20,000,000
	38,043,024	45,506,812	20,000,000	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;
(ii) corporate guarantee by the Company.

(b) Invoice financing, revolving credit and bank overdrafts

The invoice financing, 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 14 to the financial statements; and
(ii) corporate guarantee by the Company.

The Group's interest rates per annum are as follows:

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Invoice financing	3.44% - 5.83%	3.43% - 5.57%	-	-
Bankers' acceptance	3.86% - 4.50%	3.45% - 3.67%	-	-
Trust receipts	-	5.55%	-	-
Revolving credit	3.70% - 4.90%	3.70% - 3.75%	3.75% - 4.90%	3.75%
Term loan	2.29% - 5.01%	3.10% - 3.89%	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

22. Leases

	Group	
	2022 RM	2021 RM
At 1 January	15,891,596	26,405,681
Payments	(9,290,244)	(10,514,085)
At 31 December	6,601,352	15,891,596
Presented as:		
Non-current	1,583,028	6,673,281
Current	5,018,324	9,218,315
	6,601,352	15,891,596

The maturity analysis of lease liabilities of the Group at the end of reporting period:

Minimum lease payments:

	Group	
	2022 RM	2021 RM
Within one year	5,233,515	9,856,288
Between one to two years	1,521,911	5,305,775
Between two to five years	100,136	1,622,048
	6,855,562	16,784,111
Less: Future finance charges	(254,210)	(892,515)
Present value of minimum lease payments	6,601,352	15,891,596

<u>Lease obligations</u>

The finance lease payables are secured by a charge over the leased assets as disclosed in Note 4(b) to the financial statements. The interest rates for the leases are ranging from 2.24% to 3.25% (2021: 2.24% to 3.25%) per annum.

23. Deferred Tax Liabilities

	Group	
	2022 RM	2021 RM
At 1 January	11,743,183	12,488,782
Recognised in profit or loss (Note 28)	(745,599)	(745,599)
At 31 December	10,997,584	11,743,183

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

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	
	2022 RM	2021 RM
Deferred tax liabilities	10,997,584	12,357,721
Deferred tax assets	-	(614,538)
	10,997,584	11,743,183

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			
2022			
At 1 January	614,538	11,743,183	12,357,721
Recognised in profit or loss	-	(745,599)	(745,599)
Disposal of subsidiary companies	(614,538)	-	(614,538)
At 31 December	-	10,997,584	10,997,584
2021			
At 1 January	603,698	12,488,782	13,092,480
Recognised in profit or loss	10,840	(745,599)	(734,759)
At 31 December	614,538	11,743,183	12,357,721

Deferred tax assets

	Group	
	2022 RM	2021 RM
Group		
Unutilised tax losses		
At 1 January	(614,538)	(603,698)
Disposal of subsidiary companies	614,538	-
Recognised in profit or loss	-	(10,840)
At 31 December	-	(614,538)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

23. Deferred Tax Liabilities (Cont'd)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2022 RM	2021 RM
Unutilised tax losses	13,276,209	19,770,315
Unabsorbed capital allowances	41,512,592	27,279,623
Other temprary differences	58,864,492	69,696,507
	113,653,293	116,746,445

Deferred tax assets have not been recognized 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.

24. Other Payables

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Other payables	9,074,028	9,147,776	629	1,534
Accruals	1,458,733	1,569,500	166,634	113,000
Deposits received	105,140	258,714	-	-
	10,637,901	10,975,990	167,263	114,534

25. Revenue

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from contracts with customers				
Construction contracts	340,787,322	594,685,581	-	-
Concession finance income (Note 8)	17,199,205	17,553,098	-	-
Sale of goods	3,514,676	3,694,954	-	-
Maintenance and management services	6,179,922	5,836,743	-	-
	367,681,125	621,770,376	-	-
Revenue from other sources				
Interest income	584,276	743,271	149	623
	368,265,401	622,513,647	149	623

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

25. Revenue

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Timing of revenue recognition				
At a point in time	9,694,598	9,531,697	-	-
Over time	357,986,527	612,238,679	-	-
	367,681,125	621,770,376	-	-

Revenue from contracts with customers recognised for the Group in the current financial year included RM28,125,991 (2021: RM53,623,661) 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
2022				
Group				
Construction contracts	340,787,322	-	-	340,787,322
Concession finance income	-	-	17,199,205	17,199,205
Sale of goods	996,711	2,517,965	-	3,514,676
Maintenance and management service	-	-	6,179,922	6,179,922
	341,784,033	2,517,965	23,379,127	367,681,125
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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

26. Finance Costs

	Group	
	2022 RM	2021 RM
Interest expenses on:		
Trust receipts	156,166	120,567
Invoice financing and bankers' acceptance	142,775	1,293,748
Revolving credit	1,048,410	238,828
Bank overdrafts	61,199	29,978
Sukuk liabilities	5,983,973	6,419,041
Term loan	31,992	-
Lease liabilities	638,722	1,236,827
	8,063,237	9,338,989

27. Loss Before Tax

Loss before tax is derived at after at charging/(crediting):

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Auditors' remuneration				
- statutory audit				
- current year	109,500	124,500	30,000	35,000
- (over)/under provision in prior year	5,000	(2,520)	5,000	12,400
- non-statutory audit				
- current year	68,000	83,200	-	-
- under provision in prior year	5,000	5,000	5,000	5,000
Amortisation of concession right	3,106,664	3,106,661	-	-
Depreciation of property, plant and equipment	11,514,932	13,902,750	-	-
Directors' remuneration				
- Fees	294,000	324,000	294,000	324,000
- Other emoluments	13,500	12,500	13,500	12,500
Property, plant and equipment written off	31,231	52,491	-	-
Short term lease expenses	69,300	633,360	-	-
(Gain)/Loss on disposal of investment in subsidiary companies	(890,426)	-	6,251,230	-
Gain on disposal of property, plant and equipment	(105,748)	(265,127)	-	-
Gain on foreign exchange				
- realised	-	(34,826)	-	-
- unrealised	(6,602)	(2,823)	-	-
Interest income	(936,277)	(1,236,174)	(149)	(623)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

27. Loss Before Tax (Cont'd)

Loss before tax is derived at after at charging/(crediting): (Cont'd)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Net impairment loss/(gain) on financial instruments:				
Impairment loss on amount due from subsidiary companies	-	-	13,000	11,700
Reversal of impairment loss on amount due from subsidiary companies	-	-	-	(289,000)
	-	-	13,000	(277,300)
Grant income	-	(104,400)	-	-
Rental income	(364,909)	(669,051)	-	-
Reversal of inventories written down	-	(35,743)	-	-

28. Taxation

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Tax (Credit)/expenses for the financial year:				
Current tax provision	334,625	512,260	-	-
(Over)/Under provision in prior years	(160,695)	416,095	-	(1)
	173,930	928,355	-	(1)
Deferred tax: (Note 23)				
Relating to origination and reversal of temporary differences	(745,599)	(745,599)	-	-
	(745,599)	(745,599)	-	-
	(571,669)	182,756	-	(1)

Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of chargeable income of the estimated assessable profit for the financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

28. Taxation (Cont'd)

A reconciliation of income tax expenses applicable to loss before tax 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	
	2022 RM	2021 RM	2022 RM	2021 RM
Loss before tax	(3,551,669)	(1,907,161)	(6,899,336)	(323,862)
Taxation at statutory tax rate of 24% (2021: 24%)	(852,401)	(457,719)	(1,655,841)	(77,727)
Income not subject to tax	(7,567)	(2,305,773)	(36)	-
Expenses not deductible for tax purposes	1,191,351	1,322,364	1,655,877	62,393
Deferred tax assets not recognised	1,242,792	4,622,926	-	15,334
Utilisation of previously unrecognised deferred tax	(1,985,149)	(3,415,137)	-	-
(Over)/Under provision of income tax expense in prior years	(160,695)	416,095	-	(1)
Tax (Credit)/expense for the financial year	(571,669)	182,756	-	(1)

The Group has the following estimated unabsorbed capital allowances and unutilised tax losses available to carry forward to offset against future taxable profit. The said amounts are subject to approval by tax authorities.

	Group	
	2022 RM	2021 RM
Unutilised tax losses	13,276,222	22,330,891
Unabsorbed capital allowances	41,512,592	27,279,623
	54,788,814	49,610,514

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the unutilized tax losses of the Group and of the Company will be imposed with a time limit of utilisation. Any accumulated unutilised tax losses brought forward can be carried forward for a maximum period of 7 consecutive years of assessment. With effect from year of assessment 2022, unutilised tax losses that were allowed to be carried forward up to seven consecutive years was extended to a maximum of ten consecutive years of assessment under the current tax legislation. The unabsorbed capital allowances do not expire under current tax legislation.

Pursuant to Section 44(5F) of the Income Tax Act 1967, the unutilised tax losses can only be carried forward until the following years of assessment.

	Group	
	2022 RM	2021 RM
Unutilised tax losses to be carried forward until:		
- Year of assessment 2029	7,059,839	17,699,681
- Year of assessment 2031	4,631,210	4,631,210
- Year of assessment 2032	1,585,173	-
	13,276,222	22,330,891

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

29. Loss per Share

The basic loss 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.

	Group	
	2022 RM	2021 RM
Net loss for the financial year attributable to owners of the Parent	(6,436,671)	(5,366,984)
Weighted average number of ordinary shares as at 31 December	694,986,660	694,986,660
Basic loss per share (sen)	(0.93)	(0.77)

The diluted loss per share of the Group is equal to the basic loss per share as the Group does not have any dilutive potential ordinary shares in issue.

The weighted average number of ordinary shares in issue is computed as follow:

	Group	
	2022 Units	2021 Units
As at 1 January/31 December	694,986,660	694,986,660

30. Staff Costs

		Group	
	Note	2022 RM	2021 RM
Staff costs		33,593,061	32,436,780
Add:			
Secondment of staff from third party		3,945,224	5,608,012
		37,538,285	38,044,792
Less:			
Capitalised in construction costs	11	(21,034,080)	(19,074,785)
		16,504,205	18,970,007

Included in the staff costs are contributions made to the Employees Provident Fund under a defined contribution plan for the Group amounting to RM1,151,808 (2021: RM1,336,254).

Included in staff costs is aggregate amount of remuneration received and receivables by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group	
	2022 RM	2021 RM
Salary and other emoluments	700,899	639,229

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

30. Staff Costs (Cont'd)

Included in the director remuneration are contributions made to the Employees Provident Fund under a defined contribution plan for the Group amounting to RM72,000 (2021: RM68,400).

31. 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:

		Financing Cash Flows			
	At 1 January RM	Drawdown RM	Repayment RM	Other Changes (i) RM	At 31 December RM
2022					
Group					
Sukuk liabilities (Note 20)	130,000,000	-	(10,000,000)	-	120,000,000
Invoice financing (Note 21)	13,739,798	43,181,216	(46,449,872)	(87,758)	10,383,384
Bankers' acceptance (Note 21)	-	8,539,000	(8,539,000)	-	-
Revolving credit (Note 21)	30,032,746	-	(3,340,000)	(15,339)	26,677,407
Term loan (Note 21)	673,532	504,391	(195,690)	-	982,233
Lease liabilities (Note 22)	15,891,596	-	(9,290,244)	-	6,601,352
	190,337,672	52,224,607	(77,814,806)	(103,097)	164,644,376
2021					
Group					
Sukuk liabilities (Note 20)	140,000,000	-	(10,000,000)	-	130,000,000
Trust receipts (Note 21)	7,403,077	29,897,837	(37,300,914)	-	-
Invoice financing (Note 21)	36,654,088	145,475,606	(168,275,689)	(114,207)	13,739,798
Revolving credit (Note 21)	-	30,000,000	-	32,746	30,032,746
Bankers' acceptance (Note 21)	964,738	10,532,644	(11,497,382)	-	-
Term loan (Note 21)	493,602	179,930	-	-	673,532
Lease liabilities (Note 22)	26,405,681	-	(10,514,085)	-	15,891,596
	211,921,186	216,086,017	(237,588,070)	(81,461)	190,337,672

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

31. Reconciliation of Liabilities Arising from Financing Activities (Cont'd)

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: (Cont'd)

	At 1 January RM	Financing Cash Flows Drawdown RM	Financing Cash Flows Repayment RM	At 31 December RM
2022				
Company				
Revolving credit (Note 21)	20,000,000	18,000,000	(18,000,000)	20,000,000
2021				
Company				
Revolving credit (Note 21)	-	20,000,000	-	20,000,000

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.

(i) Other changes include unpaid interests.

32. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

32. Related Party Disclosures (Cont'd)

(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:

	2022 RM	2021 RM
Related party transactions		
Group		
Other Related Parties*:		
Progress billing received/receivable	69,908,997	61,224,440
Company		
Subsidiary companies:		
Issuance of Ordinary Shares	-	50,950,100
Year end balances		
Company		
Receivable from related parties:		
- Subsidiary companies	14,940,360	17,704,221

* The nature and relationship between the Group and the related parties are those companies in which a Director of the Company has financial interest.

(c) Compensation of key management personnel

Information regarding compensation of key management personnel is as follows:

	Group	
	2022 RM	2021 RM
Short-term employee benefits		
- Salaries and other emoluments	3,018,807	3,181,309

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

33. 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 and building 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 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

33. 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
2022						
Revenue						
External sales	341,784,033	2,517,965	23,963,254	149	-	368,265,401
Inter-segment	1,583,132	-	7,674,894	-	(9,258,026)	-
Total revenue	343,367,165	2,517,965	31,638,148	149	(9,258,026)	368,265,401
Results						
Segment results	(2,033,780)	(411,290)	20,290,535	(635,255)	15,132	17,225,342
Interest income	469,919	68	4,759,916	149	(4,293,775)	936,277
Interest expense	(2,079,265)	-	(10,262,616)	-	4,278,644	(8,063,237)
Depreciation of property, plant and equipment	(11,361,301)	(151,741)	(1,890)	-	-	(11,514,932)
Other non-cash items	367,013	(285,894)	-	(6,264,230)	4,047,992	(2,135,119)
(Loss)/Profit before tax	(14,637,414)	(848,857)	14,785,945	(6,899,336)	4,047,993	(3,551,669)
Taxation	268,375	-	(324,176)	-	627,470	571,669
(Loss)/Profit for the financial year	(14,369,039)	(848,857)	14,461,769	(6,899,336)	4,675,463	(2,980,000)
Assets						
Additions to non-current assets	4,420,635	31,164	-	-	-	4,451,799
Segment assets	326,490,478	(31,164)	230,804,707	221,907,234	(283,000,829)	496,170,426
Unallocated assets	30,874,392	-	37,965,673	144,957	-	68,985,022
Total assets	361,785,505	-	268,770,380	222,052,191	(283,000,829)	569,607,247

33. 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
2022						
Non-cash expenses/(income)						
Property, plant and equipment written off	30,371	860	-	-	-	31,231
Impairment loss on amount due from subsidiary companies	-	-	-	13,000	(13,000)	-
Amortisation of concession right	-	-	-	-	3,106,664	3,106,664
Gain on foreign exchange - Unrealised	-	(6,602)	-	-	-	(6,602)
Loss/(Gain) on disposal of investment in subsidiary companies	-	-	-	6,251,230	(7,141,656)	(890,426)
(Gain)/Loss on disposal of property, plant and equipment	(397,384)	291,636	-	-	-	(105,748)
	(367,013)	285,894	-	6,264,230	(4,047,992)	2,135,119

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

33. 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	24,132,489	623	-	622,513,647
Inter-segment	1,668,169	-	8,675,211	-	(10,343,380)	-
Total revenue	597,732,066	2,316,638	32,807,700	623	(10,343,380)	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
(Loss)/Profit before tax	(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)
(Loss)/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	1,525,026	251,071,777	228,857,545	(304,512,629)	567,290,263
Unallocated assets	25,119,262	250,575	33,368,592	41,254	-	58,779,683
Total assets	451,904,814	1,897,908	284,445,519	228,898,799	(304,512,629)	662,634,411

33. 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	-	-	-	-	3,106,661	3,106,661
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)	3,285,401	(4,288,573)

* Inter-segment revenue, profit and transactions are adjusted and eliminated.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

34. 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	
	2022 RM	2021 RM	2022 RM	2021 RM
At amortised cost				
Financial assets				
Concession receivables	128,802,549	131,869,814	-	-
Trade receivables	224,388,279	324,129,203	-	-
Other receivables	23,034,547	23,334,036	12,274	5,000
Amount due from subsidiary companies	-	-	14,940,360	17,704,221
Fixed deposits with licensed banks	39,319,929	41,833,034	-	-
Cash and bank balances	24,006,506	12,172,572	142,565	39,486
Total financial assets	439,551,810	533,338,659	15,095,199	17,748,707
Financial liabilities				
Trade payables	195,024,860	248,576,957	-	-
Other payables	10,637,901	10,975,990	167,263	114,534
Sukuk liabilities	120,000,000	130,000,000	-	-
Lease liabilities	6,601,352	15,891,596	-	-
Bank borrowings	38,043,024	45,506,812	20,000,000	20,000,000
Total financial liabilities	370,307,137	450,951,355	20,167,263	20,114,534

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

34. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Contract assets

Risk management objectives, policies and processes for managing the risk

At each reporting date, the Group assesses whether any of the contract assets are credit impaired.

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.

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 5 (2021: 4) major contract customers accounted for approximately 97% (2021: 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			
2022			
- Less than 30 days	11,116,206	-	11,116,206
- 31 to 60 days	4,111,722	-	4,111,722
- More than 60 days	487,416	-	487,416
	15,715,344	-	15,715,344

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

34. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Contract assets (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The aged analysis of contract assets as at the end of the reporting period: (Cont'd)

	Gross amount RM	Allowance for impairment RM	Net balance RM
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

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 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 (2021: 6) major customers and accounted for approximately 75% (2021: 75%) of the trade receivables outstanding.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

34. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables

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.

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			
2022			
Current	92,658,931	-	92,658,931
Past due not impaired			
- Less than 30 days	25,156,445	-	25,156,445
- 31 to 60 days	14,207,527	-	14,207,527
- More than 60 days	92,365,376	-	92,365,376
	224,388,279	-	224,388,279
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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

34. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

34. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

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 RM136,155,204 (2021: RM137,803,743) representing the guarantee amount to the third parties and outstanding banking facilities of the subsidiary companies as at the end of the reporting period respectively.

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.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	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						
2022						
Trade payables	163,901,824	21,230,079	9,892,957	-	195,024,860	195,024,860
Other payables	10,637,901	-	-	-	10,637,901	10,637,901
Leases liabilities	5,233,515	1,521,911	100,136	-	6,855,562	6,601,352
Sukuk Liabilities	20,540,856	19,886,630	55,531,603	49,266,575	145,225,664	120,000,000
Bank borrowings	37,425,149	272,716	509,274	-	38,207,139	38,043,024
Total undiscounted financial liabilities	237,739,245	42,911,336	66,033,970	49,266,575	395,951,126	370,307,137

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

34. 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						
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

* *Based on the maximum amount that can be called for under the financial guarantee contract.*

All financial liabilities of the Company are assessed as current and correspondingly, no detailed maturity analysis is deemed necessary.

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 RM136,155,204 as at 31 December 2022 (2021: RM137,803,743). 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

34. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(iii) Market risks (Cont'd)

(a) Currency risk (Cont'd)

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	
	2022 RM	2021 RM
Financial Assets		
Cash and bank balances	-	101,588
Trade receivables	-	57,928
	-	159,516

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	
	2022 RM	2021 RM
Effect on loss before taxation		
USD/RM		
-Strengthened 5%	-	7,976
-Weakened 5%	-	(7,976)

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

34. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

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	2021 RM
Group		
Fixed rate instruments		
Financial asset		
Fixed deposits with licensed banks	39,319,929	41,833,034
Financial liabilities		
Sukuk liabilities	120,000,000	130,000,000
Lease liabilities	6,601,352	15,891,596
Floating rate instrument		
Financial liability		
Bank borrowings	38,043,024	45,506,812

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 RM380,430 (2021: RM455,068), 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

34. Financial Instruments (Cont'd)

(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
2022						
Group						
Financial assets						
Concession receivables	125,368,571	125,368,571	-	-	125,368,571	125,368,571
Trade receivables	-	-	-	#	#	47,147,047
	125,368,571	125,368,571	-	-	125,368,571	172,515,618
Financial liabilities						
Trade payables	-	-	-	#	#	31,123,036
Sukuk liabilities	-	-	105,000,000	105,000,000	105,000,000	105,000,000
	-	-	105,000,000	105,000,000	105,000,000	136,123,036
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

 # The fair value cannot be reliably measured using valuation techniques

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

35. Capital Management

The Group's and the Company'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 and the Company 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		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Total loans and borrowings	164,644,376	191,398,408	20,000,000	20,000,000
Less: Cash and cash equivalents	(25,843,485)	(19,811,241)	(142,565)	(39,486)
Net debt	138,800,891	171,587,167	19,857,435	19,960,514
Total equity	147,342,461	153,779,132	201,884,928	208,784,264
Gearing ratio	0.94	1.12	0.10	0.10

There were no changes in the Group's and the Company's approach to capital management during the financial year.

36. Capital Commitments

Approved and contracted for:

	Group	
	2022 RM	2021 RM
Approved and contracted for:		
- Acquisition of property, plant and equipment	-	148,331

37. 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 25 April 2023.

LIST OF PROPERTIES

Existing Use	Land Area (as per Land Title) (Square Feet)	Built-up Area (Square Feet)	Tenure / Date of Expiry of Lease	Address	Date of acquisition (S&P Date)	Approximate age of Building	NBV @ 31/12/2022 RM
Shop Office (3 Floors)	2,131.25	5,717.57	Leasehold 99 years expiring on 05.01.2091 (Balance 69 years)	No.19,19A & 19B , Jalan SB Indah 1/18, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.	20/8/2003	24 years	1,164,262
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	12 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	12 years	1,200,000
Store	216,171.61	-	Freehold	Lot 4627, Jalan Broga Besar, 71750 Broga, Negeri Sembilan.	3/8/2009	-	1,077,467
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 76 years)	No.7, Jalan MU Empat, Medan Universiti, 02600 Arau, Perlis	26/3/2015	7 years	580,000
Investment Property (Shop Office)	1,173.27	2,922.40	Leasehold 99 years expiring on 08.07.2098 (Balance 76 years)	No.5, Jalan MU Empat, Medan Universiti, 02600 Arau, Perlis	26/3/2015	7 years	580,000
Head Office (3 1/2 Floors)	1,530.94	5,900.52	Leasehold 99 years expiring on 05.01.2091 (Balance 69 years)	No.39, Jalan Sungai Besi Indah 1/19, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.	12/7/2016	19 years	3,184,481
Head Office (3 1/2 Floors)	1,530.94	5,965.14	Leasehold 99 years expiring on 05.01.2091 (Balance 69 years)	No.41, Jalan Sungai Besi Indah 1/19, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.	12/7/2016	19 years	3,184,482
Investment Property	1,407.00	2,347.00	Freehold	G-01, Third Avenue, Jalan Teknokrat 3, Cyberjaya 4, 63000 Cyberjaya, Selangor.	15/1/2016	5 years	3,350,000

LIST OF PROPERTIES (CONT'D)

Existing Use	Land Area (as per Land Title) (Square Feet)	Built-Up Area (Square Feet)	Tenure / Date of Expiry of Lease	Address	Date of acquisition (S&P Date)	Approximate age of Building	NBV @ 31/12/2022 RM
Investment Property - 1 Serviced Apartment	-	635	Leasehold land 99 years expiring on 31.12.2114 (Balance 92 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	1 year	1,052,040
Investment Property - 1 Serviced Apartment	-	861	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	1 year	848,736
Investment Property (CWIP) - 1 Condominium	-	764	Leasehold land 99 years expiring on 11.05.2113 (Balance 91 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	-	415,588
Investment Property - 1 Serviced Apartment	-	1,051	Freehold	Parcel No.A-36-10 (Type D1), Level 36, Block A, Ativo Suites. H.S.(D) 311974, Lot 72994, Sri Damansara District of Petaling State of Selangor,	5/4/2022	1 year	855,208

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2023

Number of Shares Issued : 694,986,660 ordinary shares
Class of Shares : Ordinary shares
Voting Right : One vote per ordinary share
Number of Shareholders : 11,271

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Total Shareholdings	%
Less than 100 shares	5,847	50,448	0.007
100 – 1,000 shares	2,713	938,334	0.135
1,001 – 10,000 shares	1,447	7,326,010	1.054
10,001 – 100,000 shares	1,062	38,892,709	5.596
100,001 to less than 5% of issued shares	198	241,620,349	34.767
5% and above of issued shares	4	406,158,810	58.441
Total	11,271	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	*	117,419,900#	16.895
Wie Hock Kiong	-	-	288,738,910^	41.546
Sincere Goldyear Sdn Bhd	117,419,900	16.895	-	-
Kombinasi Emas Sdn Bhd	288,738,910	41.546	-	-

Notes:
* negligible
# Deemed interested by virtue of his interest in Sincere Goldyear Sdn Bhd pursuant to Section 8 of the Companies Act 2016
^ Deemed interested by virtue of his interest in 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	-	-	-	-
Wie Hock Beng	8	*	117,419,900#	16.895
Wie Hock Kiong	-	-	288,738,910^	41.546
Loh Kong Fatt	-	-	-	-
Salwa Binti Shamshuddin	-	-	-	-

Notes:
* negligible
# Deemed interested by virtue of his interest in Sincere Goldyear Sdn Bhd pursuant to Section 8 of the Companies Act 2016
^ Deemed interested by virtue of his interest in Kombinasi Emas Sdn Bhd pursuant to Section 8 of the Companies Act 2016

ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2023 (CONT'D)

30 LARGEST SHAREHOLDERS AS AT 31 MARCH 2023

No.	Name of Shareholders	No. of Shares	%
1.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kombinasi Emas Sdn Bhd*	125,700,500	18.087
2.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Sincere Goldyear Sdn Bhd*	117,419,900	16.895
3.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kombinasi Emas Sdn Bhd*	100,038,410	14.394
4.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - AmBank (M) Berhad for Kombinasi Emas Sdn Bhd (SMART)*	63,000,000	9.065
5.	Advance Harvest Sdn Bhd	23,391,000	3.366
6.	Chin Guek Hong	23,191,000	3.337
7.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kon Tek Yoong*	22,515,700	3.240
8.	Yeoh Chooi Phin	21,594,000	3.107
9.	Constant Uptrend Holdings Sdn Bhd	15,776,500	2.270
10.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Chong Swee*	14,600,000	2.100
11.	Kan Fui Man	10,850,000	1.561
12.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Mohamad Bolhair Bin Reduan*	8,950,000	1.288
13.	Wie Hock Kow	8,000,000	1.151
14.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Loh Yong Huat*	6,540,000	0.941
15.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Mohamed Faroz Bin Mohamed Jakel*	5,100,000	0.734
16.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Choo Peng Hung*	3,750,000	0.540
17.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Master Knowledge Sdn Bhd*	3,645,000	0.524
18.	Ikatan Generasi Sdn Bhd	3,570,000	0.514
19.	Chang Yock Chai	2,595,000	0.373
20.	Lew Ming Kiet	2,502,900	0.360
21.	Kok Fatt Kong	2,092,800	0.301
22.	Ang Mui Lan	2,000,000	0.288
23.	Chang Yock Chai	1,870,000	0.269
24.	Su Ming Yaw	1,604,100	0.231
25.	Lam Kaw Chai @ Lam Yit Loon	1,575,000	0.227
26.	Tan Chee Hung	1,550,000	0.223
27.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chan Kai Fei (MY2272)*	1,300,000	0.187
28.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Sia Yee Yu*	1,200,000	0.173
29.	Ng Teng Cher	1,100,000	0.158
30.	Lau Kien Hung	1,010,000	0.145
	Total	598,031,810	86.049

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 Chairman of the meeting, as my/our proxy/proxies to vote for me/us and on my/our behalf at the 12th Annual General Meeting of the Company which will be conducted virtually through live streaming 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** on **Wednesday, 28 June 2023** 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 of RM384,000.00 for the financial year ending 31 December 2023 to be paid quarterly in arrears.	Ordinary Resolution 1		
To approve the payment of Directors' benefits up to an aggregate amount of RM35,000.00 for the period from 28 June 2023 until the next Annual General Meeting of the Company.	Ordinary Resolution 2		
To re-elect Dato' Sri Lee Tuck Fook as Director.	Ordinary Resolution 3		
To re-elect Mr Wie Hock Kiong as Director.	Ordinary Resolution 4		
To re-appoint UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	Ordinary Resolution 5		

(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 _______________, 2023

____
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 12th 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 12th 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 12th 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 20 June 2023. 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 of the Company 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 of the Company 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 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 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 proportion of his shareholdings to be represented by each proxy.*

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AFFIX
STAMP

The Share Registrar

Pesona Metro Holdings Berhad
(Registration No. 201101029741) (957876-T)
c/o Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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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 48 hours before the time appointed for holding the 12th Annual General Meeting or adjourned general meeting at which the person named in the appointment proposes to vote:*

   (i) <u>In hard copy form</u>
   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) <u>By electronic means via Tricor TIIH Online website at https://tiih.online</u>
   Please refer to the procedure as set out in the Administrative Guide of the 12th 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 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, 26 June 2023 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 with the Company's Share Registrar 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 12th Annual General Meeting will be put to vote by way of poll.*

www.pesona.com.my

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

39, Jalan SB Indah 1/19, Taman Sungai Besi Indah,
43300 Seri Kembangan, Selangor, Malaysia.
Tel : +60 3 8941 0818 Fax : +60 3 8941 0817