

# PM

**PESONA METRO**

**PESONA METRO HOLDINGS BERHAD**

(Registration No. 201101029741) (957876-T)



**A N N U A L   R E P O R T   2 0 2 3**

# 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.

# WHAT'S

## 13<sup>th</sup> ANNUAL GENERAL MEETING

THE VERTICAL, CONNEXION CONFERENCE & EVENT CENTRE, THE ZENITH (LEVEL M1), BANGSAR SOUTH CITY,  
NO. 8, JALAN KERINCHI, 59200 KUALA LUMPUR

TIME : 10.30 A.M.

DATE : FRIDAY, 28 JUNE 2024

# OUR CORE VALUE



Superior  
Teamwork



Good Ethical  
Conduct



Exceptional  
Performance



Strong Value  
Creation



Unwavering Customer  
Satisfaction



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# NOTICE OF 13th ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 13th Annual General Meeting of the Company will be held at **The Vertical, Connexion Conference & Event Centre, The Zenith (Level M1), Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur** on **Friday, 28 June 2024 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 2023 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 2024 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 2024 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) Mr Wie Hock Beng; and
  - (b) Puan Salwa Binti Shamshuddin. **(Ordinary Resolution 3)**  
**(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)**

## **AS SPECIAL BUSINESS:-**

To consider and, if thought fit, to pass the following resolution, with or without modification(s): -

6. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **(Ordinary Resolution 6)**

"THAT subject always to the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the Company from time to time, at such price, upon such terms and conditions, to such persons and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be authorised to do all such things as they deem fit and expedient in the best interest of the Company to give effect to the issuance of new shares under this resolution including making such applications to Bursa Securities for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next annual general meeting the Company held after the approval was given or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is the earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting."
7. 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.



# NOTICE OF 13th ANNUAL GENERAL MEETING

By Order of the Board

**TE HOCK WEE (MAICSA 7054787) (SSM PC NO. 202008002124)**  
**FOO PEI KOON (MAICSA 7067238) (SSM PC NO. 202108000380)**  
Company Secretaries  
Kuala Lumpur

30 April 2024

## NOTES:

- For the purpose of determining who shall be entitled to attend, speak and vote at 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 2024. Only a member whose name appears on this Record of Depositors shall be entitled to attend and vote at this meeting or appoint proxy(ies) to attend, speak and vote on his/her/its behalf.*
- A member of the Company who is entitled to attend, speak 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, speak and vote in his place. A proxy may but need not be a member of the Company.*
- 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, speak and vote instead of the member at the general meeting.*
- 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.*
- 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.*
- Where a member, an authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
- 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 13th Annual General Meeting or adjourned general meeting at which the person named in the appointment proposes to vote:*
  - In hard copy form*  
*In case of an appointment made in hard copy form, the proxy form must be deposited at the Share Registrar of the Company, 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.*
  - By electronic means via TIIH Online website at <https://tiih.online>*  
*The proxy appointment can be electronically lodged via TIIH Online. Please refer to the procedure as set out in the Administrative Guide of the 13th Annual General Meeting for further information on electronic submission of proxy form via TIIH Online.*

# NOTICE OF 13th ANNUAL GENERAL MEETING

## NOTES:(Cont'd)

8. 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.
9. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
10. Last day, date and time for lodging the proxy form is **Wednesday, 26 June 2024 at 10.30 a.m.**
11. 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.
12. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 13th Annual General Meeting will be put to vote by way of poll.

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## EXPLANATORY NOTES TO THE AGENDA

(i) **Item 1 of the Agenda**

**Audited Financial Statements for the financial year ended 31 December 2023**

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 2024**

The Directors' fees proposed for the financial year ending 31 December 2024 are calculated based on the current board size and assuming that all Non-Executive Directors will hold office until 31 December 2024. 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 2024 until the next Annual General Meeting**

Directors' benefits are meeting allowance payable to 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 2024 until the next Annual General Meeting as well as the number of Non-Executive Directors involved in the meeting. In the event the proposed amount is insufficient (due to more meetings/enlarged board size), approval will be sought at the next Annual General Meeting for the shortfall.

(iv) **Ordinary Resolutions 3 and 4**

**Re-election of Directors**

Mr Wie Hock Beng and Puan Salwa Binti Shamshuddin are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 13th Annual General Meeting.

Their profiles are disclosed in the Profile of the Board of Directors of the 2023 Annual Report.



# NOTICE OF 13th ANNUAL GENERAL MEETING

## EXPLANATORY NOTES TO THE AGENDA (Cont'd)

### (iv) Ordinary Resolutions 3 and 4 (Cont'd)

#### **Re-election of Directors**

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 proper of the retiring Directors. Based on the recommendation of the NC, the Board is supportive of their re-elections based on the following justifications:-

#### (i) Ordinary Resolution 3 – Re-election of Mr Wie Hock Beng as Managing Director

Mr Wie Hock Beng is the brother to Mr Wie Hock Kiong and the founder of Pesona Metro Sdn Bhd. He possesses relevant qualification, knowledge and experience which complement the Board’s competencies. He also has vast experience in the construction industry and has engineered the growth to the Group by providing valuable input to steer the Group forward.

#### (ii) Ordinary Resolution 4 – Re-election of Puan Salwa Binti Shamshuddin as Independent Non-Executive Director

Puan Salwa Binti Shamshuddin has exercised due care and carried out her professional duty proficiently as an Independent Non-Executive Director of the Company. She demonstrated objectivity and independence through her participation at the meetings by giving objective feedback for Board’s deliberation and decision-making process.

### (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 13th Annual General Meeting are disclosed in the Audit Committee Report of the 2023 Annual Report.

### (vi) Ordinary Resolution 6

#### **Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016**

The proposed Ordinary Resolution 6, if passed, will empower the Directors to issue and allot shares up to an aggregate amount not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

This is the new mandate to be obtained from shareholders. The proposed Ordinary Resolution 6, if passed, will provide flexibility to the Company for any possible fund-raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions or such other application as the Directors may deem fit in the best interest of the Company.

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### **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 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)

Foo Pei Koon  
(MAICSA 7067238)  
(SSM PC NO. 202108000380)

## 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](http://www.pesona.com.my)  
Email : [pmhb@pesona.com.my](mailto:pmhb@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  
Email: [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)

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  
HOLDINGS BERHAD**  
(Registration No. 201101029741)  
(957876-T)

## 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)  
100%
- **SALURAN ARENA SDN BHD**  
201001030461 (914382-X)  
30%

## PESONA ASSET MANAGEMENT SDN BHD

201201029841 (1014328-M)

100%

## LUMAYAN METRO SDN BHD

202101014359 (1414659-A)

100%

## SEP RESOURCES (M) SDN BHD

201301013382 (1043220-T)

70%

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

# CORPORATE MILESTONES

## 1996

### ESTABLISHED

In 1996, Pesona Metro Sdn Bhd (“PMSB”) was established and commenced business as sub-contractor.

## 2002

### FIRST “DESIGN & BUILD”

In 2002, 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

In 2005, PMSB won its first “Design and Build” highway project at Jalan Pantai Laluan T1/T3, from Merang to Kuala Besut, Terengganu.

## 2006

In 2006, PMSB secured its first high-rise residential project, Zehn Bukit Pantai, Kuala Lumpur comprising two blocks of 25-storey luxury condominium.





# CORPORATE MILESTONES

## 2008

In 2008, PMSB secured its “Design and Build” project for the upgrading of Timah Tasoh Dam, Perlis.

## 2009

In 2009, PMSB was certified as having complied with ISO 9001:2008, the international standard for quality management systems.

In the same year, the Sg. Melaka project was named the Winner for Category 8 (Special Category) for PAM 2009 Awards. PMSB also received the 2009 Malaysia Independence Award under the Malaysia’s Prominent Property Construction Company category.

## 2010

In 2010, PMSB received a Letter of Appreciation (Grade A) from JKR (HQ) in relation to the construction of a government building project in Johor.

## 2011

In 2011, the Sg. Melaka project received the FIABCI Award under the Special Category Award for National Contribution.



# CORPORATE MILESTONES

## 2012

In 2012, Pesona Metro Holdings Berhad (“PMHB”) was listed on the Main Market of Bursa Malaysia Securities Berhad under the Construction Sector. In the same year, the CIQ Melaka project was named the Overall Champion or Best Project Management in the Design and Build Category from the Ministry of Works. The Sastra U-Thant project was certified as the first condominium construction project to receive the 5-S certification in Malaysia.

## 2013

In 2013, PMSB was certified as having complied with ISO14001:2004, the international standard for environmental management systems. In the same year, 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.

## 2014

In 2014, PMSB completed the construction of its first green building, Menara Technip at Kuala Lumpur, which carries the Gold GBI certification. The building achieved a score of 73% in QLASSIC by CIDB. In the same year, PMSB was certified as having complied with OHSAS 18001:2007, the international standard for occupational health and safety management systems.





# CORPORATE MILESTONES



## 2015

In 2015, the Menara SPR project received the Highest Merit Points 2014 for the Health, Safety and Environment category for high-rise buildings. Concurrently, 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. In the same year, 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.

## 2016

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

## 2017

In 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 also won the Super Golden Bull Award 2017 at the 11th Malaysia Outstanding SMEs Award organised by Business Media International for achieving an annual sales of RM100 million and above in the last three financial years. In the same year, 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 also won the silver award for the PAM Awards 2017 for category 4 (Public & Institutional) for the Menara SPR project.

# CORPORATE MILESTONES

## 2018

In 2018, the KPJ Bandar Dato' Onn Specialist Hospital project achieved a score of 79% in the QCLASSIC Assessment from CIDB. The Gua Musang Seksyen 3E2 Central Spine Road project was awarded with unprecedented outstanding performance certifications by JKR, Malaysia for completing the project ahead of time and within budget with zero accident.

In the same year, PMSB bagged the GOLD CLASS 2 for the 2017 OSH Performance Award by the 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 also emerged as the Top Winner for the Eminent Eagles category of the Golden Eagle Award 2018 organised by Nanyang Siang Pau.



## 2019

In 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 also bagged the Gold Class 2 award for the 2018 OSH Performance Award by the Malaysian Society for Occupational Safety and Health for the Lot 15 SJCC project. In the same year, the Central Spine Road Package 3E2 project emerged as the champion for Excellent Contractor Award (Category: Infrastructure) by JKR, Malaysia.



## 2020

In 2020, PMSB received the SHASSIC Achiever recognition from CIDB for achieving a score of 95% (5 star rating) in SHASSIC Assessment for the Lot 15 SJCC project.

# CORPORATE MILESTONES

## 2021

In 2021, the Eaton Residences project achieved a score of 80% in the QCLASSIC 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

In 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 QCLASSIC Assessment from CIDB. The MCT Lakefront Residence project achieved a score of 79% in the QCLASSIC 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 QCLASSIC Assessment from CIDB.

## 2023

In 2023, the Tria Seputeh project achieved a score of 81% in the QCLASSIC Assessment from CIDB. PMSB also received the SHASSIC Achiever recognition from CIDB for achieving a score of 89% (4 star rating) in SHASSIC Assessment for the TNB Gold project.



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## BOARD OF DIRECTORS



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**DATO' SRI LEE TUCK FOOK**  
Chairman



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**WIE HOCK BENG**  
Managing Director



# BOARD OF DIRECTORS



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**WIE HOCK KIONG**  
Director



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**LOH KONG FATT**  
Director



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**SALWA BINTI SHAMSHUDDIN**  
Director

# PROFILE OF DIRECTORS

## DATO' SRI LEE TUCK FOOK

*Chairman  
(Independent Non-Executive Director)*



Male



69 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.

He is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. He also holds a Master 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 Berhad, the Executive Director of Pavilion REIT Management Sdn Bhd and a Director of Kuala Lumpur Pavilion Sdn Bhd and Makna Mujur Sdn Bhd.

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.

He attended all the 5 Board meetings of the Company held during the financial year ended 31 December 2023.

## WIE HOCK BENG

*Managing Director  
(Non-Independent Executive Director)*



Male



51 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. He has more than 30 years of working experience in the rehabilitation and beautification of river and dam, constructions of bridge and flyover, roadwork, drainage, industrial, and high-rise luxury residential building projects.

He 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, the Non-Independent Non-Executive Director of the Company. 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.

He attended all the 5 Board meetings of the Company held during the financial year ended 31 December 2023.



# PROFILE OF DIRECTORS

## WIE HOCK KIONG

*(Non-Independent Non-Executive Director)*



Male



63 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.

He 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.

He 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, the Managing Director of the Company. 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.

He attended all the 5 Board meetings of the Company held during the financial year ended 31 December 2023.

## LOH KONG FATT

*(Senior Independent Non-Executive Director)*



Male



70 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.

He was principally involved in the formulation of new strategies, business plans and directions of UMBC Finance Berhad in his secondment from the parent UMBC Bank Bhd in 1987. Leading to UMBC Finance Berhad’s turnaround and set the company towards profitability, he was nominated by the UMBC Finance Berhad’s Board and approved by Bank Negara Malaysia to assume the Chief Executive Officer (“CEO”)’s position for then troubled financial institution, Kuala Lumpur Finance Berhad 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 Berhad (“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.

He 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.

He attended all the 5 Board meetings of the Company held during the financial year ended 31 December 2023.

# PROFILE OF DIRECTORS

## SALWA BINTI SHAMSHUDDIN

*(Independent Non-Executive Director)*



Female



47 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.

She is currently the Director of Mam Minerals Sdn Bhd, Nebu 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.

She 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.

She attended all the 5 Board meetings of the Company held during the financial year ended 31 December 2023.



# 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



52 years old



Malaysian

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

He is a member of the Malaysian Institute of Accountants (“MIA”) and The Malaysian Institute of Certified Public Accountants (“MICPA”). Prior to joining PMHB, 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.

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

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



Male



56 years old



Malaysian

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

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

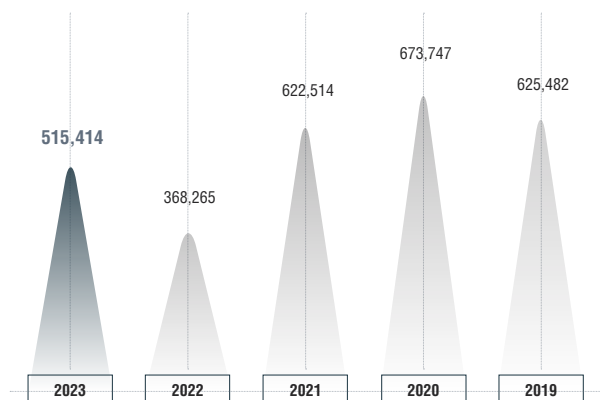
He specialises in building construction and management for both commercial and residential construction activities including high-rise luxury condominiums in Malaysia.

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

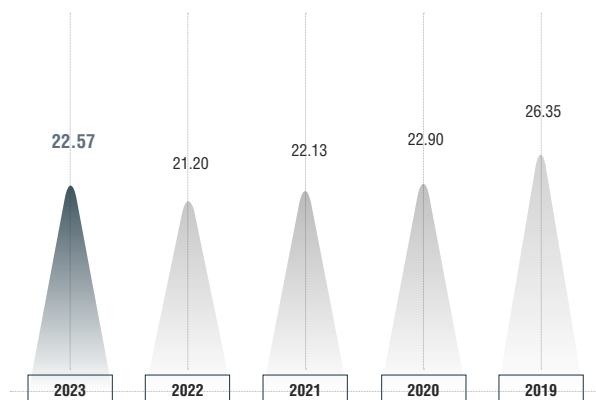
He does not hold any directorship in public companies and listed issuers. He does not have any family relationship with other Directors and/or major shareholders of the Company. He has no conflict of interest and does not hold any shares in the Company and its subsidiaries. He has no conviction of any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

# FINANCIAL HIGHLIGHTS

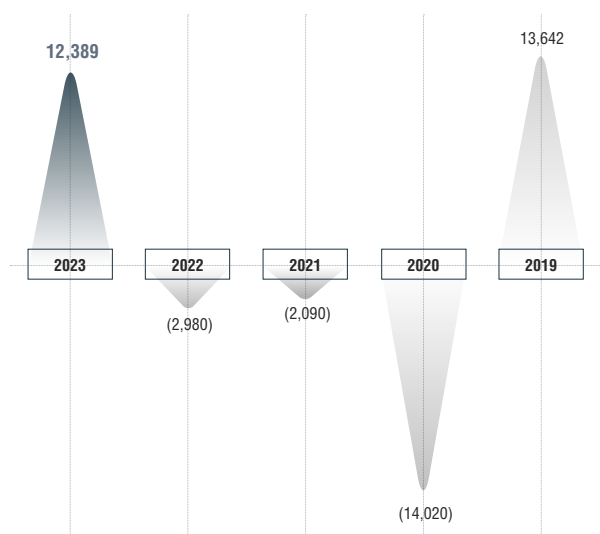
In RM'000 (Except otherwise indicated)	2023	2022	2021	2020	2019
Revenue	515,414	368,265	622,514	673,747	625,482
Profit/(Loss) before tax	14,358	(3,552)	(1,907)	(12,805)	17,745
Profit/(Loss) after tax	12,389	(2,980)	(2,090)	(14,020)	13,642
Total assets	654,198	569,607	662,634	704,838	700,555
Share capital	194,032	194,032	194,032	194,032	194,020
Total equity attributable to owners of the parent	156,848	147,342	153,779	159,146	183,101
No. of shares ('000) (Unit)	694,987	694,987	694,987	694,987	694,941
Earnings/(Loss) per share (Sen)	1.37	(0.93)	(0.77)	(2.45)	1.59
Net assets per share (Sen)	22.57	21.20	22.13	22.90	26.35
Dividend (Sen)	0.50	-	-	-	1.00



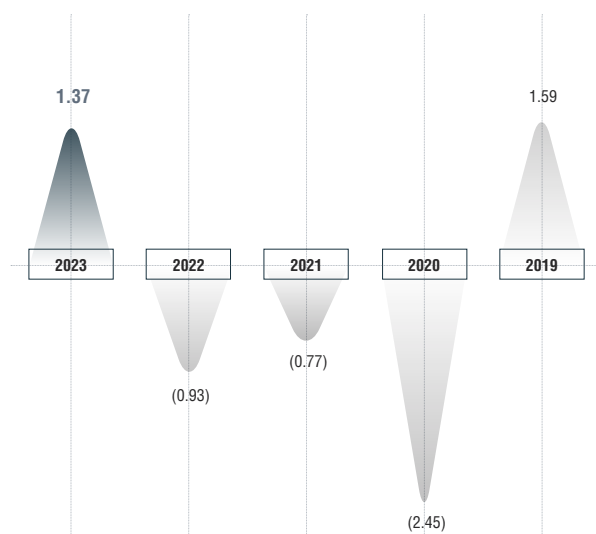
Revenue (RM'000)



Net assets per share (Sen)



Profit/(Loss) after tax (RM'000)



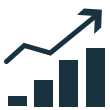
Earnings/(Loss) per share (Sen)

# MANAGEMENT DISCUSSION & ANALYSIS

Dear Valued Shareholders,

During the year under review, Pesona Metro Holdings Berhad (“PMHB” or “the Group”) achieved a notable financial turnaround, transitioning from three consecutive years of losses to profitability. This accomplishment underscores our resilience and strategic realignment. This success was achieved amidst a slowly improving domestic economy and construction sector, alongside challenges such as labour shortages, supply delays, and escalating raw material costs. Despite these challenges, we successfully completed key projects and strengthened our market position.

In this Management Discussion and Analysis, we offer an overview of PMHB, including the Group’s operational and financial results for the financial year concluded on 31 December 2023 (“FY2023”), alongside our strategic objectives and future outlook.



In FY2023,  
the Concessionaire Division contributed

**RM22.8 million**  
**or 7%** towards the Group’s revenue,  
reflecting another year of  
steady contributions



## OVERVIEW OF THE GROUP

PMHB operates as an investment holding entity with primary involvement in residential and commercial property construction, alongside infrastructure projects. Its principal subsidiary, Pesona Metro Sdn Bhd (“PMSB”), oversees the Construction Division and serves as the primary revenue generator for the Group. PMSB’s portfolio spans affordable to luxury high-rise residences, commercial buildings, healthcare facilities, and infrastructure ventures, including highways, irrigation systems, and river rehabilitation projects. In FY2023, PMSB contributed RM491.5 million or 95% of the Group’s revenue.

In our strategic pursuit to diversify our income sources and secure stable, recurring revenue, PMHB expanded into construction-related concessionaire activities in 2017 by acquiring a 70% interest in SEP Resources (M) Sdn Bhd (“SEP”). SEP holds a concession for the development and management of student hostels at Universiti Malaysia Perlis (“UniMAP”). In FY2023, the Concessionaire Division made a significant contribution of RM22.8 million to our revenues, emphasising its role in providing consistent financial support to the Group.

This year marked a successful turnaround for our construction business, moving from three years of consecutive losses to a profit. This shift underscores our strategic realignment and operational efficiency improvements. Additionally, the Concessionaire Division has continued to deliver consistent and stable revenue and profit, reinforcing its importance within our diversified portfolio. This balanced approach has not only facilitated recovery in our construction segment but also sustained our growth trajectory through reliable income streams.

# MANAGEMENT DISCUSSION & ANALYSIS



## OUR STRATEGIC OBJECTIVES

The Group's strategies are carefully designed to align our efforts in value creation with our sustainability goals. These strategies are ingrained across all facets of our operations, echoing our overarching vision to excel in every endeavour by harnessing exceptional performance, cohesive teamwork, robust value creation, ethical conduct, and steadfast customer satisfaction.

### Our Near-Term Strategies

PMHB is dedicated to consolidating our resources through an improved cost management strategy, aimed at enhancing the Group's profit margins. Central to our daily operations is the drive to boost operational efficiency and quality by reducing waste and minimising errors in our processes.

Additionally, our strategy includes a comprehensive employee development programme, featuring peer-to-peer training alongside both internal and external training sessions. These initiatives are designed to increase workforce proficiency in executing work processes and to ensure our team is adaptable to economic shifts. By fostering a skilled workforce, we aim to guarantee efficient project site operations, contributing to our goal of producing high-quality products (achieving at least a Quality Assessment System in Construction or QLASSIC score of 73%) within set deadlines.

In light of the challenges faced by the Malaysian property development industry in 2023, our approach has been to closely monitor market dynamics and lay a solid foundation for future growth. This strategic stance enables us to fortify our market presence and positions us to seize emerging opportunities as the sector rebounds. We remain committed to enhancing our core business operations, alongside exploring prospects for diversification into property development in the foreseeable future. This deliberate strategy seeks to elevate profitability and optimise value for our shareholders.

A minimum QLASSIC score of

# 73%

Our goal is to produce high-quality products that achieve a minimum QLASSIC score of 73%

### Our Long-Term Strategies

PMHB's strategic roadmap for the long-term is designed as a comprehensive four-stage blueprint that is designed to amplify our value creation efforts through leveraging a robust asset portfolio. During the initial stages, we focused on fortifying our operational framework. This involved deploying innovative systems and introducing strategic human resources initiatives, all aimed at enhancing our organisational efficiency and bolstering our workforce, assets, and equipment. Progressing into the third stage, these foundational improvements enabled PMHB to pursue and secure projects with heightened competitiveness, aligning with our long-term value creation objectives.

Now entering the fourth stage of our strategic blueprint, we are committed to ensuring long-term, sustainable profitability with our principal subsidiary, PMSB, leading our domestic efforts. Moving forward, we aim to further cement our status as a trusted contractor capable of delivering superior quality projects across a range of sizes.

To guarantee a consistent flow of construction projects for PMSB, despite subdued market conditions, we will keep a close watch on the property development market, preparing foundational elements to bolster our stance as the market recovers and grows, while capitalising on growth opportunities by monitoring market trends.

Considering the market's current challenges, such as rising inflation and high interest rates, our strategy includes prioritising the successful completion of ongoing projects. This encompasses tightly managing construction risks through careful project budget control and striving to complete projects ahead of their scheduled completion dates to prevent cost overruns and delays. Additionally, we aim to ensure the timely acquisition of necessary manpower for our projects.

PMSB is navigating towards a future of sustained growth by strategically embracing property development, with a focus on creating affordable housing solutions. This direction is in line with our commitment to supporting lower- to middle-income communities. As we advance beyond 2023, our strategy encompasses the identification and acquisition of strategic lands earmarked for affordable housing projects.



# MANAGEMENT DISCUSSION & ANALYSIS

In tandem, we will maintain an active engagement with the property development landscape, laying down the foundational strategies required to bolster our market stance, ensuring we are poised for action as the market sees an upturn. Our approach also includes a vigilant analysis of market trends, enabling us to effectively seize growth opportunities. Through these multifaceted efforts, PMSB aims to not only enhance its project portfolio but also contribute meaningfully to addressing housing affordability, ensuring a robust pathway to long-term success.

Furthermore, we will intensify our focus on delivering ongoing projects by meticulously managing construction risks through project budget oversight and aiming for early project completion.

In the Concessionaire Division, we continue to focus on the UniMAP contract, a reliable source of long-term revenue.



## THE YEAR IN REVIEW

In 2023, the global construction industry faced a series of challenges, including supply chain disruptions, labour shortages, and rising material costs, amid technological advancements and a shift towards sustainability. Despite these challenges, there were also opportunities for growth, particularly in regions like Asia-Pacific, which experienced robust expansion thanks to large-scale infrastructure projects and housing demands.

In Malaysia, the construction sector saw a positive trend, driven by the government's acceleration of mega projects such as the 5G rollout, East Coast Highway 3, flood-mitigation projects, and others, aiming to enhance mobility and stimulate economic activities. The market was set for a 6.1% expansion, buoyed by an increase in residential construction and government initiatives aimed at infrastructure development.<sup>1</sup>

## Leveraging Creative Solutions for Success

PMSB navigated this complex landscape by addressing specific challenges encountered throughout the year. The company faced a shortage of construction workers, delays in construction material supplies due to logistic issues such as lorry drivers' strikes, and increasing material prices, particularly for concrete. In response, the company applied strategic solutions that included applying for foreign workers' permits to alleviate the labour shortage, working extra hours to maintain project timelines, and sourcing for more competitive pricing from other suppliers to manage rising costs. These measures allowed PMSB to adapt and maintain progress on its projects, demonstrating the company's resilience and strategic agility in a challenging market environment.

Through its proactive approach, PMSB exemplified the industry's broader efforts to overcome operational hurdles and seize growth opportunities, contributing to the sector's recovery and expansion in a post-pandemic world.

Statement of Comprehensive Income	FY2023 RM'000	FY2022 RM'000	Variance	
			RM'000	%
Revenue	515,414	368,265	147,149	40%
Gross Profit	39,728	29,897	9,831	33%
Other Income	1,843	2,449	(606)	-25%
Administrative Expenses	18,296	27,835	(9,539)	-34%
Finance Costs	8,917	8,063	854	11%
Profit/(Loss)Before Tax	14,358	(3,552)	17,910	504%

In FY2023, the Group reported a significant financial improvement, with revenue climbing by 40% to RM515 million from the previous year's RM368 million. Gross profit also increased by 33%, reaching RM40 million. Despite a 31% decrease in other income and a 35% reduction in administrative expenses, the Group managed to significantly decrease its loss before tax ("LBT"), turning it into a profit before tax ("PBT") of RM14.3 million, which marked a substantial recovery from the prior year's LBT of RM3.5 million. This turnaround is attributed to the completion and acquisition of more construction projects during the year.

# MANAGEMENT DISCUSSION & ANALYSIS

Statement of Financial Position	FY2023 RM'000	FY2022 RM'000	Variance	
			RM'000	%
Non-current Assets	261,964	280,381	(18,417)	-7%
Current Assets	392,234	289,227	103,007	36%
Equity	181,212	168,823	12,389	7%
Non-current Liabilities	119,708	149,444	(29,735)	-20%
Current Liabilities	353,278	251,341	101,937	41%

In FY2023, PMHB reported a shift in its financial position. Non-current assets saw a slight decrease of 7% to RM261.9 million. Conversely, current assets experienced a substantial increase of 36%, amounting to RM392.2 million, compared to the previous year. Equity also improved by 7%, strengthening the Group's financial base to RM181.2 million. There was a 20% reduction in non-current liabilities, lowering them to RM119.7 million, while current liabilities rose by 41% to RM353.2 million. This ensured a healthy cash flow for ongoing and upcoming projects.

In view of the Group's turnaround performance, the upturn in the property development sector and the increase in construction opportunities, the Board has declared a 0.5 sen final single-tier dividend in April 2024 to reward our shareholders for their trust in the Group. This represents a 28% payout ratio of the Group's net profits and amounts to RM3.48 million.



## PERFORMANCE OF THE BUSINESS SEGMENTS

### Construction Division

#### Financial Highlights

In FY2023, the Group's Construction Division helmed by PMSB registered a significant increase in revenue from RM341.7 million to RM491.5 million. This notable growth stems primarily from the successful completion of two major construction projects, alongside the acquisition of several new projects throughout the year.

#### Performance Highlights

In 2023, Malaysia's construction industry was poised to propel economic expansion through the Public Private Partnership ("PPP") 3.0 model and substantial investments in key transportation and energy initiatives. However, the sector encountered obstacles, including labour shortages, supply chain interruptions, and escalating material costs. All these hindered its contribution to the national GDP and socio-economic development, despite the strategic direction set by the 12th Malaysia Plan for infrastructure and sustainable construction practices.<sup>ii</sup>

Amidst these challenges, PMSB, achieved notable success by completing two significant projects within the year - Residensi Wilayah in Bukit Jalil and Tria Seputeh near Jalan Klang Lama - both of which made substantial contributions to our annual revenue. Furthermore, PMSB secured several contracts throughout the year, bolstering our outstanding order book to an impressive RM2 billion, underscoring the division's bright future and enduring resilience in the face of industry-wide challenges.

In May 2023, PMSB was awarded a RM242.2 million contract by KL Wellness City (H) Sdn Bhd for the construction of the main structure and associated externals of a mixed-use development in Petaling, Kuala Lumpur. This project, slated for a 27-month duration, began on 1 June 2023, with completion expected by 30 September 2025.

Additionally, PMSB received a Letter of Acceptance from MRCB Builders Sdn Bhd for a contract valued at RM180.8 million. This project involves subcontracting work for the construction of the Malaysian National Film Development Board ("FINAS") headquarters in Damansara Damai, Petaling Jaya, Selangor, marking the fourth significant contract PMSB secured in 2023, following previous agreements with Danau Lumayan Sdn Bhd and Land Marker Sdn Bhd as reported last year.

 **36%**

In 2023, PMHB's current assets experienced a substantial increase of 36% amounting to RM392.2 million

# MANAGEMENT DISCUSSION & ANALYSIS



Equity improved by 7%, strengthening the Group's financial base to RM181.2 million

### Moving Forward

Moving forward, PMSB will continue to further leverage the use of technology, such as Building Information Modelling ("BIM"), to stay ahead in the construction sector. The company will also ensure its strategies incorporate this technology for strategic project management and operational efficiency.

With expectations of growth in the construction sector, we are focusing on securing more projects to bolster our business and drive sustainable growth. This effort will involve strategic planning and hard work to identify opportunities that strengthen our operational foundation and contribute to long-term business stability.



## RM3.48 million Dividend Payout

The 0.5 sen final single-tier dividend for FY2023 represents a 28% payout ratio of the Group's net profits and amounts to RM3.48 million.

### Concessionaire Division

The Concessionaire Division of PMHB has successfully managed a 70% interest in SEP, which is responsible for the end-to-end development and management of student hostels at UniMAP. This includes everything from the initial design phase to ongoing asset management. Since its inception in 2017, the project has been a source of consistent income, validating PMHB's strategy of diversifying its revenue streams.

In the fiscal year 2023, the division not only maintained its track record of generating steady revenue and profit but also contributed RM23 million to PMHB's overall revenue, with a PBT of RM15 million, aligning with the performance seen in FY2022. Given that the UniMAP contract will expire in 2036, it is expected that this division will continue to be a reliable income generator for PMHB.

### BUSINESS RISKS AND MITIGATION STRATEGIES

We are dedicated to protecting the Group's operations, performance, financial status, and liquidity against any unforeseen adverse material effects. In pursuit of this, we maintain rigorous risk management practices, steered by our commitment to sustainability. Our approach involves mitigating all foreseen and recognised risks through the strategic implementation of suitable decisions and measures, as detailed in the table below:

Key Risk	Description	Mitigation	Measures
<b>Operational</b>	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.
<b>Operational</b>	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 subcontractors 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.
<b>Operational</b>	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

## BUSINESS RISKS AND MITIGATION STRATEGIES (Cont'd)

Key Risk	Description	Mitigation	Measures
<b>Operational</b>	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.	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
<b>External</b>	Volatile material prices.	Unstable market prices for raw materials could cause the Group to incur additional expenses, thus affecting financial performance and profit margins.	<p>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.</p> <p>PMHB will also negotiate for and incorporate a Price Fluctuation Clause during tenders as a safeguard against sudden price hikes in the market.</p>

## UPHOLDING RESPONSIBLE CORPORATE PRACTICES

In our commitment to being a responsible corporate entity, we recognise the importance of operating in a manner that not only protects but also fosters the growth of our human and physical assets. This understanding drives us to adopt a variety of strategies aimed at ensuring the long-term sustainability of our business operations. These strategies include, but are not limited to, enhancing our workforce’s well-being, promoting safety standards, and investing in the development and maintenance of our physical infrastructure. By doing so, we not only safeguard our employees’ welfare but also contribute positively to our community and environment.

## GOOD GOVERNANCE AND ROBUST RISK MANAGEMENT

PMHB remains committed to adhering to high levels of corporate governance, ensuring our reputation as a transparent and trustworthy entity within the industry. We persist in implementing effective risk management practices and enforcing rigorous internal controls throughout our organisation. These actions are integral to our strategy for long-term business fortification.

Detailed information regarding our Board Charter, as well as the Terms of Reference for our Audit, Remuneration, and Nomination Committees, along with our Whistleblowing Policy and Anti-Bribery Corruption Policy, can be accessed on our official website (<http://www.pesona.com.my>).

## UPHOLDING THE AGENDA OF SUSTAINABILITY

PMHB is dedicated to advancing sustainability across the Group to enhance the long-term sustainability of our operations. We are also focused on refining our operational processes and construction techniques to achieve our objective of lowering our carbon footprint. For a comprehensive overview of our sustainability initiatives, please refer to the Sustainability Statement section of this Annual Report.

## RECOGNISED FOR OUR COMMITMENT TO EXCELLENCE

Our dedication to delivering exceptional construction quality has consistently been recognised and validated by authoritative regulatory bodies such as BuildQas Consulting Singapore and the Construction Industry Development Board (“CIDB”). These endorsements stand as a testament to our unwavering commitment to excellence. In 2023, a notable highlight was the TRIA Seputeh project in Kuala Lumpur achieving an outstanding QLASSIC score of 81% from the CIDB. This prestigious recognition not only underlines our commitment to quality but also reinforces our position as a premier and reliable developer within the construction industry. Our achievement in securing such high scores from esteemed organisations reflects our strategic focus on quality control, project management excellence, and continuous improvement in our construction practices.



# MANAGEMENT DISCUSSION & ANALYSIS

## MOVING FORWARD INTO FY2024 AND BEYOND

As we advance into 2024, the International Monetary Fund (“IMF”) forecasts a slight uptick in global growth, from 3.1% in 2024 to 3.2% in 2025, surpassing initial projections. This optimistic outlook is attributed to the unexpected economic resilience in the US, several large emerging markets, and China’s fiscal support. However, this growth rate still falls short of the pre-2020 average of 3.8%, hindered by high interest rates aimed at curbing inflation, reduced fiscal support amid rising debt, and stagnant productivity growth. Globally, inflation is expected to decrease from 5.8% in 2024 to 4.4% in 2025, as supply chain issues resolve and monetary policies remain restrictive. <sup>iii</sup>

On the domestic front, Bank Negara Malaysia (“BNM”) forecasts Malaysia’s GDP growth to be between 4% and 5% in 2024, an increase from 3.7% in 2023, primarily fuelled by robust domestic expenditure and an anticipated uplift in exports. Key drivers for this optimistic outlook include an upswing in global trade and technological advancements, particularly benefiting Malaysia’s position in the semiconductor industry. BNM’s Economic and Monetary Review 2023 highlights expected positive effects on exports and production.

The tourism sector is poised for a resurgence to pre-pandemic levels, further bolstering economic growth. Domestic demand, underpinned by employment and wage increases, is set to remain a significant growth factor, with household spending predicted to rise to 5.7% in 2024 from 4.7% in 2023, supported by an improving labour market and heightened activity in tourism, production, and trade.

However, potential risks such as global growth not meeting expectations and geopolitical conflicts could pose challenges. Domestically, factors like commodity production shocks and the implementation of subsidy rationalisation might impact the growth forecast. Investment growth is anticipated to benefit from ongoing multi-year projects and strategic initiatives like the New Industrial Master Plan 2030 and the National Energy Transition Roadmap, ensuring continued economic contributions in the coming years. <sup>iv</sup>

In tandem, Malaysia’s construction industry is poised for significant expansion in 2024, supported by governmental initiatives such as the New Industrial Master Plan 2030. This plan aims to transform the manufacturing sector into a more technologically advanced, high-value and globally competitive industry by 2030. It includes the creation and enhancement of industrial parks and infrastructure to promote sector growth and expansion.

With the current economic environment looking promising for developers, particularly those focusing on the middle-income market segment, the halt in the rise of interest rates combined with the stabilisation of construction material costs is anticipated to alleviate some pressures faced by developers.

Acknowledging the challenges expected to affect our construction business in FY2024, the Group is actively implementing measures to address these concerns. Recognising the limited number of projects available in the market, our focus is to enhance our competitive edge. We will also steadfastly uphold our approach to continuously diversify and strengthen our business as a whole through focusing on strategic growth and prudent decision-making.

This will include ongoing improvements in our workforce, construction standards, project efficiency, and financial management. We will also

continue to build our brand in the domestic market to become the preferred contractor.

Additionally, we will also continue to work towards obtaining the SIRIM Green 5-S certification with zero non-conformance reports for all projects and our headquarters. Led by PMSB, we aim to maintain our reputation as a reliable builder that delivers quality within budget.

As at 31 December 2023, the Group had an outstanding order book of RM2.0 billion, comprising eight ongoing projects. These projects are expected to contribute construction revenue for the financial year ending 31 December 2024. In addition, the concessionaire and maintenance income will provide consistent contribution for the financial year ending 31 December 2024.

As we stride into FY2024, PMHB approaches the future with cautious optimism, aiming for a robust performance despite the uncertainties. Given the current economic climate and changing market dynamics, both our Board and Management are unwavering in their dedication to adding value for our stakeholders. We are committed to a focused strategy in our operations, backed by wise strategies and insightful decisions to ensure our business thrives sustainably in the long run.

## ACKNOWLEDGEMENTS

On behalf of the Group, I wish to extend our heartfelt gratitude to all who have supported us throughout this year. We particularly thank our Management Team and the employees of our subsidiaries and associate companies for their unwavering commitment, effort and support throughout the years. To the members of PMHB’s Board and Management, thank you for your perceptive leadership and guidance, which have played a key role in fortifying our position for the future.

We extend our deepest gratitude to our shareholders, customers, clients, bankers, government entities, and our vendors and suppliers for their steadfast support and partnership with the Group.

As we move forward into 2024, we remain dedicated to our objective of generating long-term sustainable value. We earnestly request the continuous support of all our stakeholders as we focus on strengthening our operations and exploring new opportunities. We will continue to navigate the current market challenges with the aim of emerging more resilient. Looking ahead, we remain optimistic about PMHB’s future prospects.

**WIE HOCK BENG**  
Managing Director  
Pesona Metro Holdings Berhad

## Endnotes

- <sup>i</sup> Extracts from an article on the Construction+ website dated January 2024 titled “Malaysia Construction: Review 2023 and Forecast 2024” – refer to <https://www.constructionplusasia.com/my/malaysia-construction-review-2023-and-forecast-2024>
- <sup>ii</sup> Extracts from an article on the Mordor Intelligence website titled, “Construction Industry in Malaysia Size & Share Analysis - Growth Trends & Forecasts (2024 - 2029)” – refer to <https://www.mordorintelligence.com/industry-reports/malaysia-construction-market>
- <sup>iii</sup> Adapted from the International Monetary Fund’s World Economic Outlook Update, January 2024 – refer to <https://www.imf.org/en/Publications/WEO/Issues/2024/01/30/world-economic-outlook-update-january-2024>
- <sup>iv</sup> Adapted from an article in the Edge Malaysia dated 20 March 2024 titled “BNM sees economy expanding 4%-5% in 2024 amid resilient domestic expenditure, improved external demand” – refer to <https://theedgemaalaysia.com/node/705230>

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# SUSTAINABILITY STATEMENT

## OUR SUSTAINABILITY COMMITMENT

At Pesona Metro Holdings Berhad (“PMHB”), we embrace our responsibility as a corporate entity dedicated to sustainable growth. Our goal extends beyond mere financial achievement, we aim to positively impact the communities we engage with and ensure the well-being of our planet for generations to come. Our commitment to sustainability, which is integrated into every facet of our operations, is supported by a strategic model that protects stakeholder interests and enhances operational effectiveness. This approach guarantees the economic, environmental, and social integrity of our operations, affirming PMHB’s comprehensive commitment to sustainable progress and responsible corporate conduct.

## COMMITTED TO CREATING SUSTAINABLE VALUE

PMHB is an investment holding entity, listed under the Construction sector of the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”). The Group’s expertise spans several key activities including civil engineering, building construction, river rehabilitation and beautification, concessionaire ventures, and the trading of materials related to building construction.

At its core, PMHB is committed to fostering a sustainable future, aiming to create enduring value for its stakeholders. This commitment is pursued through diligent efforts to drive sustainable advancements across Economic, Environmental, and Social (“EES”) dimensions. By adhering to responsible and sustainable management practices, PMHB continually enhances its operational efficiencies. This strategic focus facilitates a consistent growth in business activity across the Group, ensuring long-term stakeholder value and contributing to the Group’s sustained success in the construction industry.



# SUSTAINABILITY STATEMENT



## SCOPE AND BOUNDARY

This document marks PMHB’s eighth Sustainability Statement (“Statement”) and covers the significant EES initiatives undertaken in the 2023 financial year. To ensure this Statement upholds the highest standards of transparency and accountability, PMHB has conducted thorough engagements with stakeholders, both within and outside the organisation.

## Reporting Period

1 January 2023 – 31 December 2023.

## Reporting Cycle

Annually.

## Business Entity Covered

This Statement focuses primarily on Pesona Metro Sdn Bhd (“PMSB”), the main subsidiary and Construction Division of the Group, which accounts for 95% of the Group’s yearly revenue. It details the significant issues pertinent to PMSB’s core operations but does not cover the undertakings of other PMHB subsidiaries. The Group’s primary activities include the construction of commercial and residential buildings across Peninsular Malaysia.



## Guidelines

This Statement aligns with and complies with Bursa Securities’ Sustainability Reporting Guide (3rd edition) and its Enhanced Sustainability Reporting Disclosures.

## Contents

The contents of this Sustainability Statement outline key issues of significance to the stakeholders of PMHB and has been prepared in compliance with the regulatory standards of local authorities. It is to be read in conjunction with the rest of the Group’s 2023 Annual Report which covers other financial and non-financial aspects of the Group’s business. Although not externally assured at this stage, this approach is in line with PMHB’s strategy to refine its sustainability data management and oversight processes. Future plans include seeking external verification to further validate our commitment to transparency and accountability in our sustainability efforts.

## Methodology

The aspects and issues emphasised in this Statement were put forward by the Group’s Executive Committee, adhering to PMHB’s customary approach. Following approval from the Board of Directors, the Working Committee has implemented the Statement’s recommendations.

## PMHB’s Sustainability Journey

Since its founding in 1996, PMHB has been dedicated to growth and acting as a responsible corporate entity. In 2016, the Group developed and integrated its Sustainability Framework into its business model in response to Bursa Securities’ introduction of Sustainability Reporting. This framework directs PMHB’s business practices and operations towards achieving sustainable outcomes, while ensuring the Group’s commitment to sustainability and fostering a durable future for its stakeholders.

The Group is focused on strictly adhering to sustainability standards and integrating sustainability aspects into its business models to further contribute to improvements in operational efficiency, cost reduction, revenue growth, and innovation for long-term success.

# SUSTAINABILITY STATEMENT


## SUSTAINABILITY THEMES

The Group has implemented specific sustainability themes throughout its operations to maintain uniformity in its sustainability initiatives:




### HEALTH & SAFETY

The well-being and safety of both our employees and the surrounding communities are of utmost importance to PMHB. We recognise our duty to maintain a safe and healthy environment around our construction sites. To achieve this, we are constantly improving our equipment and practices to meet and exceed safety, health, and environmental standards set by regulatory bodies.



### ENVIRONMENT

As a responsible contractor, PMHB is keenly aware of the potential environmental impact of our projects. We hold the environment dear, as our work puts us in direct contact with nature, including soil, vegetation, air, water, and wildlife. Therefore, we see it as our responsibility to conduct our operations with a high level of awareness and care for these finite resources, essential for human survival. As such, the Group is committed to treating all environmental issues with the highest regard, aiming to prevent any adverse effects on both people and the natural world.



### LABOUR PRACTICES

PMHB is committed to fostering an inclusive workplace, ensuring fairness and equity for all employees, regardless of their employment status, nationality, race, religion, or gender. Additionally, PMHB champions the importance of a balanced work-life environment, recognising it as essential for the overall well-being of its team members, including their physical, mental, and emotional health.



### PROFITABILITY

PMHB is committed to generating profit and creating value in our aim to sustainably expand our ventures as a conscientious corporate entity. Our goal is to uphold our commitment to delivering top-quality products on budget and on schedule, while striving to serve the public to the best of our ability.

## SUSTAINABILITY GOVERNANCE

The Group's sustainability reporting is carried out and overseen in compliance with the highest standards of governance. In support of this, PMHB has put in place a governance framework that ensures accuracy, accountability, and transparency are maintained throughout every phase of the reporting process:



The Board of Directors and various committees have specific roles and responsibilities outlined as follows:

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

- The Board prioritises maintaining the highest standards of corporate governance and robust internal controls in its incorporation of sustainability considerations into the Group's strategic planning.
- The Executive Committee oversees the creation and refinement of the sustainability framework for the Group. This includes overseeing the preparation of the Sustainability Statement and Policy.
- The Sustainability Working Committee is responsible for monitoring the Group's progress towards its sustainability goals, reporting its findings during quarterly reviews to address and adjust any discrepancies between set targets and actual outcomes.

# SUSTAINABILITY STATEMENT

## Board of Directors

The Board of Directors at PMHB, comprises of seasoned professionals with a diverse range of expertise and experience, is dedicated to leading the organisation towards robust EES practices. This dedication is directed towards generating sustainable, long-term shareholder value by prioritising investments in initiatives that contribute to the sustainable progression of the Company's ventures.

Moreover, the Board is responsible for the meticulous oversight and successful implementation of EES initiatives throughout the Group. Their responsibilities further encompass the refinement of the Company's strategic orientation, guided by adherence to the principles of corporate governance excellence and the incorporation of critical sustainability considerations into their assessments. The Board also plays a pivotal role in the orchestration of planning processes that enhance PMHB's commitment to transparency, integrity, and accountability within all facets of its operational and managerial activities.



**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.**

## Executive Committee

PMHB's Executive Committee, which includes the Chief Financial Officer ("CFO") and the Chief Operating Officer ("COO"), is in charge of reviewing, creating, and planning the Group's sustainability framework. Led by the Managing Director ("MD"), the committee's task is to update the Board on the progress of the Group's sustainability efforts. In addition to this, they are also responsible for crafting the Sustainability Statement and Policy, ensuring these documents are in line with the Group's sustainability strategy. Their duties encompass setting sustainability goals, identifying key stakeholders, and focusing on the most critical issues related to the EES aspects of sustainability reporting.



**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 Statement and Policy.**

## Sustainability Working Committee

The Sustainability Working Committee of the Group serves to ensure the Group's sustainability targets align with PMHB's adoption of company-wide policies and best practices. Members of the committee are chosen for their roles' relevance to the Group's key sustainability concerns. They convene quarterly to assess progress and adjust any discrepancies between set targets.

PMHB is continuously reviewing and, where necessary, enhancing its sustainability governance framework to improve the efficiency of its strategic planning, execution, and reporting efforts. For further details on the Group's corporate governance and risk management frameworks, please refer to the Statement on Corporate Governance and the Statement on Risk Management and Internal Control within this Annual Report.



**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.**

## STAKEHOLDER ENGAGEMENT

Engaging with stakeholders is a crucial part of PMHB's sustainability approach, especially as our operations and market presence grow. Our focus on building and strengthening relationships with our stakeholders is in line with our aim to position ourselves as a company centred around their interests. By regularly interacting with stakeholders, we address their needs and expectations promptly and accurately, thus ensuring our engagement strategies are in sync with the development phases of our projects throughout their lifecycle.

We methodically evaluate and address the needs of our stakeholders in an efficient and systematic manner. This process involves the identification of stakeholders and their classification according to their influence on, and impact from, our operations and supply chain. Our approach to understanding and responding to stakeholder expectations, as well as our methods of communication with them, are detailed in the Stakeholder Engagement Matrix.

# SUSTAINABILITY STATEMENT

## Stakeholder Engagement Matrix

Stakeholder	Stakeholder Expectations	Engagement Methods	How We Meet Our Stakeholder's Expectations
Clients	<ul style="list-style-type: none"> <li>Project to be completed on time, within budget and good quality.</li> <li>Full compliance with authorities' rules and regulations with minimal penalties or summons.</li> <li>Zero fatalities.</li> <li>Proper project management and communications.</li> </ul>	<ul style="list-style-type: none"> <li>Progress meeting (fortnightly).</li> <li>Site walk with client (ad hoc).</li> <li>Client satisfaction survey (upon completion of the project).</li> </ul>	<ul style="list-style-type: none"> <li>QLASSIC score of 73% and above.</li> <li>Submission of monthly progress reports on time.</li> <li>Achieve a minimum 80% client satisfaction rate.</li> <li>All correspondence to be answered within 24-48 hours.</li> <li>Always assign a point of contact for clients e.g., Project Manager or Contract Manager.</li> </ul>
Authorities & Regulators	<ul style="list-style-type: none"> <li>Compliance with rules and regulations.</li> </ul>	<ul style="list-style-type: none"> <li>Site inspections.</li> <li>Audits.</li> <li>Accreditation.</li> <li>Training sessions.</li> </ul>	<ul style="list-style-type: none"> <li>Weekly internal site meeting and site inspection on HSE issues, 5S methodology, GBI matters to ensure compliance.</li> <li>Regularly attend training sessions/seminars/conferences/discussions to improve work methods and get updates on new regulations.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Attractive pay-out and job security.</li> <li>Career development and progression.</li> <li>Good HSE practices.</li> <li>Fair and equal treatment.</li> </ul>	<ul style="list-style-type: none"> <li>Annual Staff Survey.</li> <li>Annual Appraisal.</li> <li>Staff activities.</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Social Responsibility ("CSR") activities to encourage off-site relationships with stakeholders.</li> <li>The operation of a transparent and fair rewarding mechanism based on merit.</li> <li>Regular updates on Group-related news and progress via the Group intranet.</li> <li>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.</li> </ul>
Business Partners (Suppliers & Sub-contractors)	<ul style="list-style-type: none"> <li>Timely payment.</li> <li>Fair and transparent procurement processes.</li> <li>Safe work sites.</li> </ul>	<ul style="list-style-type: none"> <li>Toolbox meetings.</li> <li>Weekly meetings.</li> <li>Transparent tender processes.</li> <li>Suppliers and sub-contractors evaluation.</li> </ul>	<ul style="list-style-type: none"> <li>Achieve a minimum of 75% in Grade C and above rating for supplier evaluations.</li> <li>Achieve a 75% in Grade B- and above rating for sub-contractor evaluations.</li> <li>Factory/warehouse visits.</li> </ul>
Media	<ul style="list-style-type: none"> <li>Timely and transparent financial and corporate information.</li> </ul>	<ul style="list-style-type: none"> <li>Press conferences.</li> <li>Corporate website.</li> <li>Press releases.</li> </ul>	<ul style="list-style-type: none"> <li>Meetings with the Media after the Annual General Meeting.</li> <li>Press releases uploaded on the website for easy access by the Media.</li> </ul>

# SUSTAINABILITY STATEMENT

## STAKEHOLDER PRIORITISATION

Every year, PMHB undertakes a stakeholder prioritisation exercise to ensure stakeholder needs are addressed effectively and efficiently. This process allows PMHB to strategically allocate attention and resources among different stakeholder groups. During this assessment, stakeholders are classified into two main groups based on their dependence on the Group and their capacity to influence it. The results from the most recent assessment are summarised in the following table:

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 formulated through the systematic organisation of data gathered during the stakeholder prioritisation process. Stakeholders were assorted based on the level of impact their perspectives and insights have on the Group's forward movement and development. Among these, the top seven stakeholders were identified and classified under High Dependency-High Influence due to their significant impact. Concurrently, other stakeholders were designated under the Low Dependency-High Influence category for the purposes outlined in this Statement.

### Stakeholder Prioritisation Matrix

Stakeholder dependency on the organisation	High Dependency	CONSULT/INVOLVE		COLLABORATE/EMPOWER (Maximum Attention)
	Low Dependency	KEEP INFORMED (Minimal Effort)		INFORM/ENGAGE
	Community	1) Competitors 2) Media		1) Employees 2) Sub-contractors 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				

# SUSTAINABILITY STATEMENT



## MATERIAL MATTERS

PMHB places high importance on topics of materiality because of their potential to affect the Group’s capacity to generate, maintain, or diminish EES value concerning the organisation, its stakeholders, and the community. The Group methodically tackles these significant issues by analysing data and materials that offer in-depth perspectives on EES-related subjects that are most critical to its stakeholders. This analysis is thorough and includes specifics on the most effective ways to engage stakeholders such as through direct meetings, surveys, feedback mechanisms, and reviewing the practices of peers.

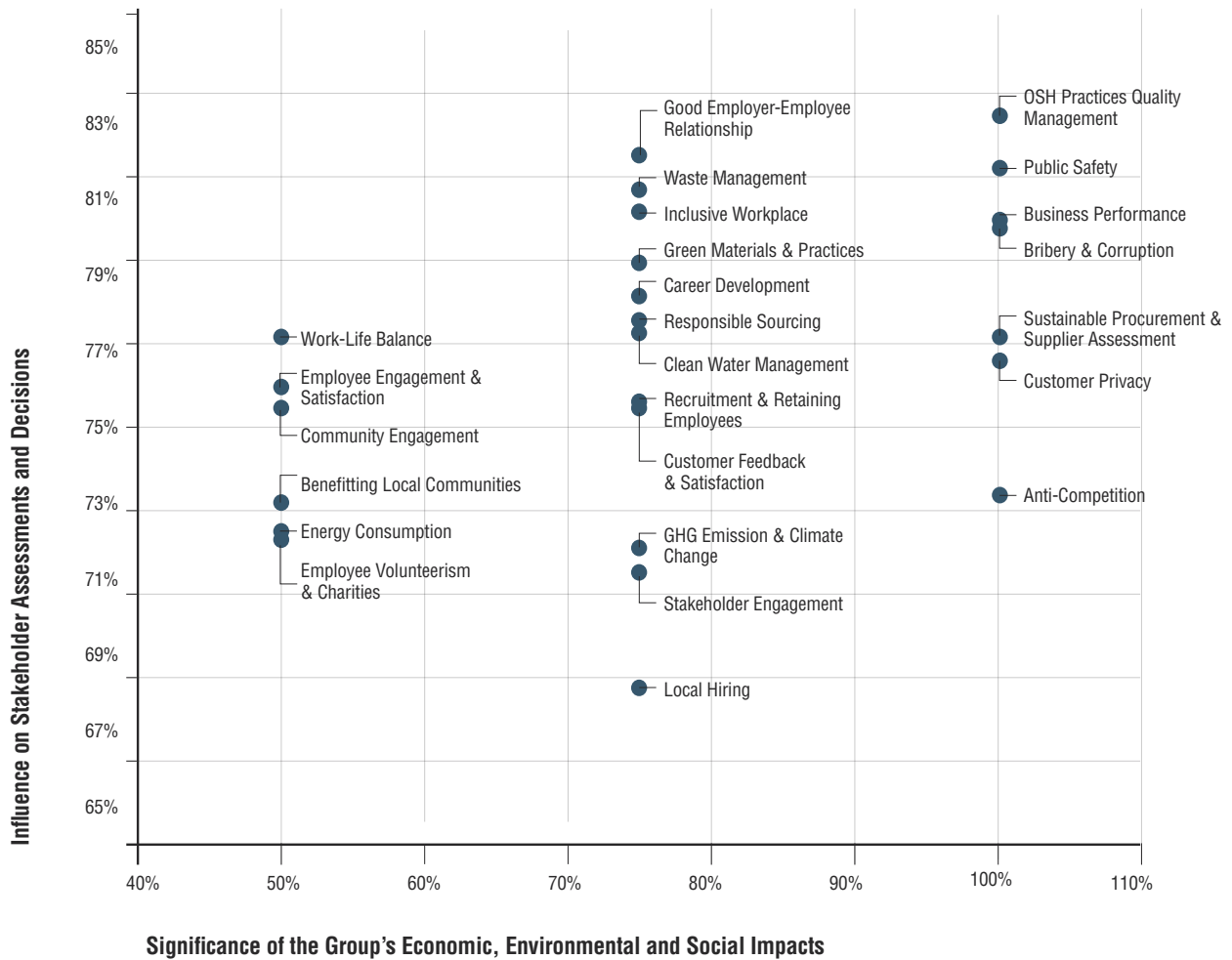
In 2018, two significant material analyses were conducted in February and December. Using Google Forms, surveys were distributed to key stakeholders identified as having High Dependency and High Influence on PMHB. This includes the Group’s employees, customers, suppliers, subcontractors, regulators, consultants, and bankers. The survey’s scope and parameters are detailed as follows:

Stakeholders	Parameters
Clients	Existing and past clients who have engaged the Company in jobs – both private and public organisations.
Authorities and Regulators	Governments, local councils, the Construction Industry Development Authority or CIDB, SIRIM, the Fire Department, and the regulators for Green Building Index or GBI certification.
Consultants	Professionals who have a direct influence on the Company’s operations including architectural, structural, electrical, mechanical, and landscaping professionals.
Employees	Permanent, contractual and interns; locals and foreign workers.
Business Partners	Product and service providers.
Suppliers and Sub-contractors	Product and service providers.
General Public and 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.

The Group’s current Materiality Matrix below was based on the findings of these analyses. Given that the nature of our business and operational context has not changed much aside from the pandemic, the findings from the previous survey remain relevant and valid. In addition, the matrix was also used as a guide for plotting the 2023 Sustainability Roadmap.

# SUSTAINABILITY STATEMENT

**EES Materiality Matrix**



## UPHOLDING GOOD ECONOMIC PRACTICES

### Strategic Direction

Our strategic focus is on enhancing our core businesses to secure continued sustainable growth. Through adaptive strategic realignments, we aim to maintain our forward momentum and enhance our agility in navigating the evolving market and economic conditions. For a comprehensive view of our strategic direction and an analysis of our financial and operational performance, please refer to the Management Discussion and Analysis section of our Annual Report.

# SUSTAINABILITY STATEMENT

## 2023 Sustainability Roadmap (Targets and Achievements)

Health & Safety		Labour Practices		Environment		Product Quality	
Target	Achievements	Target	Achievements	Target	Achievements	Target	Achievements
Zero Fatality	Achieved	Annual Staff Survey	Achieved	Allowable Construction Waste	Achieved	QLASSIC 73%	Achieved
Zero Lost Time	Achieved	3 Major Festive Celebrations	Achieved	i) Steel 7% ii) Concrete 5% iii) Timber 10%	4.19% 2.95% 7.81%	80% Customer Satisfaction	Not Achieved (73.3%)
Zero Stop Work Orders	Achieved	Minimum 14 hour/staff Training	Not Achieved	Zero Environmental Summons/ Notices	Achieved	75% Sub-Contract Grade B	Not Achieved (51.7%)
Zero Dengue Cases	Achieved	4 CSR activities	Achieved			75% Supplier Grade C and above	Achieved
		Internship	Not Achieved				
		i) 10 HQ ii) 25 Site	i) 2 HQ ii) 13 Site				
		8 Scholarships	Not Achieved				

For detailed insights into the sustainability themes highlighted above, kindly refer to the relevant sections within this Sustainability Statement.

### Strengthening the Market Ecosystem

PMHB is committed to building meaningful relationships across its supply chain, from suppliers to customers, with a focus on market engagement. As a prominent player in Malaysia's construction industry, PMHB is dedicated to cultivating partnerships that promote sustainable growth and strengthen the sector. The Group aims to positively impact the communities and industries it serves by committing to long-term sustainable projects. Leading these efforts is PMHB's principal subsidiary, PMSB, which remains committed to contributing towards the country's economic development and growth.

Since its foundation in 1996 with just 20 employees, PMHB has become a major player in Malaysia's construction industry, now employing around 400 staff, including both permanent and contract personnel. The Company values employing workers from both local and international backgrounds through its support of cross-border employment and workforce diversity. Its skilled labour force includes specialists like carpenters and electricians, essential for its construction projects.

Moreover, PMHB supports domestic economic sectors by hiring locally and sourcing materials such as cement, steel, and timber from local suppliers alone. This practice not only opens growth opportunities for local producers but also minimises reliance on international suppliers, thus reducing the Group's exposure to global economic fluctuations and contributing more significantly to Malaysia's economy. PMHB's commitment to fair procurement practices and the adoption of new construction methods and technologies further enhances its contribution to the local construction industry.

SUPPLY CHAIN MANAGEMENT	2021 (%)	2022 (%)	2023 (%)
Proportion of spending on local suppliers	100%	100%	100%

# SUSTAINABILITY STATEMENT

## Transparent Marketplace Practices

Given the inherent risks associated with our operations, safeguarding our employees’ safety by adhering to Malaysia’s stringent construction regulations is a top priority. PMHB operates under the guidelines set by the Construction Industry Development Board (“CIDB”) and undergoes audits by SIRIM. As a publicly listed entity, we also comply with the Main Market Listing Requirements (“MMLR”) of Bursa Securities and are fully committed to championing transparency and promoting ethical conduct in the industry.

Our firm stance against bribery and corruption is demonstrated through our various practices and policies. The PMHB Induction Programme, introduced in 2019, plays a pivotal role in reinforcing our commitment to transparency among new employees by educating them about our zero-tolerance stance towards white-collar crime. This is supported by the widespread adoption of the Zero Tolerance Policy, detailed in the Group Employee Handbook, which underscores our commitment to combating unethical practices.

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

- The Group’s Code of Conduct outlines our stance on business ethics and the integrity of our employees.
- Our Annual Report includes the Overview Statement on Corporate Governance, detailing the roles of the Board of Directors and its committees, along with other relevant details. The Board Charter is available on our website.
- The Open Tender Policy ensures fairness in subcontractor selections, requiring the presence of three out of five committee members at Tender Box openings, with at least one member from a different department than Tender and Contract to guarantee impartial decisions.
- The Whistleblowing Policy offers a secure way for employees to report concerns about financial irregularities, compliance issues, or other misconduct at an early stage. This policy is detailed in the Employee’s Handbook, and accessible to the public on our website at [www.pesona.com.my](http://www.pesona.com.my).

To ensure our governance framework remains comprehensive and current, we actively collaborate with regulatory authorities to meet strict compliance standards. The Board is proactive in assessing risks and implementing necessary compliance actions, especially in light of Section 17A of the Malaysian Anti-Corruption Commission (“MACC”) Act 2009, which came into effect on 1 June 2020. Beyond this, PMHB has integrated Anti-Corruption and Anti-Bribery Policy and Procedures into its Code of Conduct, aligning with Bursa Securities’ MMLR and adhering to the stipulations of MACC’s Section 17A.

ANTI-CORRUPTION	UNIT	2021	2022	2023
<b>Percentage of employees who have received training on anti-corruption by employee category</b>				
Management	Percentage	0%	100%	100%
Executive	Percentage	0%	100%	100%
Non-executive/Technical Staff	Percentage	0%	0%	0%
General Workers	Percentage	0%	0%	0%
<b>Percentage of operations assessed for corruption-related risks</b>	Percentage	0%	0%	0%
<b>Confirmed incidents of corruption and action taken</b>	Number	0	0	0

## Our Commitment to Excellence

The Group continues to earn recognition for maintaining high standards in its operations. For a comprehensive overview of the awards and honours PMHB has garnered over the past year, please consult the “Social: Occupational Health and Safety” section of this Statement.

# SUSTAINABILITY STATEMENT

## UPHOLDING GOOD ENVIRONMENTAL PRACTICES

### Education and Awareness Programmes

Mitigating the environmental impact of our operations is a fundamental goal at PMHB. As such, we continue to engage in strategic initiatives aimed at bolstering our environmental preservation and sustainability efforts. We are dedicated to cultivating an eco-conscious mindset across all levels of our organisation through implementing targeted training and awareness programmes for our employees, subcontractors, and suppliers. These initiatives are crucial in reinforcing our commitment to continuous environmental stewardship within the Group.

#### Green 5S Practices

In pursuit of a more sustainable operational model, PMHB distinguished itself within the Malaysian construction sector by being one of the first builders to adopt the 5S methodology. This initiative ensures our project sites maintain high standards of cleanliness and safety, which, in turn, significantly reduces incident rates. Since then, PMHB has subjected each of its projects to rigorous audits by the SIRIM Green 5S team, affirming adherence to Green 5S protocols. A notable achievement in this regard was The Mews project site, which, in 2017, became the first to be awarded a Zero Non-Conformance Report following a SIRIM Green 5S Audit.

Throughout the year in review, PMHB carried out 5S Awareness training at six project sites and held 12 training sessions at its Headquarters. Additionally, the Company organised 161 weekly sessions for 5S Site Coordination and Surveillance, along with a yearly 5S audit at Headquarters.

The formal evaluations by the SIRIM Green 5S Audits serve as a comprehensive record of PMHB's dedication to the 5S principles, tracking our commitment to achieving Zero Non-Conformance at our project sites. Our efforts in this regard have contributed significantly to PMHB's reputation as a dependable construction firm within the 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
2023	MKR, Bon Kiara	0	1

\* There were no site audits carried out in 2021 due to the COVID-19-induced operational restrictions.

# SUSTAINABILITY STATEMENT

## Environmental Talks

To support PMHB’s goal of becoming a more environmentally conscious entity, the Group ensures adherence to environmental regulations. This commitment to environmental stewardship is guided by systems designed to maintain the Group’s direction and to underline its dedication to being an exemplary practitioner in this area. These systems are bolstered by quarterly updates and knowledge-sharing sessions with project teams to foster a holistic approach to the Group’s checks and balances.

PMHB’s continued successful Green 5S performance is the result of diligent application of environmental and 5S protocols at project sites. The frequency of environmental education sessions held for staff from 2021 to 2023 is detailed in the accompanying table:

	2021	2022	2023
Environmental Talks during Environmental Management Systems (“EMS”) Internal Audits at Project Sites	14	19	19
Environmental Talks during EMS Internal Audits at HQ	7	12	12
Induction Programme (EMS Session) – introduced in Nov 2018	2	1	1

At PMHB, the orientation programme for new employees features an introduction to our corporate culture which also highlights our dedication to environmental protection and adherence to the principles of Reduce, Reuse, and Recycle. Moreover, we encourage new team members to actively participate in our organisation-wide initiatives, such as the Styrofoam Food Packaging Campaign, which we continued to diligently uphold throughout FY2023. This initiative bans the use of plastic or polystyrene containers for food and beverages at our workplaces and project locations. Our objective is to reduce the accumulation of non-biodegradable waste by promoting the use of reusable containers over single-use plastics among our staff and workers.

## Materials Management

Aligned with our commitment to reducing waste, the Group has implemented a materials management programme across all our construction sites. This programme has consistently produced effective results through its minimisation of waste-generating processes. By carefully planning the use of construction materials at every site, we have significantly reduced wastage. This reduction has not only allowed us to better utilise our resources but also resulted in considerable savings by decreasing the amount of waste sent to landfills.

### Raw Materials Management

To reinforce its commitment to waste minimisation, the Group prioritises local sourcing of raw materials and aligns its purchasing budgets with the volume of ongoing projects. This Statement concentrates on the three primary construction materials that constitute approximately 80% of the Group’s raw material usage.

	2021	2022	2023
Steel Bar (tonnes)	10,472	10,110	19,310
Concrete (m <sup>3</sup> )	114,721	86,597	155,767
Timber (tonnes)	288	553	922

The Group has also established the maximum amount of acceptable wastage in our processes with the aim of maximising the efficient use of construction materials. The table below shows the waste produced from the Group’s current projects in FY2023.

	Target/ Allowed Wastage	Actual Wastage
Steel Bars	7%	4.19%
Concrete	5%	2.95%
Timber (with a 4-time lifecycle)	10%	7.81%

As we continue making significant strides in resource conservation, we plan to keep evaluating and enhancing our materials management programme to achieve even better outcomes. The success of the programme so far is attributed to our constant oversight of construction material waste, the commitment of our site management teams, and efforts to lower the waste management percentage. Looking ahead, we will continue to maintain close collaboration with our teams to take appropriate steps to reduce any further wastage.

# SUSTAINABILITY STATEMENT

## Utilities Management

In aligning with our goal to be more environmentally friendly, the Group prioritises optimising the use of construction materials and utilities like diesel, petrol, water, and electricity at our sites, monitoring them closely to minimise our carbon footprint.

We actively encourage water conservation by implementing rainwater harvesting systems, utilising the harvested water for site cleaning and washing activities. Water consumption is carefully managed based on the number of workers at each site, with a goal to continually reduce usage year over year. While there was a reduction in water consumption at our headquarters, the water usage at our project sites recorded an increase in 2023, mirroring the rise seen in 2022 due to the higher number of construction projects undertaken throughout the year.

### Water Usage (Megalitres<sup>3</sup>)

	2021	2022	2023
<b>Project Sites</b>	127.7	100.3	130.6
<b>HQ</b>	1.7	1.8	1.3

In terms of diesel consumption, the Group utilises this resource as the primary power source for machinery on-site during the early stages of construction until the electricity supply is established. As construction progresses and electricity becomes fully available, the reliance on diesel decreases. In 2023, the Group observed a significant rise in diesel and electricity usage at project sites, directly attributed to the increased number of construction projects undertaken throughout the year.

### Diesel Usage (litres)

	2021	2022	2023
<b>Project Sites</b>	108,099	89,571	110,527
<b>HQ</b>	7,669	7,501	7,374

### Electricity Usage (kWh)

	2021	2022	2023
<b>Project Sites</b>	3,347,919	1,947,840	2,401,133
<b>HQ</b>	109,515	124,247	120,707

In PMHB, petrol is primarily used for transporting workers and employees between our headquarters and project sites. Its usage is considerably smaller compared to other utilities due to this specific application. Nevertheless, as petrol contributes to our carbon footprint, we have accounted for it in this Statement. For the year in review, the rise in petrol consumption can be attributed to the return of our staff to our headquarters.

### Petrol Usage (litres)

	2021	2022	2023
<b>Project Sites</b>	52,123	52,778	46,641
<b>HQ</b>	53,962	71,278	76,574

In 2023, the Group's total energy use marked an increase of 29%. This rise can be primarily attributed to our staff resuming on-site work at our headquarters.

ENERGY MANAGEMENT	UNIT	2021	2022	2023
<b>Total Energy Consumption</b>	Megawatt	129.24	102.14	131.90



# SUSTAINABILITY STATEMENT

## Waste Management

The Group's initiatives to limit the accumulation of general waste falls under the ambit of a comprehensive waste management programme which covers the general scope of its operations. This 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 programmes below enable us to achieve these targets in a sustainable manner:

### Waste Management Targets and Programmes

#### Minimising Formwork Wastage

To tackle the significant timber waste from traditional framework manufacturing and use, the Group has turned to alternative, recyclable formworks. Currently, we employ table-forms, jump-forms, aluminium forms, and proprietary-type system formworks, all of which offer extended reuse possibilities. However, for project structures with unique requirements that demand more adaptable solutions, PMHB still finds it necessary to use timber formworks.

#### Optimising Formwork Usage

In 2019, PMHB reached a consistent 90% utilisation rate of system formworks at all its sites, a benchmark we have successfully maintained. This accomplishment is testament to our commitment to minimising the use of timber formwork in our projects by investing in durable system formworks as fixed assets.

#### Minimising Packaging Waste

As part of our sustainability goals, PMHB prioritises the recycling of waste from protective packaging to notably lessen the volume of waste directed to landfills, which represents around 60% of total construction waste. The majority of this waste, which includes timber pallets and crates, cardboard boxes, plastic wrappers, and metal strips, finds a second life in constructing temporary installations such as wall systems, pathways, fencing, and barriers at our construction sites.



#### Minimising Rework

PMHB proactively minimises construction rework by conducting thorough reviews during the project planning stages. Utilising cutting-edge technologies such as Building Information Modelling ("BIM") and Virtual Design and Construction ("VDC") enables the Group to identify and address potential errors before breaking ground on projects. This pre-emptive approach significantly reduces risks, reduces unnecessary spending, and conserves both time and resources. These processes are overseen by our BIM team who strive to ensure this critical part of the construction process is effectively managed.

#### Minimising Instances of Damaged Materials

The implementation of the 5S system at PMHB's construction sites ensures the safe and efficient organisation of materials. This approach also significantly reduces costs by minimising material damage. The system includes specific practices such as:

- Utilising prefabricated steel frames for storing steel bar bundles and protecting them from corrosion by preventing direct contact with moist ground.
- Clearly defining storage areas for scaffolding components such as joint pins, swivel clamps, jack bases, u-heads, cross bracing, catwalk platforms, and frames. To facilitate easy returns and prevent misplacement, boxes for smaller unused components are accessible on every floor.
- Ensuring fragile materials are clearly marked and those with expiry dates are stored in a "first-in, first-out" sequence to manage their use effectively.

#### Recycling Efforts

Our commitment to being more environmentally friendly, has seen the Group carry our efforts to reduce waste into FY2023. These include maintaining partnerships with NGOs to manage the recyclable waste from our headquarters and our employees' homes. In addition to enabling effective waste management, this project fosters a culture of recycling responsibility among our staff. Moreover, our construction sites persist in implementing sound recycling practices by finding new uses for construction debris and sending recyclable materials to recycling facilities.

# SUSTAINABILITY STATEMENT

## Results of 2023 Recycling Efforts (kg)

	Headquarters			All Project Sites		
	2021	2022	2023	2021	2022	2023
<b>Carton Boxes/Cardboard</b>	4,080	2,770	741	44,439	30,167	28,902
<b>Plastics &amp; PVC</b>	94	34	55	6,667	2,394	2,130
<b>Metal/Aluminium/Iron</b>	5	3	21	1,363	925	814
<b>Others (shredded paper, glass, unused film)</b>	-	-	-	9,897	3,553	3,198

## Pollution Control and Management

Beyond our recycling initiatives, the Group is focused on effectively managing our carbon footprint by estimating the potential carbon emissions for each project before it starts. We work with a sustainability consultant to ensure our projects adhere to the Environmental Management Plan (“EMP”) requirements. This consultant oversees the EMP, which includes a monthly monitoring system for water quality, air quality, noise levels, and vibrations, in line with the Department of Environment Malaysia’s standards.

Additionally, PMHB is committed to enhancing its environmental performance in construction by implementing eco-friendly and contamination-preventing practices. These include using metal drip trays to catch oil leaks, installing grease/oil interceptors in canteens and kitchens, maintaining proper Imhoff tanks for waste management, employing water browsers to cut down on air particles, and cleaning lorries and vehicle tires with water jets and wash troughs.

## Our Commitment to Implementing Good Environmental Management Systems

PMHB’s commitment to environmental excellence has seen the Group integrate the ISO 14001:2015 standard into its environmental standards. These efforts, led by its main subsidiary PMSB, focus on integrating the following key environmental management processes to minimise ecological impact while adhering to international sustainability practices:

- **Strategic Environmental Management Planning:** PMSB prioritises strategic planning that centres around risk mitigation and seizing opportunities related to environmental concerns, compliance requirements, and stakeholder expectations driven by the business’ context.
- **Risk-Based Thinking:** Emphasising a risk-based approach enables us to concentrate on reducing our environmental footprint effectively.
- **Leadership:** Designated leaders within PMSB champion our environmental management efforts, ensuring that the leadership team is fully aligned with our EMS goals.
- **Protecting the Environment:** Our commitment to environmental protection includes efforts to prevent pollution and sustainably manage resources.
- **Process Approach:** Our focus extends beyond EMS to achieve comprehensive outcomes and results.
- **Environmental Performance:** Beyond just showcasing our environmental policies and commitments, we aim to incorporate measures like emission, effluent, and carbon footprint reductions.
- **Lifecycle Perspective:** We strive to improve our products and services’ environmental efficiency throughout their lifecycle, including stages like raw material acquisition, design, production, delivery, and disposal.
- **Integration with Business Process:** Our EMS objectives are woven into our business operations, encompassing procurement, subcontract management, construction execution, asset management, and HR activities, aligning with our sustainability goals and regulatory requirements.

This balanced approach demonstrates our dedication to environmental stewardship and sustainable business practices, following globally recognised standards.

# SUSTAINABILITY STATEMENT

## UPHOLDING GOOD SOCIAL PRACTICES

### SOCIAL: LABOUR & DECENT WORKPLACE PRACTICES

PMHB is committed to treating all employees with respect and equality, regardless of their race, background, gender, or age. Our “fair and equal opportunity policy” is a fundamental aspect of our human resource management strategy, as outlined in our Employee Handbook. As a forward-thinking organisation, we strive to remain an employer of choice for individuals from various cultures, religions, races, and nationalities, united by a common dedication.

#### Composition of the Board

As of 2023, PMHB’s Board of Directors includes Puan Salwa Binti Shamshuddin, who serves as an Independent Non-Executive Director and a member of the Audit Committee. Puan Salwa’s involvement brings a critical balance to boardroom discussions, offering unique perspectives and insights that enhance the decision-making process, thanks to her diverse experiences. Her role on the Board aligns with Bursa Securities’ guidelines, reinforcing our commitment to gender diversity and equality in leadership positions.

#### PMHB’s Workforce

The Group’s growth is due to the unwavering efforts of our dedicated and skilled workforce. By the end of December 2023, our team expanded to 288 employees, up from 254 at the end of 2022. This increase is part of our commitment to strengthen our team in alignment with our business needs and objectives. In line with our dedication to nurturing our valued employees and adhering to the latest standards set by Bursa Securities, we have further elaborated on the dynamics of our workforce’s composition and its evolution over the last three years, showcasing our proactive approach to workforce management and development.

The composition and changes in our workforce over the past three years are detailed in the table below:

#### Summary of PMHB’s Workforce

	2021	2022	2023
<b>Total Number of Employees</b>	<b>296</b>	<b>254</b>	<b>288</b>
<b>Gender (Gender Equality):</b>			
Male	73%	74%	73%
Female	27%	26%	27%
<b>Age (Inclusivity):</b>			
> 50 years old	18%	18%	15%
30 – 50 years old	57%	60%	59%
< 30 years old	25%	22%	26%
<b>Race (Diversity):</b>			
Malay	52%	52%	58%
Chinese	38%	38%	34%
Indian	7%	7%	7%
Others	2%	2%	1%
<b>Type of Employment (Fair Employment Policy):</b>			
Permanent	48%	49%	39%
Contractual	52%	51%	61%
<b>Nationality (Local Labour Employment):</b>			
Malaysian	100%	100%	100%
Non-Malaysian	0%	0%	0%

	2021	2022	2023
<b>Skills (Product Quality):</b>			
Technical	77%	77%	79%
Non-technical	23%	23%	21%
<b>Years of Service (Talent Attraction &amp; Retention):</b>			
< 1 year	5%	11%	25%
1 – 3 years	29%	8%	11%
> 3 – 6 years	26%	25%	16%
> 6 – 10 years	23%	31%	24%
> 10 years	17%	25%	24%
<b>Staff Turnover Rate</b>	26.67%	27.84%	22.18%
<b>Health &amp; Safety:</b>			
Worked Manhours	8,435,172	5,727,975	7,442,338
Fatal Accidents	0	1	0
Lost Time Injury Accidents	0	0	0
Accident Frequency Rate/ Million Hours	0	0	0.214

# SUSTAINABILITY STATEMENT

## DIVERSITY AT PMHB

	2021		2022		2023	
	Number	Percentage	Number	Percentage	Number	Percentage
<b>Total Number of Employees</b>	296	47%	254	51%	288	41%
<b>Total Number of General Workers</b>	332	53%	244	49%	419	59%
<b>Total</b>	628	100%	498	100%	707	100%
<b>Gender</b>						
Management Male	64	21%	55	21%	59	20%
Management Female	9	3%	9	3%	7	2%
Executive Male	70	23%	52	20%	56	19%
Executive Female	44	15%	30	12%	40	14%
Non-executive/Technical Male	83	28%	81	32%	96	33%
Non-executive/Technical Female	26	9%	27	11%	30	11%
<b>Total</b>	296	99%	254	99%	288	99%
General Workers Male	329	99%	243	99%	418	100%
General Workers Female	3	1%	1	1%	1	0%
<b>Total</b>	332	100%	244	100%	419	100%
<b>Age</b>						
Management Under 30	3	1%	4	2%	3	1%
Management Between 30-50	46	16%	40	16%	42	15%
Management Above 50	24	8%	20	8%	21	7%
Executive Under 30	34	11%	18	7%	24	8%
Executive Between 30-50	69	23%	53	21%	62	22%
Executive Above 50	11	4%	11	4%	10	3%
Non-executive/Technical Under 30	36	12%	34	13%	46	16%
Non-executive/Technical Between 30-50	55	19%	59	23%	65	23%
Non-executive/Technical Above 50	18	6%	15	6%	15	5%
<b>Total</b>	296	100%	254	100%	288	100%
General Workers Under 30	140	42%	82	34%	186	45%
General Workers Between 30-50	191	58%	162	66%	232	55%
General Workers Above 50	1	0%	0	0%	1	0%
<b>Total</b>	332	100%	244	100%	419	100%
<b>Percentage of Directors (Gender &amp; Age)</b>						
Male	5	83%	4	80%	4	80%
Female	1	17%	1	20%	1	20%
<b>Total</b>	6	100%	5	100%	5	100%
Under 30	0	0%	0	0%	0	0%
Between 30-50	2	33%	2	40%	1	20%
Above 50	4	67%	3	60%	4	80%
<b>Total</b>	6	100%	5	100%	5	100%

Committed to forward movement, our organisation is actively promoting female representation within our workforce, confronting the traditionally male-dominated construction industry. Our gender ratio reflects this commitment and underscores our dedication to fostering gender diversity.

# SUSTAINABILITY STATEMENT

Racial diversity is also prioritised in our workforce, with Malay and Chinese employees making up the bulk of our team, alongside significant representation from Indians and other racial groups.

Employee Race (Diversity)	2021		2022		2023	
	Number	Percentage	Number	Percentage	Number	Percentage
Malay	158	53%	136	53%	168	58%
Chinese	112	38%	96	38%	97	34%
Indian	21	7%	18	7%	20	7%
Others	5	2%	4	2%	3	1%
Total	296	100%	254	100%	288	100%

In 2023, our staff turnover rate improved, dropping from 28% to 22% compared to the previous year. We see this turnover as a positive force for the Company's sustainability, bringing in new ideas and perspectives. This turnover fosters a culture of innovation and growth, offering younger employees opportunities for advancement and to assume roles vacated by departing senior staff, thereby maintaining a vibrant and evolving workplace.

Total Number of Employees/General Workers that Resigned	2021	2022	2023
Management	8	14	6
Executive	35	37	27
Non-executive/ Technical	45	25	28
Total	88	76	61
General Workers	186	88	25
Total	186	88	25

Employee Type of Employment	2021		2022		2023	
	Number	Percentage	Number	Percentage	Number	Percentage
Permanent	143	48%	125	49%	112	39%
Contractual	153	52%	129	51%	176	61%
Total	296	100%	254	100%	288	100%
Employee Type of Skills						
Technical	228	77%	195	77%	228	79%
Non-Technical	68	23%	59	23%	60	21%
Total	296	100%	254	100%	288	100%
Employee Year of Service						
< 1 year	14	5%	29	11%	72	25%
1 - < 3 years (1-3)	86	29%	20	8%	32	11%
3 - < 6 years (4-6)	78	26%	64	25%	45	16%
6 - < 10 years (7-10)	69	23%	78	31%	69	24%
> 10 years	49	17%	63	25%	70	24%
Total	296	100%	254	100%	288	100%

	2021	2022	2023
	Percentage	Percentage	Percentage
Employee Turnover Rate	27%	28%	23%
General Worker Turnover Rate	48%	31%	8%

# SUSTAINABILITY STATEMENT

We are pleased to report that there were no fatalities in 2023. The Group remains diligent in implementing essential safety measures and precautions to avoid accidents and ensure the well-being of our valued team members. For more details on our health and safety efforts, please see the “Occupational Health and Safety” section within the Social segment of this Statement.

## Human Rights

PMHB is dedicated to respecting and protecting the rights of all its employees and workers. To this end, the Group stringently implements the following practices to ensure the well-being and effectively safeguard the rights of our on-site workers:

- Ensure separate sanitary facilities for males and females to maintain their privacy.
- Provide a proper cooking area with accessible fire extinguishers and wash areas to uphold cleanliness and hygiene in the cooking and canteen spaces.
- Allocate a designated worship space within the workers’ camp, allowing them to practice their faith in an appropriate setting.
- Set up an entertainment area with a television for use during breaks.
- Make clean, potable water available through a water dispenser.
- Offer resting areas furnished with beds to guarantee adequate rest.
- Ensure a 30-minute break after every 1.5 to 2 hours of work.
- Ensure a 60-minute lunch break.

Aligned with our commitment to human rights protection for our workforce, PMHB firmly opposes any form of slavery and child labour, both universally and within our own operations. We aim to ensure our workers are treated equally and humanely, without discrimination based on nationality, gender, or age. Our hiring process is transparent, and all workers are legally employed, with each possessing a CIDB green card from CIDM.

The fair and equal treatment policies for our office-based staff are detailed in the PMHB Employee Handbook, which also outlines the benefits available to them.

In FY2023, there were zero substantiated complaints concerning human rights violations.

## Work-Life Integration

Acknowledging the physically and mentally demanding nature of construction work, we proactively adopt measures to foster a supportive workplace environment. This approach stems from our recognition that our employees’ well-being is vital for the long-term success and operational effectiveness of our business. Through initiatives aimed at enhancing both physical and mental health, we commit to ensuring the well-being of our workforce, understanding it as a cornerstone of sustainable business practice.



## Sports for Physical and Mental Wellbeing

Given the challenging nature of construction work, PMHB is committed to promoting the well-being of our workforce. We understand that the physical and mental health of our employees is essential for the ongoing success of both the individuals and our Company. As such, we have introduced several initiatives designed to cultivate a positive and supportive work environment.

We are proponents of a healthy work-life balance and actively encourage our team to maintain both mental and physical wellness. As part of this effort, we arrange recreational sports activities at our headquarters and project sites, offering weekly sessions of futsal, bowling, and badminton. Additionally, our employees can use the facilities at a fitness centre located close to our headquarters, which includes a gym and heated showers, along with the option to participate in group fitness classes.

In FY2023, we organised 166 physical activities for our team, an increase from 156 activities in the previous year. This rise in the number of activities reflects the absence of restrictions on gatherings, allowing for more face-to-face interactions, and is also attributed to the growth in our workforce.

## Education and Personal Development

The Group actively contributes to Malaysia’s economic development by facilitating undergraduate internship programmes at both our construction sites and offices. In FY2023, we sustained this initiative, offering students valuable, practical work experience to fulfil their academic training requirements and better prepare them for their future careers.

# SUSTAINABILITY STATEMENT

## Internship Programme

In FY2023, PMHB welcomed 15 new interns, with two based at our headquarters and the remaining 13 placed across our construction sites. These internships are part of our ongoing sponsorship efforts in collaboration with Universiti Tunku Abdul Rahman (“UTAR”) which provides valuable, practical work experience to students.

	2021	2022	2023
<b>Interns at HQ</b>	3	5	2
<b>Interns at Project Sites</b>	7	9	13
<b>Total</b>	10	14	15

## Training and Development

In FY2023, the Group’s employees engaged in an average of 8.23 training hours each, showing an increase from 6.23 hours per employee in the previous year. These training sessions fell under various categories, reflecting our commitment to continuous learning and development.

Training Modules	2021	2022	2023
Health and Safety	1	3	10
Quality and Technical	9	15	34
Environmental	1	2	3
Corporate Governance	0	0	0
<b>Total Training Hours</b>	<b>0.62</b>	<b>6.32</b>	<b>8.26</b>
<b>Total</b>	<b>10</b>	<b>14</b>	<b>15</b>

LABOUR PRACTICES AND STANDARDS	2021	2022	2023
<b>Total Hours of Training per Employee Category</b>			
Management	66	569	1,087
Executive	100	546	814
Non-executive/Technical	16	490	478
<b>Total</b>	<b>182</b>	<b>1,605</b>	<b>2,379</b>
General Workers	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

HEALTH AND SAFETY	Unit	2021	2022	2023
<b>Lost Time Incident Rate (“LTIR”)</b>	Rate	0	0	0
<b>Number of Employees Trained on Health and Safety Standards</b>	Number	0	65	26

## Employee Reward and Recognition Practices

The Group is committed to recognising and rewarding our employees for their strong work ethic and dedication to our organisation. We make it a priority to acknowledge and celebrate the hard work and achievements of standout employees after each fiscal year. These efforts are part of PMHB’s strategy to reinforce its reputation as a preferred employer, thereby attracting and retaining top talent.

### Employee Recognition Awards

Over recent years, the Group has established various awards to honour the hard work, loyalty, and outstanding performance of our team members. These are as follows:

- **PMHB’s Good Action Award** celebrates employees or project teams whose extra efforts have improved work efficiency, thereby enhancing productivity and the quality of our customer deliverables.
- **PMHB’s HSE Excellence Award** is given to employees who demonstrate a commitment to health, safety, and environmental practices, aligning with HSE standards.
- **PMHB’s Good Attendance Award** acknowledges employees who have maintained perfect attendance, shown punctuality, and not taken any sick leave throughout the year.
- **10-Year and 20-Year Long Service Awards** are presented to employees who have dedicated 10 or 20 years of service to the Group, highlighting their loyalty and long-term commitment.
- **PMHB’s Green 5S Award** rewards employees and project sites for their efforts in implementing 5S practices, promoting participation through effective communication, and establishing a robust 5S setup at work.

Despite these established programmes, similar to FY2022, no recognition programmes were conducted in FY2023 as operational challenges prevented the collection of necessary data for the programmes’ successful implementation.

# SUSTAINABILITY STATEMENT

## Annual Appraisal

Beyond simply recognising achievements with awards, the Group is committed to conducting thorough performance reviews that aid our employees in navigating their career paths. At the close of each fiscal year, employees are rewarded based on evaluations of their performance, skills, and personal attributes. This process not only assesses each employee's accomplishments but also identifies areas for improvement and determines the most appropriate training and development programmes. PMHB remains dedicated to continuing these essential evaluations to both support and encourage our employees' professional advancement and ensure their goals align with those of the Group.

## Employee Welfare and Benefits

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.

The Group offers standard benefits such as general health insurance, medical claims, paid and special leave, and allowances for travel and outstation duties to all employees. In addition to these, PMHB also extends several welfare benefits which include:

- Providing housing for overseas and outstation employees;
- Offering medical benefits and group health insurance to all employees equally, without regard to job grades;
- Installing sanitary toilet facilities on alternate floors of high-rise construction sites for worker convenience; and
- Equipping all on-site workers with masks and full Personal Protective Equipment ("PPE") to protect them from potential hazards at construction sites.

These benefits are impartially given to every employee, reflecting our commitment to equality regardless of nationality and background. Additionally, we educate new hires about PMHB's work culture, benefits, health and safety practices, quality and environmental practices, and our fair and equal policy through a mandatory Employee Induction Programme within their first month.

Employees are also expected to adhere to the Employee Code of Conduct, detailed in the Employee Handbook along with our work ethics policies and anti-corruption and bribery practices.

In an effort to engage and strengthen our workforce further, PMHB conducted its sixth groupwide employee survey in FY2023, receiving a total of 125 responses from 273 employees.



## Employee Engagement

PMHB recognises the crucial role of clear and consistent communication in achieving success. Therefore, we continue to create opportunities that enhance employee engagement. Such activities include CSR events, sports activities, festive celebrations, and the Group's Annual Dinner. These events are key to strengthening management-employee relations by fostering greater trust and communication. Additionally, our agenda for engagement encompasses various initiatives aimed at enriching our workplace culture and enhancing team cohesion.

## Annual Employee Survey

In our commitment to bolstering our workforce, PMHB conducted its fifth comprehensive employee survey in FY2023, encompassing all staff registered on the Group's payroll. The survey successfully achieved a response rate that met our minimum target of 25%, receiving a total of 125 responses for the year 2023. This initiative is part of our ongoing effort to engage with our employees and understand their perspectives, ensuring continuous improvement and strengthening of our team.

## Greater Use of Technology Platforms

To ensure ongoing communication with our varied stakeholders, the Group utilises modern digital platforms. We provide our employees access to social interaction tools such as WhatsApp for real-time data exchange, which serves to enhance our ability to monitor project progress. Moreover, PMHB uses an intranet platform called eBoard, which serves as a central hub for sharing corporate news, project updates, and information on group-wide initiatives, thus fostering improved communication throughout the Group.



# 125

Responses from 273 employees via the sixth groupwide Annual Employee Survey



# SUSTAINABILITY STATEMENT

## SOCIAL: OCCUPATIONAL HEALTH AND SAFETY

### Recognised for Good Health and Safety Measures

In 2019, the Group launched its first Monthly Safety Reward and Recognition Programme to commend the efforts of our employees in upholding and enhancing safety at our sites. This initiative aligns with our goal to promote diligence, stewardship, and exemplary conduct in the workplace, driving these objectives through a structured rewards and recognition framework implemented by PMHB.

In terms of observing health and safety at our project sites, we adhere to the Safety and Health Assessment System in Construction (“SHASSIC System”) implemented by CIDB’s Construction Research Institute of Malaysia (“CREAM”). In 2023, we achieved a 4-star rating for one of our project sites, TNB Gold, Bangsar.

### Continuing to Uphold Stringent Health and Safety Standards

The Group is dedicated to maintaining the highest standards in occupational health and safety (“OSH”) across all its operations. We adhere to OSH best practices, highlighted by our adoption of the ISO 45001:2018 standard. This standard is recognised internationally for setting a high benchmark in occupational health and safety. A key requirement of this updated standard is the active involvement of our leadership, driving our management teams to integrate effective OSH practices into our procurement processes. This commitment ensures a safer and healthier work environment throughout our organisation.

### Our Health and Safety Policy

PMHB prioritises health and safety and constantly strives to create a safer, preventive work environment. We enforce strict health and safety regulations across our operations, requiring all staff to comply. This clarification of rules not only enhances our team’s understanding of their roles but also promotes safer working conditions across the Group.

Furthermore, PMHB has set up a standardised health and safety workflow, ensuring tasks are performed safely and legally. This approach aims to minimise any health and safety risks to our employees and assets, emphasising our commitment to maintaining a secure workplace.

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.

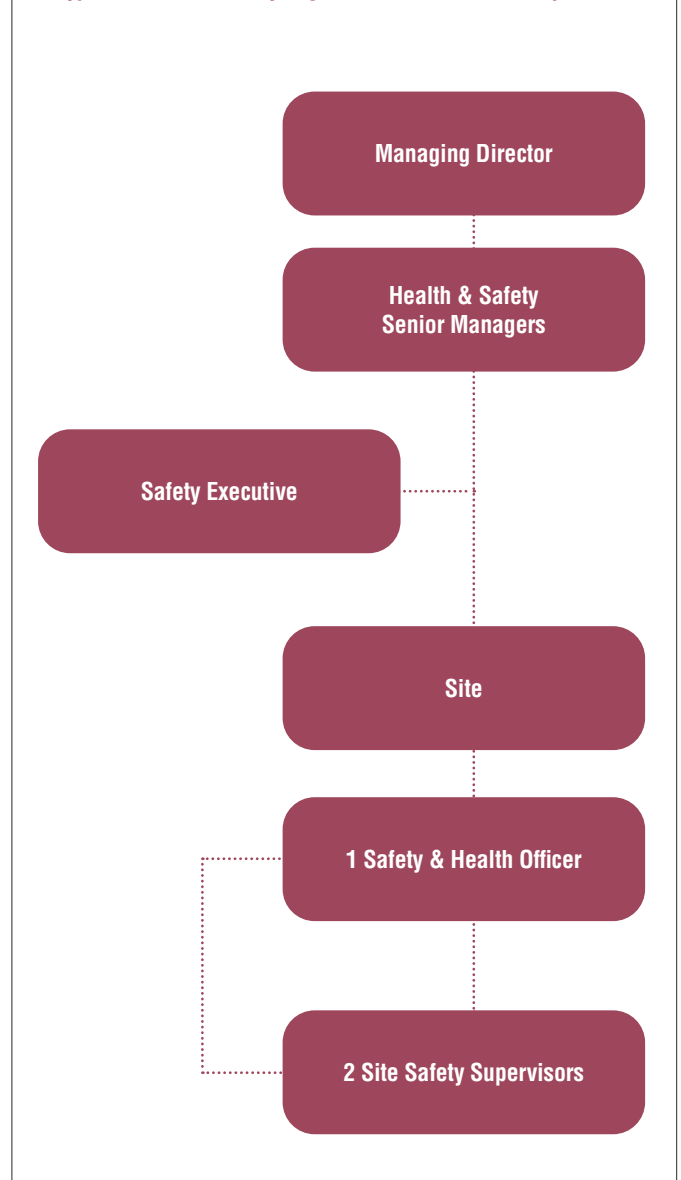


## Rewards and Recognition

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.

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

A Typical Health & Safety Organisational Chart for Project Sites



# SUSTAINABILITY STATEMENT

## Safety Efforts

As part of our efforts to uphold high standards of OSH practices throughout the Group, PMHB continued to implement the following activities at our project sites in FY2023:

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 2023, 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 2023, there were only two medical treatment cases over 7,442,338 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 key performance indicators (“KPIs”) for tasks incorporated into the Occupational Health and Safety Assessment Series	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 drills on a quarterly basis.	Achieved	-
Safety inspections and maintenance on plant, accessories and equipment per week per site.	Achieved	Safety inspections were carried out as scheduled on a weekly basis at all sites. These inspections covered welding sets, power tools, air compressors, mobile and tower cranes.
Achieve 100% passes for CIDB credential programme for Site Supervisors.	60% achieved	In 2023, some 60% of our Site Supervisors passed as compared to the 58% passing rate we achieved in 2022.
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 2023, while SSS attended external courses/training sessions in the same year.
A minimum of two larviciding sessions/week/site	Achieved	
A minimum of one fogging session per week, on every site.	Achieved	



# SUSTAINABILITY STATEMENT

## Training

Throughout 2023, the Group actively rolled out specialised training sessions designed to meet the precise needs of our workers and the specific requirements of each construction project. These educational efforts aim to bolster safe working practices and lessen the likelihood of accidents caused by human error at the onset and conclusion of each project:

- **On-the-Job Training:** Tailored for employees facing high-risk situations, this training is conducted by specialised safety personnel, including Safety Officers and Site Safety Supervisors, to provide workers with the skills necessary for their specific roles.
- **Internal Training:** Designed to get the safety team and all other employees to familiarise themselves with the organisation's safety procedures, this training is conducted by experts within the management team, including the Senior Safety and Health Manager and the Safety and Health Officer who focus on the organisation's safety standards and HIRARC procedures, respectively.
- **External Training:** Aimed at employees engaged in high-risk tasks, this component of the training programme combines comprehensive theoretical knowledge with practical application, essential for the safety and well-being of our workforce.

Through these comprehensive training programmes, PMHB underscores its dedication to creating a safer, more informed workplace environment for all.

## Inspections

Throughout the financial year 2023, our headquarters maintained a routine of weekly site visits to verify that all KPIs were being met at each location. These thorough inspections which spelled out health and safety protocols for every site, covered the usage of all heavy machinery including tower and mobile cranes, passenger hoists, air compressors, oxy-tanks, forklifts, and bob-cats. Additionally, smaller power tools like welding tools, fire extinguishers, and ladders were also reviewed to ensure compliance with our stringent safety standards.

## Internal Audit

To ensure compliance with PMHB's safety standards across all construction sites, the Group's Head of Department ("HOD"), specifically the Senior Safety and Health Manager, carries out internal audits at each project site quarterly. These audits meticulously evaluate the safety records, documentation, and practices on-site. These proven training and safety practices are also conducted regularly at headquarters and all PMHB's work locations to maintain the Group's commitment to safety and operational excellence.

## Behaviour Based Safety Programme

The Behaviour Based Safety ("BBS") programme is a proactive approach designed to inspire project teams across PMHB to adopt exemplary safety practices and behaviours, regardless of their roles or expertise. Led by the Head of Project at each site, the BBS programme is crafted to motivate frontline supervisors to enhance their oversight in their respective areas, promoting strong teamwork and dedication.



Key practices of the BBS programme include:

- Identifying any lapses in the project team's understanding of safety protocols;
- Holding tailored one-on-one coaching sessions on safety concerns related to specific tasks;
- Providing targeted coaching where gaps are identified;
- Conducting thorough observations of practical training concerning potential hazards;
- Demonstrating correct safety procedures through safety professionals when necessary;
- Rewarding team members who adhere to safety standards; and
- Identifying and correcting behaviours prone to errors with the aim of establishing safer habits.

This initiative highlights PMHB's commitment to cultivating a culture of safety and continuous improvement within the organisation.

## Safety Reward and Recognition Programme

In 2019, PMHB launched its inaugural Monthly Safety Reward and Recognition Programme to acknowledge and reward employees who actively contribute to improving safety on site. This initiative reflects our commitment to fostering a culture of diligence, responsibility, and positive behaviour within the workplace through a system of rewards and recognition. However, due to unforeseen circumstances in the year under review, we had to pause this programme temporarily, with plans to resume it when conditions allow. This decision aligns with our dedication to ensuring the well-being of our employees while continuing to promote and uphold high safety standards across all operations.

# SUSTAINABILITY STATEMENT

## Data Privacy and Security

Data privacy and protection are essential for PMHB, as they secure sensitive information, maintain trust, and comply with legal standards. Upholding these measures help safeguard the Group against unauthorised access and potential threats, ensuring the integrity of client and employee data. This commitment reflects PMHB's dedication to being a responsible and trustworthy entity, emphasising the importance of a security-conscious culture within the organisation for sustainable business practices and stakeholder confidence.

DATA PRIVACY & SECURITY	Unit	2021	2022	2023
Number of Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data	Number	0	0	0

## SOCIAL: COMMUNITY/SOCIETY

The Group is devoted to improving the well-being of communities within our operational areas and aims to foster a more prosperous Malaysia through impactful CSR initiatives. We are actively involved in organising CSR activities, such as visits to charitable organisations and managing a scholarship programme, to cultivate a culture of continuous care. These efforts encourage our employees to participate in charitable activities, thereby contributing to the enrichment of our communities.

In our commitment to social responsibility, we have initiated several projects, which includes our scholarship grant programme for university students. This saw PMHB invest a total of RM25,000 which benefited three recipients from January to December 2023.

Scholarship Programme			
	2021	2022	2023
Total Annual Scholarship Amount	RM125,000	RM75,000	RM25,000
Number of New Scholars	1	-	-

In the month of March, our engagement with Persatuan Kebajikan Prihatin Daerah Pontian, included a donation of RM20,000, supporting 100 beneficiaries. Furthermore, we awarded the Persatuan Ibu Bapa dan Guru SK Bangsar RM6,000 in May to facilitate the Program Hari Raya SK Bangsar which helped 50 individuals.

PMHB also made a noteworthy contribution to the Ti-RATANA Welfare Society in November, when we donated RM300,000 to assist a children's home, an old folks' home, and a women's shelter. This initiative directly benefited 100 individuals. These focused actions underscore our ongoing commitment to CSR, ensuring meaningful impacts on the communities we support.

### Summary of CSR Initiatives in 2023

COMMUNITY/SOCIETY					
Programme/ Initiative	Timeframe	Details	Number of Volunteer Staff/ Hours Spent	Value of Investment in Communities (RM)	Number of Persons that Benefitted from the Investment
Scholarship	Jan'23-Dec'23	Scholarships for university students	3	25,000	3
Persatuan Kebajikan Prihatin Daerah Pontian	08/03/2023	520 Charity	3	20,000	100
Persatuan Ibu Bapa dan Guru SK Bangsar	29/05/2023	Program Hari Raya SK Bangsar	3	6,000	50
Ti-RATANA Welfare Society	07/11/2023	Children's home/old folk's home/women's shelter home	5	300,000	100

PMHB also promotes a culture of compassion among its members by encouraging them to organise their own charitable endeavours. Our goal is to nurture a workforce driven by excellence, dedicated to improving both themselves and the communities they serve.

# SUSTAINABILITY STATEMENT

## SOCIAL: PRODUCT RESPONSIBILITY

Consistent with PMHB's commitment to fostering sustainable business growth, the high quality of our products and services remains a pivotal element of our value proposition. PMHB is actively engaged in implementing strategies to certify our products and services, underscoring our commitment to delivering enduring value to our stakeholders.

PMHB utilises the QCLASSIC system for project assessment to guarantee compliance with both client expectations and industry benchmarks. This system independently evaluates workmanship and finishes, with our Quality Assurance and Control team establishing a minimum QCLASSIC score of 73% for all projects, promoting excellence and timely delivery that enhance our brand's reputation.

Our approach to maintaining quality and standards across projects includes:

- Conducting Internal QCLASSIC Induction Training;
- Establishing a QCLASSIC Corner/Museum at each site for awareness and educational purposes;
- Performing Quarterly QCLASSIC Audits on ongoing projects to track progress;
- Completing a Final QCLASSIC Audit and conducting a Postmortem upon project completion.

In FY2023, PMHB achieved notable success, particularly with the completion of the TRIA Seputeh project in Kuala Lumpur, which secured an 81% score in the QCLASSIC Assessment by CIDB, as evaluated by independent third-party assessors. This achievement exceeds our minimum score requirement, demonstrating our unwavering commitment to quality and excellence.

### Customer Satisfaction

When it comes to ensuring customer satisfaction, PMHB takes a thorough approach to evaluating the quality of its offerings and services. Our customer satisfaction standards serve as a reliable measure to uphold the high standards of excellence we strive for. With a targeted Customer Satisfaction score of 80%, derived from valuable customer feedback, we carefully assess various aspects:

- **Overall Project Quality:** We meticulously evaluate the overall quality of each project, ensuring that the results meet our stringent standards.
- **Responsiveness to Customer Needs:** Our commitment to meeting customer needs and requirements is paramount. We aim to address customer concerns promptly and effectively.
- **Expertise and Technical Knowledge:** The expertise and technical proficiency demonstrated by our team are crucial factors in ensuring customer satisfaction. We continuously seek to enhance our knowledge and skills to better serve our clients.

Our regular fortnightly site meetings provide a vital platform for open communication with clients and consultants. These meetings facilitate discussions on work progress, allowing us to promptly address any issues or discrepancies that may arise. Additionally, they ensure that all instructions and decisions are accurately documented, fostering transparency and accountability in our operations.

	2021	2022	2023
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%	Tria Seputeh project: 73.3%
80% and above	Conlay 301 project: 80% Eaton Residences project: 84.4%	-	-

Over the course of FY2023, PMHB achieved a customer satisfaction rating of 73.3% for the Tria Seputeh project.

# SUSTAINABILITY STATEMENT

## Sub-Contractor Evaluation

In 2023, PMHB remained steadfast in its commitment to high-quality standards, not only within its operations but also among its subcontractors, who are integral to the organisation's success. Recognising the significant value subcontractors bring, PMHB has refined its evaluation process to ensure these partners align with the Company's quality expectations. After each project's conclusion, PMHB evaluates subcontractors based on their performance, assessing all work processes through comprehensive dialogue sessions.

Subcontractors are graded on a letter-based system, with a minimum requirement set at a 'B-' grade. Following the evaluation, decisions are made regarding the need for underperforming subcontractors to undergo induction courses aimed at service enhancement. Specifically, subcontractors receiving a Grade C are given a year to elevate their performance through additional training. PMHB also issues warnings to subcontractors underperforming for the first time, with termination as the consequence for not meeting standards after a warning.

To maintain and uplift quality standards across the board, PMHB continuously seeks to refresh its subcontractor pool, aiming for at least 75% of subcontractors to achieve a Grade B or higher. Enhancements to the subcontractor interview process are also underway to ensure more rigorous assessment of skills and experience. Furthermore, PMHB is set to organise various training sessions, including meetings and induction programmes, to further improve subcontractors' competencies, reinforcing the Group's dedication to quality and collaborative growth.

### Sub-Contractor Evaluation Results

	2021	2022	2023
% of Sub-contractors with B-category and Above	99.3%	Lot 15 SJCC: 89.3% Ativo Suites: 100%	Tria Seputeh 51.7%

## Supplier Evaluation

PMHB conducts an annual evaluation of its suppliers to measure their performance, focusing on their capacity to meet the Group's expectations for timely delivery and product quality. This process helps PMHB identify and remove suppliers that do not meet these standards, ensuring the products and services provided are of high quality.

Like the evaluation for sub-contractors, this supplier assessment demands that suppliers must attain at least a Grade C to continue their association with PMHB. Suppliers who receive a Grade D will not be part of PMHB's panel in the subsequent year.

	2021	2022	2023
Grade A	1	5%	3%
Grade B	47%	95%	92%
Grade C	53%	0%	5%
Grade D	-	0%	0%

In FY2023, the Group reported that 92% of its suppliers achieved a Grade B rating, 5% were awarded a Grade C rating, and the remaining 3% attained a Grade A rating. The Group is dedicated to supporting its suppliers in their continuous efforts to improve and elevate their standards, aiming for outcomes that are beneficial for all involved parties.

## Quality, Environment, and Occupational Health and Safety Management Standards

The Group has fully updated its ISO 9001 and ISO 14001 certifications to meet the 2015 standards and is now in the process of upgrading its OHSAS 18001:2007 to the ISO 45001:2018 standard. This transition is anticipated to be completed within the designated three-year period.



# SUSTAINABILITY STATEMENT



## MOVING FORWARD INTO 2024

Moving forward, PMHB reaffirms its commitment to fuelling future growth by prioritising the delivery of high-quality products and services. Our dedication to continuous improvement is geared towards sustainability for the environment and responsibility towards our communities. Additionally, we aim to fortify the Group as a whole, enhancing our capabilities and value to benefit our organisation and stakeholders in the long run.

## STATEMENT OF ASSURANCE

The Sustainability Statement has not undergone any form of assurance. This decision stems from the Group's concentrated effort on updating its Sustainability Strategic Framework to meet the latest standards set by Bursa Securities. PMHB intends to explore the implementation of an assurance process in its future reports.

## SUSTAINABILITY PERFORMANCE DATA TABLE

	MEASUREMENT UNIT	FY 2021	FY 2022	FY 2023
<b>BURSA (ANTI-CORRUPTION)</b>				
<b>Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category</b>				
Management	Percentage	0.00%	100.00%	100.00%
Executive	Percentage	0.00%	100.00%	100.00%
Non-executive/Technical Staff	Percentage	0.00%	0.00%	0.00%
General Workers	Percentage	0.00%	0.00%	0.00%
<b>Bursa C1(b) Percentage of operations assessed for corruption-related risks</b>	Percentage	0.00%	0.00%	0.00%
<b>Bursa C1(c) Confirmed incidents of corruption and action taken</b>	Number	0.00	0.00	0.00
<b>BURSA (COMMUNITY/SOCIETY)</b>				
<b>Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer</b>	MYR	RM125,000.00	RM75,000.00	RM351,000.00
<b>Bursa C2(b) Total number of beneficiaries of the investment in communities</b>	Number	13	8	253

# SUSTAINABILITY STATEMENT

	MEASUREMENT UNIT	FY 2021	FY 2022	FY 2023
<b>BURSA (DIVERSITY)</b>				
<b>Bursa C3(a) Percentage of employees by gender and age group, for each category</b>				
Age Group by Employee Category				
Management Under 30	Percentage	1.00%	2.00%	1.00%
Management Between 30-50	Percentage	16.00%	16.00%	15.00%
Management Above 50	Percentage	8.00%	8.00%	7.00%
Executive Under 30	Percentage	11.00%	7.00%	8.00%
Executive Between 30-50	Percentage	23.00%	21.00%	22.00%
Executive Above 50	Percentage	4.00%	4.00%	3.00%
Non-executive/Technical Under 30	Percentage	12.00%	13.00%	16.00%
Non-executive/Technical Between 30-50	Percentage	19.00%	23.00%	23.00%
Non-executive/Technical Above 50	Percentage	6.00%	6.00%	5.00%
General Workers Under 30	Percentage	42.00%	34.00%	45.00%
General Workers Between 30-50	Percentage	58.00%	66.00%	55.00%
General Workers Above 50	Percentage	0.00%	0.00%	0.00%
Gender Group by Employee Category				
Management Male	Percentage	21.00%	21.00%	20.00%
Management Female	Percentage	3.00%	3.00%	2.00%
Executive Male	Percentage	23.00%	20.00%	19.00%
Executive Female	Percentage	15.00%	12.00%	14.00%
Non-executive/Technical Male	Percentage	28.00%	32.00%	33.00%
Non-executive/Technical Female	Percentage	9.00%	11.00%	11.00%
General Workers Male	Percentage	99.00%	99.00%	100.00%
General Workers Female	Percentage	1.00%	1.00%	0.00%
<b>Bursa C3(b) Percentage of directors by gender and age group</b>				
Male	Percentage	83.00%	80.00%	80.00%
Female	Percentage	17.00%	20.00%	20.00%
Under 30	Percentage	0.00%	0.00%	0.00%
Between 30-50	Percentage	33.00%	40.00%	20.00%
Above 50	Percentage	67.00%	60.00%	80.00%
<b>BURSA (ENERGY MANAGEMENT)</b>				
<b>Bursa C4(a) Total energy consumption</b>	Megawatt	129.24	102.14	131.90

# SUSTAINABILITY STATEMENT

	MEASUREMENT UNIT	FY 2021	FY 2022	FY 2023
<b>BURSA (HEALTH &amp; SAFETY)</b>				
<b>Bursa C5(a) Number of work-related fatalities</b>	Number	0.00	1.00	0.00
<b>Bursa C5(b) Lost time incident rate ("LTIR")</b>	Rate	0.00	0.00	0.00
<b>Bursa C5(c) Number of employees trained on health and safety standards</b>	Number	0.00	65.00	26.00
<b>BURSA (LABOUR PRACTICES &amp; STANDARDS)</b>				
<b>Bursa C6(a) Total hours of training by employee category</b>				
Management	Hours	66.00	569.00	1087.00
Executive	Hours	100.00	546.00	814.00
Non-executive/Technical	Hours	16.00	490.00	478.00
General Workers	Hours	0.00	0.00	0.00
<b>Bursa C6(b) Percentage of employees that are contractors or temporary staff</b>	Percentage	52.00%	51.00%	61.00%
<b>Bursa C6(c) Total number of employee turnover by employee category</b>				
Management	Number	8	14	6
Executive	Number	35	37	27
Non-executive/Technical	Number	45	25	28
General Workers	Number	186	88	25
<b>Bursa C6(d) Number of substantiated complaints concerning human rights violations</b>	Number	0	0	0
<b>BURSA (SUPPLY CHAIN MANAGEMENT)</b>				
<b>Bursa C7(a) Proportion of spending on local suppliers</b>	Percentage	100.00%	100.00%	100.00%
<b>BURSA (DATA PRIVACY AND SECURITY)</b>				
<b>Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data</b>	Number	0.00	0.00	0.00
<b>BURSA (WATER)</b>				
<b>Bursa C9(a) Total volume of water used</b>	Megalitres	129.40	102.10	131.90

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

THE BOARD OF DIRECTORS (“BOARD”) IS COMMITTED TOWARDS ADOPTING THE PRINCIPLES AND BEST PRACTICES OF THE MALYSIAN 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 2023 (“FY2023”) 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 FY2023 IS DISCLOSED IN THE CORPORATE GOVERNANCE REPORT (“CG REPORT”) WHICH CAN BE VIEWED ON THE COMPANY’S WEBSITE AT [WWW.PESONA.COM.MY](http://WWW.PESONA.COM.MY) AS WELL AS THE WEBSITE OF BURSA SECURITIES.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### 1. Board Responsibilities

The Board acknowledged that a well-defined corporate structure is essential for the effective execution of strategies and business plans, vigilant performance monitoring, and prudent management of risks. 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 which defines 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.

To enhance oversight in specific responsibility areas, the Board has instituted three Board Committees namely, Audit Committee, Nomination Committee and Remuneration Committee. They operate within their clearly defined terms of reference. They support the Board in certain functions and provide recommendations and advice. The ultimate responsibility for final decisions on all matters lies with the Board.

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 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.

In addition, the Company had on 30 November 2022 adopted a Conflict of Interest Policy 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 available on the Company’s website at [www.pesona.com.my](http://WWW.PESONA.COM.MY).

### 3. Whistleblowing Policy

A Whistleblowing Policy was established which creates an avenue where legitimate concerns about potential irregularities can be lodged by employees and stakeholders without fear of reprisal or intimidation, objectively investigated and addressed. During the FY2023, there has been no reported incident of human rights violation.

The Whistleblowing Policy is available on the Company’s website at [www.pesona.com.my](http://WWW.PESONA.COM.MY).

### 4. Anti-Bribery and Corruption Policy

In accordance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 on corporate liability, 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](http://WWW.PESONA.COM.MY).

### 5. Strategies Promoting Sustainability

The Board continues to place great emphasis on corporate sustainability through workplace, community and environment.

To ensure the Board is equipped with the required competencies to address the sustainability risks and opportunities and make informed decisions on the Group’s sustainability strategies, the Board continuously keep themselves abreast with and understanding the sustainability agendas and relevant sustainability developments

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)**

### **5. Strategies Promoting Sustainability (Cont'd)**

by way of formal training, presentation of updates, structured reading and discussions.

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 each of the 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](http://www.pesona.com.my).

### **9. Board Composition**

The Board currently has 5 members, comprising 1 Non-Independent Executive Director (being the Managing Director), 1 Non-Independent Non-Executive Director and 3 Independent Non-Executive Directors which is in compliance with Paragraph 15.02(1) of the MMLR and the Code. The Board opines that its current size is commensurate with the Group's existing scope and scale of the business operations, with a diversified mix of qualifications, skills and experience. None of the Board members are active politicians.

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. Moreover, the Independent Non-Executive Directors have extensive experience and exercise due care in carrying out their duties. They provide the necessary checks and balances, and bringing their independent perspectives and objective judgements to the Board's deliberation and decision-making.

There is a clear distinction and separation of duties between the Chairman of the Board and the Managing Director to ensure a balance of power, authority and accountability and that no individual has unfettered powers of decision and control. 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. The Chairman of the Board, 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 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(s).

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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### 10. Appointment and Re-election of Directors (Cont'd)

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 three years but shall be eligible for re-election. The Nomination Committee will, upon the review and evaluation of the Directors' performance and contribution to the Board, if satisfactory, submit its recommendation to the Board for approval before tabling the same to the shareholders for approval at the AGM.

### 11. Nomination Committee

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

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

The Terms of Reference of the Nomination Committee was last reviewed on 30 November 2022 and is available on the Company's website at [www.pesona.com.my](http://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.

The Nomination Committee adopts a structured, transparent and thorough approach for appointing new Directors, ensuring the nominations align with the Company's strategic direction, with emphasis on diversity, whilst meeting leadership requirements and skills required for effectiveness of the Board. The following factors, among others will be considered by the Nomination Committee 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.

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 FY2023, the Nomination Committee met once 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 and other criteria pursuant to the Code;
- 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 due to retire at the AGM;
- reviewed the trainings attended by the Directors and determined their training needs; and
- reviewed the size and composition of the Board and Board Committees.

On 28 February 2024, 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 requires 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### 11. Nomination Committee (Cont'd)

The Nomination Committee also reviewed the results of the assessment and evaluation of the Directors who are due for retirement at the 13th AGM, taking into consideration their fit and proper declaration, skill sets, experience, professional qualifications, contribution to the Company and time commitment before recommending their re-elections to the Board for approval. Mr Wie Hock Beng and Puan Salwa Binti Shamshuddin are due to retire by rotation at the 13th 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, representing 20% of the total 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 2023 are as follows:-

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

### 12. Independent Directors

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

The Board took note of the recommendation under the Code that shareholders' approval through a two-tier voting process is required should the Board intends to retain an independent director who has served in the Board for more than 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 FY2023. All Directors have given their commitment in fulfilling their duties and had attended all the five Board meetings held during FY2023.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### 13. Time Commitment (Cont'd)

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	5/5
Wie Hock Beng	Managing Director	Non-Independent and Executive	5/5
Wie Hock Kiong	Director	Non-Independent and Non-Executive	5/5
Loh Kong Fatt	Director	Senior Independent and Non-Executive	5/5
Salwa Binti Shamshuddin	Director	Independent and Non-Executive	5/5

### 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.

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	<ol style="list-style-type: none"> <li>1. Inflation, Financial Crisis and Currency War</li> <li>2. Advocacy Sessions for Directors &amp; CEOs of Main Market Listed Issuers (Repeat Session)</li> </ol>
Wie Hock Beng	<ol style="list-style-type: none"> <li>1. Session 2: Effective Project &amp; Value Management</li> <li>2. Session 3: Construction Contract Law Principles</li> <li>3. Session 6: Risk Management</li> <li>4. Session 10: Payments, Final Account &amp; CIPAA</li> <li>5. Session 11: Extension of time</li> <li>6. Session 12: Loss and / or Expense</li> <li>7. Session 13: Completions, Non-Completion &amp; Defects</li> <li>8. Session 15: Certificate of Compliance &amp; Completion –Statutory Requirement and Process</li> <li>9. Session 16: Subcontracting</li> <li>10. Session 18: Termination /Determination &amp; Alternative Dispute Resolution</li> </ol>
Wie Hock Kiong	<ol style="list-style-type: none"> <li>1. Session 2: Effective Project &amp; Value Management</li> <li>2. Session 12: Loss and / or Expense</li> <li>3. Session 13: Completions, Non-Completion &amp; Defects</li> </ol>
Loh Kong Fatt	<ol style="list-style-type: none"> <li>1. #digital4ESG Forum – Exploring the Intersection of Digitalisation and ESG</li> </ol>
Salwa Binti Shamshuddin	<ol style="list-style-type: none"> <li>1. Advocacy Session on the continuing Disclosure Requirements &amp; Corporate Disclosure Policy of the Listing Requirements.</li> </ol>

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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### 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 attending 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 18 April 2024 and is available at [www.pesona.com.my](http://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, the level of responsibilities, skills, expertise and experience required. 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.

The Remuneration Policy and Procedures for Directors and Senior Management was last reviewed on 18 April 2024 and is available at the Company's website at [www.pesona.com.my](http://www.pesona.com.my).

The details of the remuneration of each individual director for FY2023 are as follows:

Name of Director	Salary/ Fees RM'000	Bonus & EPF RM'000	Other benefits RM'000	Total RM'000
<b>Executive</b>				
Wie Hock Beng	600	240	15.5	855.5
<b>Non-Executive</b>				
Dato' Sri Lee Tuck Fook	84	-	4	88
Wie Hock Kiong	60	-	4	64
Loh Kong Fatt	60	-	4	64
Salwa Binti Shamshuddin	60	-	4	64

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### 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 RM250,001 to RM300,000	1
From RM300,001 to RM350,000	1
From RM350,001 to RM400,000	1
From RM450,001 to RM500,000	1
From RM600,001 to RM650,000	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).

## 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 of the Group, ensuring the objectivity and effectiveness of the Group's internal audit function and external audit processes, overseeing related party transactions and conflict of interest situations, and ensuring the adequacy and effectiveness of the Group's internal control and risk management framework.

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 FY2023 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. ("TASB"). However, TASB had in November 2023 withdrawn from the engagement as Internal Auditors and in placement thereof, Resolve IR Sdn. Bhd. was appointed as the new Internal Auditors of the Company.

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 FY2023 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

## **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](http://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 13th AGM ("the Notice") and the Annual Report are circulated 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, speak and vote at 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/its 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 12th AGM of the Company was convened on 28 June 2023 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 resolutions set out in the Notice of the 12th AGM held on 28 June 2023 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 12th AGM is published on the Company's website on 4 August 2023 i.e. within 30 business days after the 12th AGM.

## **FOCUS AREA ON CORPORATE GOVERNANCE AND PRIORITIES FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2024**

The Board acknowledged the importance of succession planning and would ensure that it aligns with the human resource policies and strategies of the Group. Only high calibre personnel with the relevant skills and experience are expected to be appointed to the Board and key management positions in the Group.

With the growing awareness and need to address environmental and social challenges, the Board will continue its focus in embracing environmental, social and governance ("ESG") into the Group's daily operations and work towards to report the achievements of the Company in ESG to the stakeholders.

This Corporate Governance Overview Statement was approved by the Board on 18 April 2024.

# AUDIT COMMITTEE REPORT

THE BOARD OF DIRECTORS (“BOARD”) IS PLEASED TO PRESENT THE AUDIT COMMITTEE REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (“FY2023”).

THE AUDIT COMMITTEE WAS ESTABLISHED TO ASSIST THE BOARD IN FULFILLING ITS RESPONSIBILITIES RELATING TO THE FINANCIAL STATEMENTS AND REPORTING PRACTICES, SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL, INTERNAL AND EXTERNAL AUDIT PROCESSES, THE PROCESS OF MONITORING COMPLIANCE, CONFLICT OF INTEREST SITUATIONS AND RELATED PARTY TRANSACTIONS AS WELL AS COMPLIANCE MATTERS. THE AUDIT COMMITTEE IS GOVERNED BY A CLEARLY DEFINED TERMS OF REFERENCE WHICH IS AVAILABLE ON THE CORPORATE WEBSITE AT [WWW.PESONA.COM.MY](http://WWW.PESONA.COM.MY). THE TERMS OF REFERENCE WAS LAST REVIEWED BY THE AUDIT COMMITTEE ON 28 FEBRUARY 2024.

## MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee comprises four Non-Executive Directors, with the majority represented by Independent Directors, as follows:

### **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)

Dato’ Sri Lee Tuck Fook is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. The Audit Committee therefore meets the requirement of Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) which requires at least one member of the Audit Committee to be a qualified accountant.

All members of the Audit Committee are financially literate and possess a wide range of skills and knowledge and have sufficient understanding of the Company’s business and matters under the purview of the Audit Committee. None of the members were former key audit partners of the Company’s existing External Auditors.

## MEETINGS

The Audit Committee held five meetings during the FY2023 which were attended by all members, as shown below:-

Audit Committee Members	Meetings Attended	Percentage of Attendance
Loh Kong Fatt (Chairman)	5/5	100%
Dato’ Sri Lee Tuck Fook	5/5	100%
Wie Hock Kiong	5/5	100%
Salwa Binti Shamshuddin	5/5	100%

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.

## SUMMARY OF WORK PERFORMED BY THE AUDIT COMMITTEE

Summary of work carried out by the Audit Committee in discharging its duties and responsibilities for FY2023 included the following:-

- Reviewed the unaudited quarterly financial results of each quarter and made recommendations to the Board for approval and release to Bursa Securities. 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. The Audit Committee also discussed pertinent issues of the Group that could significantly impact the Group’s results and cash flow.
- Reviewed the financial statements for FY2023 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.
- Reviewed the External Auditors’ audit plan for FY2023, covering scope of work, materiality thresholds, audit methodology, areas of audit emphasis and audit timeline to ensure the work carried out is adequate.

# AUDIT COMMITTEE REPORT

## **SUMMARY OF WORK PERFORMED BY THE AUDIT COMMITTEE (Cont'd)**

- (d) Reviewed the External Auditors' report in relation to key audit matters with regard to the relevant disclosures in the annual audited accounts for FY2023. 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 meeting held on 28 February 2024 to ensure there were no restrictions on the scope of audit for FY2023 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) Evaluated the appropriateness of the shortlisted internal audit service provider on 29 November 2023 and approved the appointment of Resolve IR Sdn Bhd as the new out-sourced Internal Auditors of the Company.
- (j) Reviewed and approved the risk-based internal audit plan for FY2024 to FY2026.
- (k) Met privately with the Internal Auditors at the Audit Committee meeting held on 30 May 2023 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.
- (l) Reviewed all related party transactions and conflict of interest situation to ensure that the transactions are at all time carried out on arm's length basis and not to the detriment of the minority shareholders.
- (m) Reviewed the quarterly progress reports on risk management prepared by Management.
- (n) 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 2023 Annual Report.
- (o) Reviewed the Terms of Reference of Audit Committee.

The Audit Committee had on 28 February 2024 conducted an assessment on the performance, competency and independence of the External Auditors for FY2023 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 Messrs UHY continued to possess the competency, independence, experience and resources required to fulfil their duties effectively. Messrs UHY has also 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.

The Board, based on the recommendation of the Audit Committee, would be tabling the re-appointment of Messrs UHY as External Auditors of the Company at the 13th Annual General Meeting for shareholders' approval.

## **INTERNAL AUDIT FUNCTION**

The internal audit function, which reports directly to the Audit Committee, is outsourced to Tricor Axcelasia Sdn. Bhd. ("Tricor"). However, Tricor had in November 2023 withdrawn from the engagement as Internal Auditors and in placement thereof, Resolve IR Sdn Bhd was appointed as the new Internal Auditors of the Company.

Activities carried out by the Internal Auditors during FY2023 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. The internal audit was conducted using a risk-based approach and was guided by the International Professional Practice Framework.
- (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.

# AUDIT COMMITTEE REPORT

## **INTERNAL AUDIT FUNCTION (Cont'd)**

- (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.
- (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 2024 reviewed the adequacy of the scope, functions, competency and resources of the internal audit function for FY2023 to ensure its effectiveness and efficiency. Based on the assessment conducted, the Audit Committee was satisfied with the competency and independence of the outsourced Internal Auditors in carrying out their scope of work during the FY2023.

The cost incurred for the internal audit function for FY2023 was RM68,000 (FY2022 : RM68,000).

For more information on the internal audit function, please refer to the Statement on Risk Management and Internal Control in the 2023 Annual Report.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## 1. INTRODUCTION

The Board of Directors (“Board”) of Pesona Metro Holdings Berhad is pleased to present the Statement on Risk Management and Internal Control (“SORMIC”) for the financial year ended 31 December 2023 (“FY2023”), issued in compliance with Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

## 2. BOARD RESPONSIBILITY

The Board acknowledges that it is their overall responsibility to establish and maintain a sound risk management framework and internal control system 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 FY2023, the Company has undertaken processes to review its risk management framework.

In the meantime, the Board maintains full control over strategic, financial, organisational and compliance issues and has put in place a structure with formal lines of responsibility.

## 3. CONTROL STRUCTURE & RISK MANAGEMENT FRAMEWORK

The Group has established a Risk Assessment, Monitoring and Reporting Framework to proactively identify, evaluate and manage key risk areas. The framework aims to provide an integrated and organised approach entity-wide. In addition, it has established a formal database of risk areas and mitigating measures? are clearly captured in the 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 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 Senior Management also 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 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.

## 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 MMLR of Bursa Securities, the Company has appointed Tricor Axcelasia Sdn. Bhd. (“Tricor”) to manage the Company’s internal audit function on an outsourced basis. However, Tricor had in November 2023 withdrawn from the engagement as Internal Auditors and in placement thereof, Resolve IR Sdn Bhd was appointed as the new Internal Auditors of the Company.

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

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## 4. INTERNAL AUDIT FUNCTION (CONT'D)

As an additional function to the Group, the internal audit 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 2023, the following areas are the internal audit compliance reviews undertaken by the Internal Auditors:

- 1) Project Tender and Procurement (Cycle 1);
- 2) Project Management (Cycle 2); and
- 3) Follow up on prior internal audits (Cycle 2).

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

## 5. OTHER KEY INTERNAL CONTROL ELEMENTS

- Clearly defined terms of reference, authorities and responsibilities of the various committees which include the Audit Committee, Nomination Committee and Remuneration Committee.
- Well defined organisational structure with clear lines for the segregation of duties, accountability and the delegation of responsibilities to Senior Management and the respective division heads including appropriate authority limits to ensure accountability and approval responsibility.
- Budgets are prepared annually for the business/operating units and approved by the Board. The budgets include operational, financial and capital expenditure requirements and performance are 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 meets 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 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 is tasked to review the effectiveness of the Group's system of internal control. The Audit Committee comprises of non-executive members of the Board, who are Independent Directors. The Audit Committee is not restricted in any way in the conduct of its duties and has unrestricted access to the Internal and External Auditors of the Company

and to all employees of the Group. The Audit Committee is also entitled to seek other third party independent professional advice deemed necessary in the performance of its responsibility.

- 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. 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 a 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 Resolve IR Sdn Bhd to manage the internal audit function of the Group on an outsourced basis will ensure greater independence and accountability.

## 6. CONCLUSION

For the FY2023, 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 STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement for inclusion in the Annual Report for the FY2023 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 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 Director have also 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 2023 as set out on pages 76 to 150 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 2023 are as follows:-

	Group (RM)	Company (RM)
Audit fees	127,500	40,000
Non-audit fees	5,000	5,000

## RECURRENT RELATED PARTY TRANSACTIONS (“RRPTS”)

Apart from the details of RRPTS as disclosed in Note 31 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 last obtained on 29 June 2022.

## 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 Directors and major shareholders during the financial year ended 31 December 2023.

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# 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 2023.

## 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 except for disclosed in Note 7.

## Financial Results

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

	Group RM	Company RM
Profit/(Loss) for the financial year	12,388,999	(904,171)
Attributable to:		
Owners of the Parent	9,505,709	(904,171)
Non-controlling interests	2,883,290	-
	<u>12,388,999</u>	<u>(904,171)</u>

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 recommended the payment of a final single-tier dividend of 0.5 sen per ordinary share in respect of the current financial year ended 31 December 2023 on 18 April 2024.

The Directors do not recommend any final dividend in 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

## 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\*

\* *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 :

Maszeallan bin Mohamad  
Datuk Hj Subhi Bin Dziauddin

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:

Interests in the Company	Number of ordinary shares			
	At 1.1.2023	Acquired	Disposed	At 31.12.2023
<b>Direct interests:</b>				
Wie Hock Beng	8	-	-	8
<b>Indirect interests:</b>				
Wie Hock Beng <sup>1</sup>	117,419,900	-	-	117,419,900
Wie Hock Kiong <sup>1</sup>	288,700,500	38,410	-	288,738,910

<sup>1</sup> *Deemed interest held pursuant to Section 8 of the Companies Act 2016 via their family companies, Sincere Goldyear Sdn. Bhd. and Kombinasi Emas Sdn. Bhd.*

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

## Directors' Benefits

Since the end of the previous financial year, 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 31(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 31(b) to the financial statements.

# DIRECTORS' REPORT

## Directors' Benefits (Cont'd)

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	783,540	17,000
Directors' fees	264,000	264,000
Defined contribution plans	90,000	-
	<u>1,137,540</u>	<u>281,000</u>

## 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 in Malaysia.

## 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 adequate allowance had been made for doubtful debts and there were no bad debts to be written off; 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 the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (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

## 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	127,500	40,000
- Non-statutory audit:		
- UHY	5,000	5,000
- Tricor Axcelasia Sdn. Bhd.	68,000	-
	200,500	45,000

## 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 2024.

**WIE HOCK BENG**

KUALA LUMPUR

**WIE HOCK KIONG**

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# 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 2023 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 2024.

**WIE HOCK BENG**

KUALA LUMPUR

**WIE HOCK KIONG**

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# 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.

**CHONG KIEN ENG @ TEO KIEN ENG**

Subscribed and solemnly declared by the abovenamed Chong Kien Eng @ Teo Kien Eng at Petaling Jaya in Selangor Darul Ehsan, this 25 April 2024.

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 2023 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 material accounting policies, as set out on pages 84 to 150.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and 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
<p><b>Recognition of revenue and costs from construction contract</b></p> <p>Refer to Note 2(c) (Significant accounting judgements, estimates and assumptions), Note 3(p) (Revenue recognition), Note 10 (Contract assets/liabilities) and Note 24 (Revenue) to the financial statements.</p> <p>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.</p> <p>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.</p>	<p>Our audit procedures performed in this area included, amongst others:</p> <ul style="list-style-type: none"> <li>• Understood the Group's procedures of reviews and approval over contract cost allocation, budgets setting and monitoring of actual cost to assess the reliability of budgets;</li> <li>• Read key contracts to obtain an understanding of the specific terms and conditions;</li> <li>• 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;</li> <li>• 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;</li> <li>• Agreed samples of costs incurred to date to invoice and/or progress claim and assessed the adequacy of accruals of costs made; and</li> <li>• Assessed the adequacy and reasonableness of the disclosures in the financial statements.</li> </ul>

# 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 (CONT'D)

### *Information Other than the Financial Statements and Auditors' Report Thereon*

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

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

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

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

### *Responsibilities of the Directors for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PESONA METRO HOLDINGS BERHAD

[REGISTRATION NO.: 201101029741 (957876-T)] (INCORPORATED IN MALAYSIA)

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

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

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: (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY  
Firm Number: AF 1411  
Chartered Accountants

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

KUALA LUMPUR

25 April 2024

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	47,027,652	52,537,618	-	-
Investment properties	5	10,280,000	9,504,138	-	-
Intangible assets	6	42,716,603	45,823,266	-	-
Investments in subsidiary companies	7	-	-	207,054,500	206,954,600
Concession receivables	8	121,415,691	125,368,571	-	-
Trade receivables	9	40,523,702	47,147,047	-	-
<b>Total non-current assets</b>		<b>261,963,648</b>	<b>280,380,640</b>	<b>207,054,500</b>	<b>206,954,600</b>
<b>Current assets</b>					
Contract assets	10	12,685,914	15,715,344	-	-
Concession receivables	8	3,919,542	3,433,978	-	-
Trade receivables	9	282,553,088	177,241,232	-	-
Other receivables	11	32,959,069	23,851,031	5,000	12,274
Amounts due from subsidiary companies	12	-	-	13,966,489	14,940,360
Amount due from an associated company	13	-	-	-	-
Tax recoverable		1,213,440	5,658,587	2,617	2,392
Fixed deposits with licensed banks	14	34,237,940	39,319,929	-	-
Cash and bank balances	15	24,665,458	24,006,506	110,266	142,565
<b>Total assets</b>		<b>392,234,451</b>	<b>289,226,607</b>	<b>14,084,372</b>	<b>15,097,591</b>
		<b>654,198,099</b>	<b>569,607,247</b>	<b>221,138,872</b>	<b>222,052,191</b>

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>EQUITY</b>					
Share capital	16	194,031,751	194,031,751	194,031,751	194,031,751
Reverse acquisition reserve	17	(91,000,000)	(91,000,000)	-	-
Retained earnings		53,816,419	44,310,710	6,949,006	7,853,177
<b>Equity attributable to owners of the Company</b>		<b>156,848,170</b>	<b>147,342,461</b>	<b>200,980,757</b>	<b>201,884,928</b>
<b>Non-controlling interests</b>		<b>24,364,246</b>	<b>21,480,956</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>181,212,416</b>	<b>168,823,417</b>	<b>200,980,757</b>	<b>201,884,928</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Trade payables	18	18,728,667	31,123,036	-	-
Sukuk liabilities	19	90,000,000	105,000,000	-	-
Bank borrowings	20	628,746	739,593	-	-
Lease liabilities	21	98,276	1,583,028	-	-
Deferred tax liabilities	22	10,251,985	10,997,584	-	-
<b>Total non-current liabilities</b>		<b>119,707,674</b>	<b>149,443,241</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Contract liabilities	10	12,235,372	19,420,668	-	-
Trade payables	18	250,618,811	163,901,824	-	-
Other payables	23	17,803,480	10,637,901	158,115	167,263
Sukuk liabilities	19	15,000,000	15,000,000	-	-
Bank borrowings	20	55,164,093	37,303,431	20,000,000	20,000,000
Lease liabilities	21	1,458,013	5,018,324	-	-
Tax Payable		998,240	58,441	-	-
		<b>353,278,009</b>	<b>251,340,589</b>	<b>20,158,115</b>	<b>20,167,263</b>
<b>Total liabilities</b>		<b>472,985,683</b>	<b>400,783,830</b>	<b>20,158,115</b>	<b>20,167,263</b>
<b>Total equity and liabilities</b>		<b>654,198,099</b>	<b>569,607,247</b>	<b>221,138,872</b>	<b>222,052,191</b>

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue from contract with customer	24	497,511,508	350,481,920	-	-
Concession finance income	24	16,799,154	17,199,205	-	-
Revenue from other sources	24	1,102,890	584,276	481	149
Construction costs		(461,098,421)	(330,459,612)	-	-
Assets and facilities management and maintenance services		(2,470,948)	(2,520,711)	-	-
Changes in inventories of finished goods and work in progress		(1,131,521)	(5,249,552)	-	-
Raw material and consumable used		-	(137,550)	-	-
Other income		1,842,861	2,448,929	17	-
Employee benefit expenses		(8,811,423)	(8,715,235)	-	-
Depreciation and amortisation expenses		(14,619,782)	(14,475,924)	-	-
Other expenses		(5,849,942)	(4,644,178)	(886,569)	(6,886,485)
Net (loss)/gain on impairment of financial instruments		-	-	(18,100)	(13,000)
Finance costs	25	(8,916,891)	(8,063,237)	-	-
<b>Profit/(Loss) before tax</b>	26	14,357,485	(3,551,669)	(904,171)	(6,899,336)
Taxation	27	(1,968,486)	571,669	-	-
<b>Profit/(Loss) for the financial year, representing total comprehensive loss for the financial year</b>		<b>12,388,999</b>	<b>(2,980,000)</b>	<b>(904,171)</b>	<b>(6,899,336)</b>
<b>Profit/(Loss) Loss attributable to:</b>					
Owner of the Parent		9,505,709	(6,436,671)	(904,171)	(6,899,336)
Non-controlling interest		2,883,290	3,456,671	-	-
		<b>12,388,999</b>	<b>(2,980,000)</b>	<b>(904,171)</b>	<b>(6,899,336)</b>
<b>Total comprehensive profit/(loss) attributable to:</b>					
Owner of the Parent		9,505,709	(6,436,671)	(904,171)	(6,899,336)
Non-controlling interest		2,883,290	3,456,671	-	-
		<b>12,388,999</b>	<b>(2,980,000)</b>	<b>(904,171)</b>	<b>(6,899,336)</b>
<b>Earnings/(Loss) per share:</b>					
- Basic and diluted earnings/(loss) per share (sen)	28	1.37	(0.93)		

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Attributable to Owners of the Parent					Non Controlling Interests RM	Total Equity RM
	Share Capital RM	Non-Distributable	Distributable		Total RM		
		Reverse Acquisition Reserve RM	Retained Earnings RM				
<b>At 1 January 2023</b>	194,031,751	(91,000,000)	44,310,710	147,342,461		21,480,956	168,823,417
Profit for the financial year, representing total comprehensive loss for the financial year	-	-	9,505,709	9,505,709		2,883,290	12,388,999
<b>At 31 December 2023</b>	194,031,751	(91,000,000)	53,816,419	156,848,170		24,364,246	181,212,416
<b>At 1 January 2022</b>	194,031,751	(91,000,000)	50,747,381	153,779,132		18,024,285	171,803,417
Profit/(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)
<b>At 31 December 2022</b>	194,031,751	(91,000,000)	44,310,710	147,342,461		21,480,956	168,823,417

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Company	Distributable		Total Equity RM
	Share Capital RM	Retained Earnings RM	
<b>At 1 January 2023</b>	194,031,751	7,853,177	201,884,928
Loss for the financial year, representing total comprehensive loss for the financial year	-	(904,171)	(904,171)
<b>At 31 December 2023</b>	194,031,751	6,949,006	200,980,757
<b>At 1 January 2022</b>	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)
<b>At 31 December 2022</b>	194,031,751	7,853,177	201,884,928

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Cash Flows From Operating Activities</b>				
Profit/(loss) before tax	14,357,485	(3,551,669)	(904,171)	(6,899,336)
Adjustments for:				
Amortisation of concession right	3,106,663	3,106,664	-	-
Depreciation of property, plant and equipment	11,513,119	11,514,932	-	-
Fair value adjustment on investment properties	(179,371)	-	-	-
Gain on disposals of property, plant and equipment	(299,016)	(105,748)	-	-
Loss on disposals of investment properties	131,736	-	-	-
(Gain)/Loss on disposal of investment in subsidiaries	-	(890,426)	-	6,251,230
Impairment loss on amount due from subsidiary companies	-	-	18,100	13,000
Interest expenses	8,916,891	8,063,237	-	-
Interest income	(1,536,842)	(1,061,534)	(481)	(149)
Property, plant and equipment written off	38,399	31,231	-	-
Unrealised gain on foreign exchange	-	(6,602)	-	-
Operating profit/(loss) before working capital changes	36,049,064	17,100,085	(886,552)	(635,255)
Changes in working capital:				
Inventories	-	649,927	-	-
Contract assets	3,029,430	(11,788,016)	-	-
Concession receivables	3,467,316	3,067,265	-	-
Trade and other receivables	(108,097,387)	100,165,473	7,274	(7,274)
Contract liabilities	(7,185,296)	(8,705,323)	-	-
Trade and other payables	81,497,341	(52,463,162)	(9,148)	(15,905)
	(27,288,596)	30,926,164	(1,874)	(23,179)
Cash generated from/(used in) operations	8,760,468	48,026,249	(888,426)	(658,434)
Tax refunded	4,463,707	-	-	-
Tax paid	(1,792,846)	(925,244)	(225)	(624)
	2,670,861	(925,244)	(225)	(624)
<b>Net cash from/(used in) operating activities</b>	<b>11,431,329</b>	<b>47,101,005</b>	<b>(888,651)</b>	<b>(659,058)</b>

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Cash Flows From Investing Activities</b>					
Interest received		1,837,680	936,277	481	149
Purchases of property, plant and equipment		(7,216,482)	(2,945,237)	-	-
Purchases of investment properties		(283,532)	(1,506,562)	-	-
Repayment from subsidiary companies		-	-	955,771	761,986
Proceeds from disposals of property, plant and equipment		312,251	663,787	-	-
Proceeds from disposals of investment properties		717,000	-	-	-
Net cash outflow from disposal of subsidiary companies	7(d)	-	(180,380)	-	-
Additional investment in a subsidiary company		-	-	(99,900)	-
Proceeds from disposals of investment in subsidiary companies		-	-	-	2
Changes in fixed deposits pledged with licensed banks		(1,918,011)	(2,853,205)	-	-
Changes in pledged cash and bank balances		(1,689,707)	(1,496,116)	-	-
<b>Net cash (used in)/from investing activities</b>		<b>(8,240,801)</b>	<b>(7,381,436)</b>	<b>856,352</b>	<b>762,137</b>
<b>Cash Flows From Financing Activities</b>					
Interest paid		(8,895,425)	(8,103,728)	-	-
Repayment of lease liabilities		(5,045,063)	(9,290,244)	-	-
Repayment of issuance of sukuk liabilities		(15,000,000)	(10,000,000)	-	-
Changes in invoice financing, bankers' acceptance and revolving credit		17,719,205	(6,299,955)	-	-
<b>Net cash (used in) financing activities</b>		<b>(11,221,283)</b>	<b>(33,693,927)</b>	<b>-</b>	<b>-</b>
<b>Net changes in cash and cash equivalents</b>		<b>(8,030,755)</b>	<b>6,025,642</b>	<b>(32,299)</b>	<b>103,079</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>25,843,485</b>	<b>19,811,241</b>	<b>142,565</b>	<b>39,486</b>
Effect of exchange translation difference on cash and cash equivalents		-	6,602	-	-
<b>Cash and cash equivalents at the end of the financial year</b>		<b>17,812,730</b>	<b>25,843,485</b>	<b>110,266</b>	<b>142,565</b>
<b>Cash and cash equivalents at the end of the financial year comprises:</b>					
Fixed deposits with licensed banks		34,237,940	39,319,929	-	-
Cash and bank balances		24,665,458	24,006,506	110,266	142,565
		58,903,398	63,326,435	110,266	142,565
Less: Fixed deposits pledged with licensed banks		(31,237,940)	(29,319,929)	-	-
Less: Pledged cash and bank balances		(9,690)	(9,425)	-	-
Less: Restricted cash and bank balances		(9,843,038)	(8,153,596)	-	-
		17,812,730	25,843,485	110,266	142,565



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 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 material 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 issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for current financial year:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform – Pillar Two Model Rules

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company except as disclosed below:

#### Amendments to MFRS 101 Disclosure of Accounting Policies

The Group and the Company adopted Amendments to MFRS 101 Disclosure of Accounting Policies from 1 January 2023. The amendments require the disclosure of material accounting policy information rather than significant accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand information in the financial statements.

Accordingly, the Group and the Company disclosed their material accounting policies information in these financial statements. However, the amendments did not result in any material changes to the accounting policies of the Group and of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. Basis of Preparation (Cont'd)

### (a) Statement of compliance (Cont'd)

#### 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
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
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 and amendments 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 2023

## 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).

##### 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.

##### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 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 (Cont'd)

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 10.

##### 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 2023, the Group has tax recoverable of RM1,213,440 (2022: RM5,658,587) and tax payable of RM998,240 (2022: RM58,441) respectively. While, the Company has tax recoverable of RM2,617 (2022: RM2,392).

## 3. Material Accounting Policies

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

### (a) Basis of consolidation

#### (i) Subsidiary companies

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

##### Acquisition method

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 3. Material Accounting Policies (Cont'd)

### (a) Basis of consolidation (Cont'd)

#### (i) Subsidiary companies (Cont'd)

##### Acquisition method (Cont'd)

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(h)(i) to the financial statements on impairment of non-financial assets.

##### Reverse acquisition method

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

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

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

#### (iii) Disposal of subsidiary companies

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

#### (iv) Goodwill on consolidation

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 3. Material Accounting Policies (Cont'd)

### (a) Basis of consolidation (Cont'd)

#### (iv) Goodwill on consolidation (Cont'd)

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) 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(l)(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.

#### (iii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis to write off the cost of each asset 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 <sup>1</sup> / <sub>3</sub> - 10 years
Moulds	10 years
Renovation	5 - 10 years

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 3. Material Accounting Policies (Cont'd)

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

#### (iii) Depreciation (Cont'd)

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.

### (c) 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(l)(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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 3. Material Accounting Policies (Cont'd)

### (c) Leases (Cont'd)

#### (ii) As lessor (Cont'd)

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.

### (d) 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 3. Material Accounting Policies (Cont'd)

### (e) 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.

### (f) 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.

#### (ii) 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 3. Material Accounting Policies (Cont'd)

### (f) Financial assets (Cont'd)

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 entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

### (g) 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.

### (h) 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*.

### (i) 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.

### (j) 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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 3. Material Accounting Policies (Cont'd)

### (k) 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.

### (l) 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.

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").

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 3. Material Accounting Policies (Cont'd)

### (l) Impairment of assets (Cont'd)

#### (ii) Financial assets (Cont'd)

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.

### (m) 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.

### (n) 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 3. Material Accounting Policies (Cont'd)

### (o) 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.

### (p) 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 3. Material Accounting Policies (Cont'd)

### (p) Revenue recognition (Cont'd)

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

##### (a) Revenue from construction contracts (Cont'd)

Contract revenue comprises the initial amount of revenue agreed 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.

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.

##### (e) Rental income

Rental income is accounted for on a straight-line basis over the lease terms.

##### (f) Commission income

Commission income is recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided and has a present right to payment for the services.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 3. Material Accounting Policies (Cont'd)

### (p) Revenue recognition (Cont'd)

#### (ii) Interest income

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

#### Significant financing component

The Group receives short-term advances from its customers. Using the practical expedient in MFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that goods or service will be one year or less.

### (q) 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 their intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

### (r) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 3. Material Accounting Policies (Cont'd)

### (s) 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.

### (t) 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.

### (u) Service concession arrangements

The Group recognises the consideration received or receivable as a financial asset to the extent that it has an unconditional right to receive cash or another financial asset for the construction services. Financial assets are accounted for in accordance with the accounting policy set out in Note 3(h) to the financial statements.

When the Group has contractual obligations that it must fulfill under the agreement:

- (i) to maintain the infrastructure to a specified standard; or
- (ii) to restore the infrastructure when the infrastructure has deteriorated below a specified condition.

The Group recognises and measures these contractual obligations in accordance with the accounting policy for provisions in Note 3(q) to the financial statements. Repairs and maintenance and other expenses that are routine in nature are expensed and recognised in profit or loss as incurred.

### (v) 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 4. Property, Plant and Equipment

Group	At		At Cost					At	
	1 January	31 December	Additions	Disposals	Written off	Reclassification	Transfer to	31 December	
2023	RM	RM	RM	RM	RM	RM	RM	RM	
Freehold land	3,358,392	3,358,392	-	-	-	-	-	-	
Building	151,808	151,808	-	-	-	-	-	-	
Long term leasehold land and building									
- ROU	9,105,967	7,609,349	-	-	-	(1,496,618)	-	-	
Motor vehicles									
- Owned	9,603,121	9,548,930	47,310	(281,501)	-	180,000	-	-	
- ROU	616,700	436,700	-	-	-	(180,000)	-	-	
Office equipment	3,791,928	3,672,123	51,446	(135,651)	(35,600)	-	-	-	
Furniture and fittings	355,145	354,684	-	-	(461)	-	-	-	
Plant and machineries									
- Owned	93,352,553	120,060,798	7,102,166	(418,000)	(43,396)	20,067,475	-	-	
- ROU	33,595,712	13,528,237	-	-	-	(20,067,475)	-	-	
Computers	2,769,917	2,785,477	15,560	-	-	-	-	-	
Renovation	1,829,777	1,829,777	-	-	-	-	-	-	
	158,531,020	163,336,275	7,216,482	(835,152)	(79,457)	-	(1,496,618)	-	

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

	Accumulated depreciation						Carrying amount
	At 1 January	Charge for the financial year	Disposals	Written off	Reclassification	Transfer to investment property	
	RM	RM	RM	RM	RM	RM	RM
<b>Group</b>							
<b>2023</b>							
Freehold land	-	-	-	-	-	-	3,358,392
Building	41,998	3,036	-	-	-	45,034	106,774
Long term leasehold land and building							
- ROU	995,307	92,303	-	-	-	(334,923)	6,856,662
Motor vehicles							
- Owned	9,591,280	53,123	(281,501)	-	144,000	-	42,028
- ROU	478,804	87,340	-	-	(144,000)	-	14,556
Office equipment	3,242,646	253,397	(122,416)	(24,327)	-	-	322,823
Furniture and fittings	352,399	1,230	-	(460)	-	-	1,515
Plant and machineries							
- Owned	72,403,203	9,552,784	(418,000)	(16,271)	9,204,458	-	29,334,624
- ROU	14,358,578	1,432,148	-	-	(9,204,458)	-	6,941,969
Computers	2,699,410	37,758	-	-	-	-	48,309
Renovation	1,829,777	-	-	-	-	-	-
	105,993,402	11,513,119	(821,917)	(41,058)	-	(334,923)	47,027,652

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

	At Cost						At 31 December RM
	At 1 January RM	Additions RM	Disposals RM	Written off RM	Reclassification RM		
<b>Group</b>							
<b>2022</b>							
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	16,015,087	93,352,553
- ROU	49,610,799	-	-	-	(16,015,087)	(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 2023

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

Group	Accumulated depreciation					
	At 1 January RM	Charge for the financial year RM	Disposals RM	Written off RM	Reclassification RM	At 31 December RM
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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

	Accumulated impairment losses			Carrying amount	
	At 1 January RM	Impairment for the year RM	Disposals RM	At 31 December RM	At 31 December RM
<b>Group</b>					
<b>2022</b>					
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					
Furniture and fittings	132,366	-	(132,366)	-	549,282
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 2023

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

- (a) The long term leasehold land and building's remaining period of lease term is 68 (2022: 69) 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	
	2023 RM	2022 RM
Plant and machineries	6,941,969	19,237,134
Motor vehicles	14,556	137,896
	<u>6,956,525</u>	<u>19,375,030</u>

The leased assets are pledged for the related financing facilities as disclosed in Note 21 to the financial statements.

## 5. Investment Properties

	Freehold land and buildings RM	Leasehold land and buildings RM	Capital work-in progress RM	Total RM
<b>Group</b>				
<b>2023</b>				
At 1 January	7,453,944	1,634,606	415,588	9,504,138
Transfer from property, plant and equipment	-	1,161,695	-	1,161,695
Additions	-	-	283,532	283,532
Recalssification	-	699,120	(699,120)	-
Change in fair value recognised in profit and loss	(5,208)	184,579	-	179,371
Disposal	(848,736)	-	-	(848,736)
At 31 December	<u>6,600,000</u>	<u>3,680,000</u>	<u>-</u>	<u>10,280,000</u>
<b>2022</b>				
At 1 January	5,750,000	582,566	1,665,010	7,997,576
Additions	-	-	1,506,562	1,506,562
Recalssification	1,703,944	1,052,040	(2,755,984)	-
At 31 December	<u>7,453,944</u>	<u>1,634,606</u>	<u>415,588</u>	<u>9,504,138</u>

- (a) Investment properties under leases

Investment properties of a subsidiary company refer to three lots of freehold land and buildings and two 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 5. Investment Properties (Cont'd)

### (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 RM10,280,000 (2022: RM9,088,550). The independent professional qualified valuers hold recognised relevant professional qualifications and have recent experience in the locations and segment of the investment properties valued. During the financial year the fair value measurement was reclassified from Level 3 to Level 2 due to the change of usage in the investment properties. Therefore, the fair value was reclassified to Level 2.

	Level 2 RM	Level 3 RM	Total RM
<b>Group</b>			
<b>2023</b>			
Commercial properties	10,280,000	-	10,280,000
<b>Group</b>			
<b>2022</b>			
Commercial properties	2,982,566	6,105,984	9,088,550

### 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.

### (c) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2023 RM	2022 RM
Rental income	321,210	209,909
Direct operating expenses:		
- income generating investment properties	21,185	24,189

### (d) Investment properties under construction

Investment properties under construction which is stated at cost comprises service apartment under construction in Malaysia. Management concludes that due to the nature and amount of remaining projects risks, its fair value cannot be reliably determined.

### (e) Investment property of the Group amounting to RM1,850,000 (2022: RM2,755,984) has been charged to secure banking facilities granted as disclosed in Note 20 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 6. Intangible Assets

	Goodwill on Consolidation RM	Concession Right RM	Total RM
<b>Group</b>			
<b>2023</b>			
<b>Cost</b>			
At 1 January/31 December	3,034,543	62,133,241	65,167,784
<b>Accumulated amortisation and impairment losses</b>			
At 1 January	3,034,543	16,309,975	19,344,518
Amortisation for the financial year	-	3,106,663	3,106,663
At 31 December	3,034,543	19,416,638	22,451,181
<b>Carrying Amount</b>			
At 31 December	-	42,716,603	42,716,603
<b>Group</b>			
<b>2022</b>			
<b>Cost</b>			
At 1 January/31 December	3,034,543	62,133,241	65,167,784
<b>Accumulated amortisation and impairment losses</b>			
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
<b>Carrying Amount</b>			
At 31 December	-	45,823,266	45,823,266

(a) Goodwill on consolidation

The impairment of goodwill is recognised when the recoverable amount is estimated at lower than the cost of investment.

(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 13 years (2022: 14 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 7. Investments in Subsidiary Companies

	Company	
	2023 RM	2022 RM
<b>In Malaysia</b>		
Unquoted shares, at cost	209,970,898	209,970,898
Addition	99,900	-
Less: Accumulated impairment loss	(3,016,298)	(3,016,298)
	<u>207,054,500</u>	<u>206,954,600</u>

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

	Company	
	2023 RM	2022 RM
At 1 January	3,016,298	5,516,298
Disposal of subsidiary companies	-	(2,500,000)
At 31 December	<u>3,016,298</u>	<u>3,016,298</u>

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		Principal activities
		2023 %	2022 %	
Pesona Metro Sdn. Bhd.	Malaysia	100	100	Engage in construction work
Pesona Asset Management Sdn. Bhd.	Malaysia	100	100	Building maintenance services
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 and construction work
<b>Held through Pesona Metro Sdn. Bhd.:</b>				
Imej Mayang Sdn. Bhd.	Malaysia	100	100	Trading and supply of ready-mixed concrete and to carry on business as insurances brokers and agents
Insamewah Sdn. Bhd.	Malaysia	100	100	Trading in construction materials
Ratus Syabas Sdn. Bhd.	Malaysia	100	100	Property investment holding and construction works

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 7. Investments in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows: (Cont'd)

Name of company	Place of business/ country of incorporation	Effective interest		Principal activities
		2023 %	2022 %	
<b>Held through Megah Mestika Sdn. Bhd.:</b>				
Awana Infra Sdn. Bhd.	Malaysia	100	100	Investment holding
<b>Held through SEP Resources (M) Sdn. Bhd.:</b>				
Budaya Positif Sdn. Bhd.	Malaysia	70	70	Development of facilities through private finance initiatives

### (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	
	2023 %	2022 %	2023 RM	2022 RM	2023 RM	2022 RM
SEP Resources (M) Sdn. Bhd. and its subsidiary company ("SEP"Group)	30	30	2,883,290	3,456,671	24,364,246	21,480,956

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	
	2023 RM	2022 RM
Non-current assets	121,416,635	125,370,545
Current assets	46,944,141	43,284,072
Non-current liabilities	(90,000,000)	(105,000,000)
Current liabilities	(29,407,616)	(26,673,486)
Net assets	48,953,160	36,981,131

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 7. Investments in Subsidiary Companies (Cont'd)

### (a) Material partly-owned subsidiary companies (Cont'd)

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

	SEP Group	
	2023 RM	2022 RM
Revenue	29,933,346	28,241,898
Profit for the financial year, representing total comprehensive income for financial year	11,972,029	13,883,301

#### (iii) Summarised statements of cash flows

	SEP Group	
	2023 RM	2022 RM
Net cash from operating activities	22,678,065	18,053,107
Net cash used in investing activities	(597,146)	(8,423)
Net cash used in financing activities	(22,000,394)	(13,736,638)
Net changes in cash and cash equivalents	80,525	4,308,046

### (b) Acquisition of subsidiary companies

On 30 January 2023, Lumayan Metro Sdn. Bhd. ("LMSB"), a wholly owned subsidiary company of the Company increased its paid-up capital from RM100 to RM100,000 by issuance of 99,900 new ordinary shares. Consequently, the Company has subscribed for additional 99,900 shares in LMSB for a total cash consideration of RM99,900. Hence, LMSB remained as a wholly-owned subsidiary of the Company.

## 8. Concession Receivables

	Group	
	2023 RM	2022 RM
Concession receivables:		
- Non-current	121,415,691	125,368,571
- Current	3,919,542	3,433,978
	125,335,233	128,802,549

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 8. Concession Receivables (Cont'd)

The movement of the concession receivables during the financial year are as follows:

	Group	
	2023 RM	2022 RM
Concession receivables:		
At 1 January	128,802,549	131,869,814
Transferred to trade receivable	(20,266,470)	(20,266,470)
Concession finance income (Note 24)	16,799,154	17,199,205
At 31 December	125,335,233	128,802,549

## 9. Trade Receivables

	Group	
	2023 RM	2022 RM
<b>Non-current</b>		
Retention sums		
- third parties	35,114,264	41,737,609
- related parties	5,409,438	5,409,438
	(b) 40,523,702	47,147,047
<b>Current</b>		
Trade receivables		
- third parties	216,149,276	113,771,738
- related parties	9,759,120	25,087,770
	(a) 225,908,396	138,859,508
Retention sums		
- third parties	46,644,692	22,972,286
- related parties	10,000,000	15,409,438
	(b) 56,644,692	38,381,724
	282,553,088	177,241,232
	323,076,790	224,388,279

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 9. Trade Receivables (Cont'd)

### (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 (2022: 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	
	2023 RM	2022 RM
Within one year	56,644,692	38,381,724
After one year	40,523,702	47,147,047
	97,168,394	85,528,771

## 10. Contract Assets/(Liabilities)

	Group	
	2023 RM	2022 RM
Contract assets	12,685,914	15,715,344
Contract liabilities	(12,235,372)	(19,420,668)

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	
	2023 RM	2022 RM
Contract costs incurred to date	527,001,286	612,698,650
Add: Attributable profits	9,407,574	22,592,006
	536,408,860	635,290,656
Less: Progress billings	(535,958,318)	(638,995,980)
	450,542	(3,705,324)

The transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) as at 31 December 2023 is RM1,008,329,665 (2022: RM760,270,595) where the Group expects to recognise it as revenue over the next 3 (2022: 3) years.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 10. Contract Assets/(Liabilities) (Cont'd)

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

	Note	Group	
		2023 RM	2022 RM
Short-term leases:			
- Plant and machineries		3,333,319	1,995,558
- Premises		105,400	147,400
Secondment of staff	30	2,551,135	2,426,127
Staff costs:			
- Salaries and other emoluments	30	22,885,541	17,651,324
- EPF contribution	30	1,115,542	956,629

## 11. Other Receivables

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other receivables	29,337,915	19,342,217	4,500	7,274
Deposits	3,227,295	3,692,330	500	5,000
Prepayments	393,859	816,484	-	-
	<u>32,959,069</u>	<u>23,851,031</u>	<u>5,000</u>	<u>12,274</u>

Included in the Group's other receivables are advances to sub-contractors amounting to RM27,523,234 (2022: RM16,470,116) and advance payment made to acquire property, plant and equipment amounting to RM738,651 (2022: RM876,676).

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

	Group	
	2023 RM	2022 RM
<b>Group</b>		
<b>Credit impaired</b>		
At 1 January	-	75,333
Disposal of subsidiary company	-	(75,333)
At 31 December	<u>-</u>	<u>-</u>

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 2023

## 12. Amount Due from Subsidiary Companies

	Group	
	2023 RM	2022 RM
Amount due from subsidiary companies	14,149,909	15,105,680
Less: Accumulated impairment losses	(183,420)	(165,320)
	13,966,489	14,940,360

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	
	2023 RM	2022 RM
<b>Company</b>		
<b>Credit impaired</b>		
At 1 January	165,320	152,320
Impairment loss reversed	18,100	13,000
Impairment loss recognised	-	-
At 31 December	183,420	165,320

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.

## 13. Amount Due from an Associated Company

	Group and Company	
	2023 RM	2022 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.

## 14. Fixed Deposits with Licensed Banks

The fixed deposits of the Group amounting to RM31,237,940 (2022: RM29,319,929) is pledged to licensed banks as security for banking facilities and sukuk liabilities granted to the Group as disclosed in Note 20 to the financial statements.

The interest rates of the deposits of the Group range from 1.55% to 3.50% (2022: 1.45% to 3.00%) per annum and mature with range from 1 month to 12 months (2022: 1 month to 12 months).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 15. Cash and Bank Balances

Included in cash and bank balances is an amount of RM 9,690 (2022: RM9,425) pledged to Sukuk liabilities issued by a subsidiary company as disclosed in Note 19 to the financial statement and an amount of RM 9,843,038 (2022: RM8,153,596) is cash restricted for payment of concession project.

## 16. Share Capital

	Group and Company			
	Number of shares Units		Amount	
	2023	2022	2023	2022
<b>Issued and fully paid</b>				
At 1 January/ 31 December	694,986,660	694,986,660	194,031,751	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.

## 17. Reverse Acquisition Reserve

	Group	
	2023 RM	2022 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

## 18. Trade Payables

	Group	
	2023 RM	2022 RM
<b>Non-current</b>		
Retention sum on contracts	18,728,667	31,123,036
<b>Current</b>		
Trade payables	168,695,995	87,818,595
Trade accruals	47,969,360	48,506,132
Retention sum on contracts	33,953,456	27,577,097
	250,618,811	163,901,824
	269,347,478	195,024,860

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 (2022: 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 2023

## 19. Sukuk Liabilities

	Group	
	2023 RM	2022 RM
Sukuk Wakalah		
- Non-current	90,000,000	105,000,000
- Current	15,000,000	15,000,000
	105,000,000	120,000,000

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 RM105,000,000 (2022: RM120,000,000) 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 2022. 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 2023. 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 2023

## 20. Bank Borrowings

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Secured</b>				
Invoice financing	12,577,504	10,383,384	-	-
Bankers' acceptance	11,987,317	-	-	-
Revolving credit	30,342,028	26,677,407	20,000,000	20,000,000
Term loan	885,990	982,233	-	-
	<u>55,792,839</u>	<u>38,043,024</u>	<u>20,000,000</u>	<u>20,000,000</u>
<b>Analysed as:</b>				
<b>Non-current</b>				
Term loan	628,746	739,593	-	-
<b>Current</b>				
Invoice financing	12,577,504	10,383,384	-	-
Bankers' acceptance	11,987,317	-	-	-
Revolving credit	30,342,028	26,677,407	20,000,000	20,000,000
Term loan	257,244	242,640	-	-
	<u>55,164,093</u>	<u>37,303,431</u>	<u>20,000,000</u>	<u>20,000,000</u>
	<u>55,792,839</u>	<u>38,043,024</u>	<u>20,000,000</u>	<u>20,000,000</u>

### (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 20. Bank Borrowings (Cont'd)

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

	Group		Company	
	2023 %	2022 %	2023 %	2022 %
Invoice financing	5.01% - 5.89%	3.44% - 5.83%	-	-
Bankers' acceptance	4.82% - 5.42%	3.86% - 4.50%	-	-
Revolving credit	4.83% - 5.47%	3.70% - 4.90%	4.87% - 5.47%	3.75% - 4.90%
Term loan	4.33% - 5.77%	2.29% - 5.01%	-	-

## 21. Lease Liabilities

	Group	
	2023 RM	2022 RM
At 1 January	6,601,352	15,891,596
Payments	(5,045,063)	(9,290,244)
At 31 December	1,556,289	6,601,352
<b>Presented as:</b>		
Non-current	98,276	1,583,028
Current	1,458,013	5,018,324
	1,556,289	6,601,352

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

	Group	
	2023 RM	2022 RM
Within one year	1,495,051	5,233,515
Between one to two years	100,136	1,521,911
Between two to five years	-	100,136
	1,595,187	6,855,562
Less: Future finance charges	(38,898)	(254,210)
Present value of minimum lease payments	1,556,289	6,601,352

### Lease obligations

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% (2022: 2.24% to 3.25%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 22. Deferred Tax Liabilities

	Group	
	2023 RM	2022 RM
At 1 January	10,997,584	11,743,183
Recognised in profit or loss	(745,599)	(745,599)
At 31 December	10,251,985	10,997,584

The net deferred tax liabilities and assets shown on the statements of financial position after appropriate offsetting are as follows:

	Group	
	2023 RM	2022 RM
Deferred tax liabilities	10,251,985	10,997,584
Deferred tax assets	-	-
	10,251,985	10,997,584

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
<b>Group</b>			
<b>2023</b>			
At 1 January	-	10,997,584	10,997,584
Recognised in profit or loss	-	(745,599)	(745,599)
Disposal of subsidiary companies	-	-	-
At 31 December	-	10,251,985	10,251,985
<b>2022</b>			
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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 22. Deferred Tax Liabilities (Cont'd)

The components and movements of deferred tax liabilities and assets prior to offsetting are as follows: (Cont'd)

### Deferred tax assets

	Group	
	2023 RM	2022 RM
<b>Group</b>		
<b>Unutilised tax losses</b>		
At 1 January	-	(614,538)
Disposal of subsidiary companies	-	614,538
At 31 December	-	-

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

	Group	
	2023 RM	2022 RM
Unutilised tax losses	6,069,833	6,731,027
Unabsorbed capital allowances	36,195,105	41,527,017
Other temporary differences	51,852,272	59,044,786
	94,117,210	107,302,830

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.

## 23. Other Payables

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other payables	11,833,992	9,074,028	1,582	629
Accruals	5,841,488	1,458,733	156,533	166,634
Deposits received	128,000	105,140	-	-
	17,803,480	10,637,901	158,115	167,263

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 24. Revenue

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Revenue from contracts with customers</b>				
Construction contracts	491,472,417	340,787,322	-	-
Concession finance income (Note 8)	16,799,154	17,199,205	-	-
Sale of goods	12,615	3,514,676	-	-
Maintenance and management services	6,006,982	6,179,922	-	-
Commission income	19,494	-	-	-
	514,310,662	367,681,125	-	-
<b>Revenue from other sources</b>				
Interest income	1,069,890	584,276	481	149
Rental income	33,000	-	-	-
	1,102,890	584,276	481	149
	515,413,552	368,265,401	481	149
<b>Timing of revenue recognition</b>				
At a point in time	6,039,091	9,694,598	-	-
Over time	508,271,571	357,986,527	-	-
	514,310,662	367,681,125	-	-

Revenue from contracts with customers recognised for the Group in the current financial year included RM19,420,668 (2022: RM28,125,991) that was included in the contract liabilities at the beginning of the financial year.

Breakdown of the Group's revenue from contract with customers:

	Manufacturing, trading and services			Total RM
	Construction RM	RM	Concession RM	
<b>2023</b>				
<b>Group</b>				
Construction contracts	491,472,417	-	-	491,472,417
Concession finance income	-	-	16,799,154	16,799,154
Sale of goods	12,615	-	-	12,615
Maintenance and management service	-	-	6,006,982	6,006,982
Commission income	19,494	-	-	19,494
	491,504,526	-	22,806,136	514,310,662

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 24. Revenue (Cont'd)

Breakdown of the Group's revenue from contract with customers:(Cont'd)

	Construction RM	Manufacturing, trading and services RM	Concession RM	Total RM
<b>2022</b>				
<b>Group</b>				
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
	<u>341,784,033</u>	<u>2,517,965</u>	<u>23,379,127</u>	<u>367,681,125</u>

## 25. Finance Costs

	Group	
	2023 RM	2022 RM
<b>Interest expenses on:</b>		
Trust receipts	93,841	156,166
Invoice financing and bankers' acceptance	1,437,239	142,775
Revolving credit	1,475,652	1,048,410
Bank overdrafts	75,786	61,199
Sukuk liabilities	5,540,856	5,983,973
Term loan	78,198	31,992
Lease liabilities	215,319	638,722
	<u>8,916,891</u>	<u>8,063,237</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 26. Profit/(Loss) Before Tax

Profit/(Loss) before tax is derived at after at charging/(crediting) amongst other, the following items:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration				
- statutory audit				
- current year	127,500	109,500	40,000	30,000
- under provision in prior year	10,500	5,000	7,000	5,000
- non-statutory audit				
- current year	68,000	68,000	5,000	-
- under provision in prior year	5,000	5,000	5,000	5,000
Amortisation of concession right	3,106,663	3,106,664	-	-
Depreciation of property, plant and equipment	11,513,119	11,514,932	-	-
Directors' remuneration				
- Fees	264,000	294,000	264,000	294,000
- Other emoluments	17,000	13,500	17,000	13,500
Property, plant and equipment written off	38,399	31,231	-	-
Short term lease expenses	113,282	69,300	-	-
Loss/(Gain) on disposal of investment in subsidiary companies	-	(890,426)	-	6,251,230
Gain on disposal of property, plant and equipment	(299,016)	(105,748)	-	-
Gain on fair value adjustment of investment properties	(179,371)	-	-	-
Loss on disposal of investment properties	131,736	-	-	-
Gain on foreign exchange				
- unrealised	-	(6,602)	-	-
Interest income	(1,536,842)	(936,277)	(481)	(149)
Net impairment loss on impairment of financial instruments:				
Impairment loss on amount due from subsidiary companies	-	-	18,100	13,000
Rental income	(354,810)	(364,909)	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 27. Taxation

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Tax (Credit)/expenses for the financial year:</b>				
Current tax provision	2,715,812	334,625	-	-
Over provision in prior years	(1,727)	(160,695)	-	-
	<u>2,714,085</u>	<u>173,930</u>	-	-
<b>Deferred tax: (Note 22)</b>				
Relating to origination and reversal of temporary differences	(745,599)	(745,599)	-	-
	<u>(745,599)</u>	<u>(745,599)</u>	-	-
	<u>1,968,486</u>	<u>(571,669)</u>	-	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2022%:24%) of chargeable income of the estimated assessable profit for the financial year.

A reconciliation of income tax expenses applicable to profit/(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	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(Loss) before tax	14,357,485	(3,551,669)	(904,171)	(6,899,336)
Taxation at statutory tax rate of 24%(2022: 24%)	3,445,797	(852,401)	(217,002)	(1,655,841)
Income not subject to tax	(214,330)	(7,567)	(119)	(36)
Expenses not deductible for tax purposes	1,071,136	1,191,351	217,121	1,655,877
Taxable income not included in profit or loss	832,156	-	-	-
Deferred tax assets not recognised	-	1,242,792	-	-
Utilisation of previously unrecognised deferred tax	(3,164,546)	(1,985,149)	-	-
Over provision of income tax expense in prior years	(1,727)	(160,695)	-	-
Tax expense/(Credit) for the financial year	<u>1,968,486</u>	<u>(571,669)</u>	-	-

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	
	2023 RM	2022 RM
Unutilised tax losses	6,069,842	6,731,027
Unabsorbed capital allowances	38,576,222	41,527,017
	<u>44,646,064</u>	<u>48,258,044</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 27. Taxation (Cont'd)

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 2023, 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	
	2023 RM	2022 RM
<b>Unutilised tax losses to be carried forward until:</b>		
- Year of assessment 2029	44,232	520,565
- Year of assessment 2031	4,446,358	4,631,210
- Year of assessment 2032	1,579,252	1,579,252
	6,069,842	6,731,027

## 28. Earnings/(Loss) per Share

The basic earnings/(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 is disclosed in next page.

	Group	
	2023 RM	2022 RM
Profit/(Loss) for the financial year, attributable to owners of the Parent	9,505,709	(6,436,671)
Weighted average number of ordinary shares in issue	694,986,660	694,986,660
Basic profit/(loss) per share (sen)	1.37	(0.93)

The diluted profit/(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	
	2023 Units	2022 Units
As at 1 January/31 December	694,986,660	694,986,660

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 29. Staff Costs

	Note	Group	
		2023 RM	2022 RM
Staff costs		39,424,837	33,593,061
Add:			
Secondment of staff from third party		3,514,963	3,945,224
		<u>42,939,800</u>	<u>37,538,285</u>
Less:			
Capitalised in construction costs	11	(26,552,218)	(21,034,080)
		<u>16,387,582</u>	<u>16,504,205</u>

Included in the staff costs are contributions made to the Employees Provident Fund under a defined contribution plan for the Group amounting to RM1,204,123 (2022: RM1,151,808).

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

	Group	
	2023 RM	2022 RM
Salary and other emoluments	783,540	642,399
Defined benefit contributions	90,000	72,000
	<u>873,540</u>	<u>714,399</u>

## 30. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 January RM	Financing Cash Flows		Other Changes (i) RM	At 31 December RM
		Drawdown RM	Repayment RM		
<b>2023</b>					
<b>Group</b>					
Sukuk liabilities	120,000,000	-	(15,000,000)	-	105,000,000
Invoice financing	10,383,384	57,224,707	(55,069,258)	38,671	12,577,504
Bankers' acceptance	-	72,157,000	(60,157,000)	(12,683)	11,987,317
Revolving credit	26,677,407	10,000,000	(6,340,000)	4,621	30,342,028
Term loan	982,233	631,000	(727,243)	-	885,990
Lease liabilities	6,601,352	-	(5,045,063)	-	1,556,289
	<u>164,644,376</u>	<u>140,012,707</u>	<u>(142,338,564)</u>	<u>30,609</u>	<u>162,349,128</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 30. 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)

	Financing Cash Flows			Other Changes (i) RM	At 31 December RM
	At 1 January RM	Drawdown RM	Repayment RM		
<b>2022</b>					
<b>Group</b>					
Sukuk liabilities	130,000,000	-	(10,000,000)	-	120,000,000
Invoice financing	13,739,798	43,181,216	(46,449,872)	(87,758)	10,383,384
Bankers' acceptance	-	8,539,000	(8,539,000)	-	-
Revolving credit	30,032,746	-	(3,340,000)	(15,339)	26,677,407
Term loan	673,532	504,391	(195,690)	-	982,233
Lease liabilities	15,891,596	-	(9,290,244)	-	6,601,352
	190,337,672	52,224,607	(77,814,806)	(103,097)	164,644,376

	Financing Cash Flows			At 31 December RM
	At 1 January RM	Drawdown RM	Repayment RM	
<b>2023</b>				
<b>Company</b>				
Revolving credit (Note 21)	20,000,000	-	-	20,000,000
<b>2022</b>				
<b>Company</b>				
Revolving credit (Note 21)	20,000,000	18,000,000	(18,000,000)	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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 31. Related Party Disclosures

### (a) Identified related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management and chief executive officers of major subsidiary companies of the Group.

The Group and the Company have related party relationships with its subsidiary companies, others related parties and key management personnel.

### (b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. In addition to related party balances disclosed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	2023 RM	2022 RM
<b>Related party transactions</b>		
<b>Group</b>		
<b>Other Related Parties*:</b>		
Progress billing received/receivable	30,113,946	69,908,997
<b>Company</b>		
<b>Subsidiary companies:</b>		
Issuance of Ordinary Shares	99,900	-
<b>Year end balances</b>		
<b>Company</b>		
<b>Receivable from related parties:</b>		
- Subsidiary companies	13,966,489	14,940,360

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 31. Related Party Disclosures (Cont'd)

- (c) Compensation of key management personnel

Information regarding compensation of key management personnel is as follows:

	Group	
	2023 RM	2022 RM
<b>Short-term employee benefits</b>		
- Salaries and other emoluments	3,558,121	3,018,807

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.

## 32. 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 2023

## 32. Segmental Information (Cont'd)

	Construction and trading RM	Manufacturing and trading RM	Concession, maintenance and interest RM	Investment holding RM	Adjustments and eliminations* RM	Per consolidated financial statements RM
<b>2022</b>						
<b>Revenue</b>						
External sales	491,537,526	-	23,875,545	481	-	515,413,552
Inter-segment	1,159,961	-	9,563,663	-	(10,723,624)	-
Total revenue	492,697,487	-	33,439,208	481	(10,723,624)	515,413,552
<b>Results</b>						
Segment results	17,437,110	-	19,218,400	(886,552)	(20,732)	35,748,226
Interest income	285,205	-	7,589,064	481	(6,037,070)	1,837,680
Interest expense	(3,376,035)	-	(11,598,657)	-	6,057,801	(8,916,891)
Depreciation of property, plant and equipment	(11,511,092)	-	(2,027)	-	-	(11,513,119)
Other non-cash items	308,252	-	-	(18,100)	(3,088,563)	(2,798,411)
Profit/(Loss) before tax	3,143,440	-	15,206,780	(904,171)	(3,088,564)	14,357,485
Taxation	(145,230)	-	(2,568,855)	-	745,599	(1,968,486)
Profit/(Loss) before tax	2,998,210	-	12,637,925	(904,171)	(2,342,965)	12,388,999
<b>Assets</b>						
Additions to non-current assets	7,497,956	-	2,058	-	-	7,500,014
Segment assets	425,293,565	-	275,611,169	221,025,989	(335,349,476)	586,581,247
Unallocated assets	18,890,779	-	41,113,176	112,883	-	60,116,838
Total assets	451,682,300	-	316,726,403	221,138,872	(335,349,476)	654,198,099

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 32. Segmental Information (Cont'd)

	Construction and trading RM	Manufacturing and trading RM	Concession, maintenance and interest RM	Investment holding RM	Adjustments and eliminations* RM	Per consolidated financial statements RM
<b>2022</b>						
<b>Non-cash expenses/(income)</b>						
Property, plant and equipment written off	38,399	-	-	-	-	38,399
Impairment loss on amount due from subsidiary companies	-	-	-	18,100	(18,100)	-
Amortisation of concession right	-	-	-	-	3,106,663	3,106,663
Gain on foreign exchange - Unrealised	(179,371)	-	-	-	-	(179,371)
(Gain)/Loss on disposal of property, plant and equipment	(299,016)	-	-	-	-	(299,016)
Loss on disposals of investment property	131,736	-	-	-	-	131,736
	(308,252)	-	-	18,100	3,088,563	2,798,411

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 32. 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
<b>2022</b>						
<b>Revenue</b>						
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)	-
<b>Total revenue</b>	<b>343,367,165</b>	<b>2,517,965</b>	<b>31,638,148</b>	<b>149</b>	<b>(9,258,026)</b>	<b>368,265,401</b>
<b>Results</b>						
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
<b>(Loss)/Profit for the financial year</b>	<b>(14,369,039)</b>	<b>(848,857)</b>	<b>14,461,769</b>	<b>(6,899,336)</b>	<b>4,675,463</b>	<b>(2,980,000)</b>
<b>Assets</b>						
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
<b>Total assets</b>	<b>361,785,505</b>	<b>-</b>	<b>268,770,380</b>	<b>222,052,191</b>	<b>(283,000,829)</b>	<b>569,607,247</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 32. 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
<b>2022</b>						
<b>Non-cash expenses/(income)</b>						
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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 33. 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	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>At amortised cost</b>				
<b>Financial assets</b>				
Concession receivables	125,335,233	128,802,549	-	-
Trade receivables	323,076,790	224,388,279	-	-
Other receivables	32,565,210	23,034,547	5,000	12,274
Amount due from subsidiary companies	-	-	13,966,489	14,940,360
Fixed deposits with licensed banks	34,237,940	39,319,929	-	-
Cash and bank balances	24,665,458	24,006,506	110,266	142,565
<b>Total financial assets</b>	<b>539,880,631</b>	<b>439,551,810</b>	<b>14,081,755</b>	<b>15,095,199</b>
<b>Financial liabilities</b>				
Trade payables	269,347,478	195,024,860	-	-
Other payables	17,803,480	10,637,901	158,115	167,263
Sukuk liabilities	105,000,000	120,000,000	-	-
Lease liabilities	1,556,289	6,601,352	-	-
Bank borrowings	55,792,839	38,043,024	20,000,000	20,000,000
<b>Total financial liabilities</b>	<b>449,500,086</b>	<b>370,307,137</b>	<b>20,158,115</b>	<b>20,167,263</b>

### (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 2023

## 33. 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*

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 (2022: 4) major contract customers accounted for approximately 96% (2022: 97%) 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
<b>Group</b>			
<b>2023</b>			
- Less than 30 days	4,382,482	-	4,382,482
- 31 to 60 days	-	-	-
- More than 60 days	8,303,432	-	8,303,432
	12,685,914	-	12,685,914

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 33. 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
<b>2022</b>			
- 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

##### 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 (2022: 6) major customers and accounted for approximately 75% (2022: 75%) of the trade receivables outstanding.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 33. 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
<b>Group</b>			
<b>2023</b>			
<b>Current</b>	152,650,410	-	152,650,410
<i>Past due not impaired</i>			
- Less than 30 days	31,037,706	-	31,037,706
- 31 to 60 days	22,459,980	-	22,459,980
- More than 60 days	116,928,694	-	116,928,694
	<u>323,076,790</u>	-	<u>323,076,790</u>
<b>2022</b>			
<b>Current</b>	92,658,931	-	92,658,931
<i>Past due not impaired</i>			
- 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
	<u>224,388,279</u>	-	<u>224,388,279</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 33. 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 2023

## 33. 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 RM131,320,999 (2022: RM136,155,204) 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
<b>Group</b>						
<b>2023</b>						
Trade payables	250,605,693	9,402,660	9,339,125	-	269,347,478	269,347,478
Other payables	17,803,480	-	-	-	17,803,480	17,803,480
Leases liabilities	1,495,050	100,136	-	-	1,595,186	1,556,289
Sukuk Liabilities	19,886,630	19,196,281	53,469,021	32,132,877	124,684,809	105,000,000
Bank borrowings	55,205,847	285,017	390,450	-	55,881,314	55,792,839
Total undiscounted financial liabilities	344,996,700	28,984,094	63,198,596	32,132,877	469,312,267	449,500,086

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 33. 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
<b>Group</b>						
<b>2022</b>						
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

\* 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 RM131,320,999 as at 31 December 2023 (2022: RM136,155,204). 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 interest rates and other prices that will affect the Group's financial position or cash flows.

##### (a) 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 33. Financial Instruments (Cont'd)

### (b) Financial risk management (Cont'd)

#### (iii) Market risks (Cont'd)

##### (a) Interest rate risk (Cont'd)

*Risk management objectives, policies and processes for managing the risk (Cont'd)*

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

*Exposure to interest rate risk*

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	Group	
	2023 RM	2022 RM
<b>Group</b>		
<b>Fixed rate instruments</b>		
<b>Financial asset</b>		
Fixed deposits with licensed banks	34,237,940	39,319,929
<b>Financial liabilities</b>		
Sukuk liabilities	105,000,000	120,000,000
Lease liabilities	1,556,289	6,601,352
<b>Floating rate instrument</b>		
<b>Financial liability</b>		
Bank borrowings	55,792,839	38,043,024

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 RM557,928 (2022: RM380,430), 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 2023

## 33. 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 fair value RM	Carrying amount RM
	Level 3 RM	Total RM	Level 2 RM	Total RM		
<b>2023</b>						
<b>Group</b>						
<b>Financial assets</b>						
Concession receivables	121,415,691	121,415,691	-	-	121,415,691	121,415,691
Trade receivables	-	-	-	#	#	40,523,702
	121,415,691	121,415,691	-	-	121,415,691	161,939,393
<b>Financial liabilities</b>						
Trade payables	-	-	-	#	#	18,728,667
Sukuk liabilities	-	-	90,000,000	90,000,000	90,000,000	90,000,000
	-	-	90,000,000	90,000,000	90,000,000	108,728,667
<b>2022</b>						
<b>Group</b>						
<b>Financial assets</b>						
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
<b>Financial liabilities</b>						
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

# The fair value cannot be reliably measured using valuation techniques

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 34. 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	
	2023 RM	2022 RM	2022 RM	2021 RM
Total loans and borrowings	162,349,128	164,644,376	20,000,000	20,000,000
Less: Cash and cash equivalents	(17,812,730)	(25,843,485)	(110,266)	(142,565)
Net debt	144,536,398	138,800,891	19,889,734	19,857,435
Total equity	156,848,170	147,342,461	200,980,757	201,884,928
Gearing ratio	0.92	0.94	0.10	0.10

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

## 35. 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 2024.

# LIST OF PROPERTIES

Existing Use	Land Area (as per Land Title)	Built-up Area	Tenure / Date of Expiry of Lease	Address	Date of acquisition	Approximate age of Building	NBV @ 31/12/2023
	(Square Feet)	(Square Feet)			(S&P Date)		RM
Shop Office (3 Floors)	2,131.25	5,717.57	Leasehold 99 years expiring on 05.01.2091 (Balance 68 years)	No.19,19A & 19B , Jalan SB Indah 1/18, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.	20/8/2003	25 years	1,500,000
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	13 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	13 years	1,200,000
Store	216,171.61	-	Freehold	Lot 4627, Jalan Broga Besar, 71750 Broga, Negeri Sembilan.	3/8/2009	-	1,074,431
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 75 years)	No.7, Jalan MU Empat, Medan Universiti, 02600 Arau, Perlis	26/3/2015	8 years	580,000
Investment Property (Shop Office)	1,173.27	2,922.40	Leasehold 99 years expiring on 08.07.2098 (Balance 75 years)	No.5, Jalan MU Empat, Medan Universiti, 02600 Arau, Perlis	26/3/2015	8 years	580,000
Head Office (3 1/2 Floors)	1,530.94	5,900.52	Leasehold 99 years expiring on 05.01.2091 (Balance 68 years)	No.39, Jalan Sungai Besi Indah 1/19, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.	12/7/2016	20 years	3,138,330
Head Office (3 1/2 Floors)	1,530.94	5,965.14	Leasehold 99 years expiring on 05.01.2091 (Balance 68 years)	No.41, Jalan Sungai Besi Indah 1/19, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.	12/7/2016	20 years	3,138,330
Investment Property	1,407.00	2,347.00	Freehold	G-01, Third Avenue, Jalan Teknokrat 3, Cyberjaya 4, 63000 Cyberjaya, Selangor.	15/1/2016	6 years	3,350,000

# LIST OF PROPERTIES

Existing Use	Land Area (as per Land Title)	Built-up Area	Tenure / Date of Expiry of Lease	Address	Date of acquisition	Approximate age of Building	NBV @ 31/12/2023
	(Square Feet)	(Square Feet)			(S&P Date)		RM
Investment Property - 1 Serviced Apartment	-	635	Leasehold land 99 years expiring on 31.12.2114 (Balance 91 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	2 year	1,000,000
Investment Property (CWIP) - 1 Condominium	-	764	Leasehold land 99 years expiring on 11.05.2113 (Balance 90 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	1 year	600,000
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	2 year	850,000

# ANALYSIS OF SHAREHOLDINGS

## AS AT 29 MARCH 2024

Number of Shares Issued	: 694,986,660 ordinary shares
Class of Shares	: Ordinary shares
Voting Rights	: One vote per ordinary share
Number of Shareholders	: 11,789

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Total Shareholdings	%
Less than 100 shares	5,839	50,306	0.007
100 – 1,000 shares	2,692	928,371	0.134
1,001 – 10,000 shares	1,532	8,010,998	1.153
10,001 – 100,000 shares	1,423	55,081,922	7.926
100,001 to less than 5% of issued shares	301	224,756,253	32.339
5% and above of issued shares	2	406,158,810	58.441
Total	11,789	694,986,660	100.000

## 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:

Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Sincere Goldyear Sdn Bhd	117,419,900	16.895	-	-
Kombinasi Emas Sdn Bhd	288,738,910	41.545	-	-
Wie Hock Beng	8	-	117,419,900 <sup>#</sup>	16.895
Wie Hock Kiong	-	-	288,738,910 <sup>^</sup>	41.545

Notes:

\* negligible

<sup>#</sup> Deemed interested by virtue of his interest in Sincere Goldyear Sdn Bhd pursuant to Section 8 of the Companies Act 2016

<sup>^</sup> Deemed interested by virtue of his interest in Kombinasi Emas Sdn Bhd pursuant to Section 8 of the Companies Act 2016

## DIRECTORS' SHAREHOLDINGS

Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Dato' Sri Lee Tuck Fook	-	-	-	-
Loh Kong Fatt	-	-	-	-
Salwa Binti Shamshuddin	-	-	-	-
Wie Hock Beng	8	*	117,419,900 <sup>#</sup>	16.895
Wie Hock Kiong	-	-	288,738,910 <sup>^</sup>	41.545

Notes:

\* negligible

<sup>#</sup> Deemed interested by virtue of his interest in Sincere Goldyear Sdn Bhd pursuant to Section 8 of the Companies Act 2016

<sup>^</sup> Deemed interested by virtue of his interest in Kombinasi Emas Sdn Bhd pursuant to Section 8 of the Companies Act 2016

# ANALYSIS OF SHAREHOLDINGS

## 30 LARGEST SHAREHOLDERS AS AT 29 MARCH 2024

No.	Name of Shareholders	No. of Shares	%
1.	Kombinasi Emas Sdn Bhd	288,738,910	41.545
2.	Sincere Goldyear Sdn. Bhd.	117,419,900	16.895
3.	Advance Harvest Sdn. Bhd.	23,391,000	3.365
4.	Chin Guek Hong	23,191,000	3.336
5.	Yeoh Chooi Phin	21,594,000	3.107
6.	Constant Uptrend Holdings Sdn Bhd	15,776,500	2.270
7.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Mohamad Bolhair Bin Reduan</i>	8,950,000	1.287
8.	Wie Hock Kow	8,000,000	1.151
9.	Kan Fui Man	6,688,000	0.962
10.	Chang Yock Chai	6,295,000	0.905
11.	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Mohamed Faroz Bin Mohamed Jakel</i>	5,100,000	0.733
12.	Ikatan Generasi Sdn Bhd	4,170,000	0.600
13.	Kok Fatt Kong	3,592,800	0.516
14.	Lew Ming Kiet	2,502,900	0.360
15.	Shaziman Bin Abu Mansor	2,200,000	0.316
16.	Cgs International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Tian Wee Kong (Muar-CI)</i>	2,100,000	0.302
17.	Ang Mui Lan	2,000,000	0.287
18.	Cimsec Nominees (Tempatan) Sdn Bhd <i>- CIMB For Taing Kim Hwa (PB)</i>	2,000,000	0.287
19.	Shin Kao Jack	1,940,200	0.279
20.	Chang Yock Chai	1,870,000	0.269
21.	Su Ming Yaw	1,604,100	0.230
22.	Maybank Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Vincent Phua Chee Ee</i>	1,500,000	0.215
23.	Lim Chun Sing	1,398,000	0.201
24.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Rakuten Trade Sdn Bhd For Faiza Binti Mohd Ghazali</i>	1,267,500	0.182
25.	Boy Shan Shan	1,200,000	0.172
26.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Rakuten Trade Sdn Bhd For Wo Suee Sang @ Woh Suee Sang</i>	1,051,000	0.151
27.	Lau Kien Hung	1,010,000	0.145
28.	Ang Lian Pang	1,000,000	0.143
29.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Yeong Sing Ong (My0427)</i>	1,000,000	0.143
30.	Gan Hoo Sun	1,000,000	0.143
	<b>Total</b>	<b>559,550,810</b>	<b>80.512</b>



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

## PROXY FORM

<b>CDS Account No.</b>
<b>No. of shares held</b>

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 13th Annual General Meeting of the Company which will be conducted virtually through live streaming from the broadcast venue at **The Vertical, Connexion Conference & Event Centre, The Zenith (Level M1), Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur** on **Friday, 28 June 2024 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 2024 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 2024 until the next Annual General Meeting of the Company.	Ordinary Resolution 2		
To re-elect Mr Wie Hock Beng as Director.	Ordinary Resolution 3		
To re-elect Puan Salwa Binti Shamshuddin 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		
Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016.	Ordinary Resolution 6		

(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 \_\_\_\_\_, 2024

Signature\*  
Member

\* Manner of execution:

- If you are an individual member, please sign where indicated.
- 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.
- 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:
  - at least two (2) authorised officers, one of whom shall be a director; or
  - any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

**NOTES:**

1. For the purpose of determining who shall be entitled to attend, speak and vote at 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 2024. Only a member whose name appears on this Record of Depositors shall be entitled to attend and vote at this meeting or appoint proxy(ies) to attend, speak and vote on his/her/its behalf.
2. A member of the Company who is entitled to attend, speak 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.
3. 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.
4. 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.
5. 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.
6. Where a member, an authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the 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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7. 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 13th Annual General Meeting or adjourned general meeting at which the person named in the appointment proposes to vote:
  - (i) In hard copy form  
In case of an appointment made in hardcopy form, the Proxy Form must be deposited at the Share Registrar of the Company, 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 TIH Online website at <https://tjih.online>  
The proxy appointment can be electronically lodged via TIH Online. Please refer to the procedure as set out in the Administrative Guide of the 13th Annual General Meeting for further information on electronic submission of proxy form via TIH Online.
8. 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.
9. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
10. Last day, date and time for lodging the proxy form is **Wednesday, 26 June 2024 at 10.30 a.m.**
11. 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.
12. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 13th Annual General Meeting will be put to vote by way of poll.



[www.pesona.com.my](http://www.pesona.com.my)

**PESONA METRO HOLDINGS BERHAD**

(Registration No. 201101029741) (957876-T)

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