

Type	Announcement
Subject	OTHERS
Description	Mitrajaya Holdings Berhad ("MHB" or the "Company") Clarification on The Edge article dated 3 November 2021 “Mitrajaya subsidiary, Raffles Education unit commence arbitration proceedings against each other”

The article published in The Edge on 3 November 2021 entitled “Mitrajaya subsidiary, Raffles Education unit commence arbitration proceedings against each other” (“Article”) refers.

In respect of the Article, the Company wishes to clarify as follows:

Background

Pembinaan Mitrajaya Sdn Bhd (“PMSB”), a wholly-owned subsidiary of the Company, commenced 6 adjudications under the Construction Industry Payment and Adjudication Act 2012 (“CIPAA”) against Raffles K12 Sdn Bhd (“Raffles K12”) in respect of the construction of Raffles American School, comprising Academic Blocks, Boarding Facilities, Support Facilities and Outdoor Sport Facilities at Lot 189155, Nusajaya, Mukim Pulau, Daerah Johor Bahru, Johor (“Project”) for the sum totalling approximately RM40.13 million. On 23 and 24 January 2019, PMSB obtained 4 adjudication decisions in its favour for the sum of approximately RM33.13 million (“Adjudicated Sum”).

However, Raffles K12 failed to make payment of the aforesaid Adjudicated Sum within the stipulated period in the adjudication decisions. Subsequently, Raffles K12 issued a notice to set-off in respect of alleged rectification of defective work and/or non-conformance works, which were previously dismissed in the adjudication proceedings, and further sought to make a demand on the bank guarantee amounting to approximately RM13.49 million against PMSB.

On 26 March 2019, PMSB commenced originating summons in the Kuala Lumpur High Court for the enforcement of the adjudication decisions. On 29 May 2019, PMSB and Raffles K12 entered into a consent order with, among others, the following terms:

1. Raffles K12 agreed not to receive any payment made under the bank guarantee;
2. Raffles K12 shall pay a sum of RM10 million to PMSB by 31 July 2019;
3. Raffles K12 and PMSB agree to refer the disputes in respect of the Project to arbitration for final determination; and
4. Upon receipt of the RM10 million from Raffles K12, all ongoing related court proceedings to be withdrawn without liberty to file afresh.

On 31 July 2019, PMSB had received the aforesaid sum of RM10 million from Raffles K12 pursuant to the consent order.

Mitrajaya Holdings Berhad ("MHB" or the "Company")

Current Status of the Arbitration Proceedings

Raffles K12 and PMSB had since commenced arbitration proceedings against each other in respect of the Project.

Based on the latest claims and counterclaims filed by Raffles K12 on 2 March 2021, Raffles K12 is claiming for an aggregate amount of approximately RM 89.30 million which includes the claim for the purported costs to rectify the defective works and liquidated damages.

Based on the latest claims and counterclaims filed by PMSB on 30 March 2021, PMSB is claiming for an aggregate amount of approximately RM64.91 million which includes the claim for payment for work done and loss and expenses incurred.

PMSB has obtained the views of its legal counsel who considers that PMSB has good prospects of success in defending against Raffles K12's claim and succeeding in PMSB's claims.

The arbitration hearing is fixed on 28 February 2022, 1 to 4 March 2022 and 17 to 20 May 2022.

The Company will make further announcements of any material development on this matter from time to time.

This announcement is dated 3 November 2021.