



MITRAJAYA HOLDINGS BERHAD

Registration No. 199301013519 (268257-T)

ANNUAL REPORT
2021

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[Form Of Proxy](#)

C O R P O R A T E I N F O R M A T I O N

BOARD OF DIRECTORS

Independent Non-Executive Chairman

GENERAL TAN SRI ISMAIL BIN HASSAN (R)

Group Managing Director

TAN ENG PIOW

Executive Director

CHO WAI LING

TAN MEI YIN

Independent Non-Executive Director

**TAN SRI DATO' SERI
MOHAMAD NOOR
BIN ABDUL RAHIM**

**IR ZAKARIA
BIN NANYAN**

**ROLAND
KENNETH
SELVANAYAGAM**

SECRETARY

Leong Oi Wah (MAICSA No. 7023802)
SSM Practicing Certificate No. 201908000717

REGISTERED OFFICE

No. 9, Blok D, Pusat Perdagangan Puchong Prima,
Persiaran Prima Utama, Taman Puchong Prima,
47150 Puchong, Selangor Darul Ehsan

Tel : (603) 8060 9999

Fax : (603) 8060 9998

E-mail : mhb@mitrajaya.com.my

Web : www.mitrajaya.com.my

AUDITORS

Baker Tilly Monteiro Heng PLT
Registration No. 201906000600
(LLP0019411-LCA) & AF0117

Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5,
Bangsar South City, 59200 Kuala Lumpur

PRINCIPAL BANKERS

ABSA Bank Limited (South Africa)
Al Rajhi Banking & Investment Corporation
(Malaysia) Bhd
AmBank Islamic Berhad
AmBank (M) Berhad
CIMB Islamic Bank Berhad
Hong Leong Bank Berhad
Hong Leong Islamic Bank Berhad
HSBC Amanah Malaysia Berhad
Malayan Banking Berhad
Maybank Islamic Berhad
RHB Islamic Bank Berhad
United Overseas Bank (Malaysia) Berhad

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.

Office

Unit 32-01, Level 32, Tower A, Vertical Business Suite,
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi,
59200, Kuala Lumpur, Wilayah Persekutuan
Tel : 03 -27839299
Fax : 03 -27839222
E-mail : 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, Wilayah Persekutuan

SOLICITORS

Joseph Ting & Co.

Suites 7-14, 6th Floor, IOI Business Park,
No.1, Persiaran Puchong Jaya Selatan,
Bandar Puchong Jaya, 47170 Puchong,
Selangor Darul Ehsan

Tee Bee Kim & Partners

No. 21-4, Block E1, Jalan PJU 1/42, Dataran Prima,
47301 Petaling Jaya, Selangor Darul Ehsan

Zul Rafique & Partners

D3-3-8, Solaris Dutamas, No.1 Jalan Dutamas 1,
50480 Kuala Lumpur, Wilayah Persekutuan

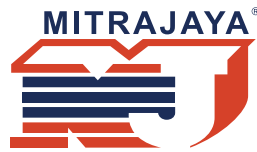
Van Der Merwe Du Toit

Brooklyn Place, Cnr Bronkhors and Dey Streets,
Brooklyn, Docex 110 Pretoria, Republic of South Africa

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : MITRA
Stock Code : 9571
Sector : Construction

CORPORATE STRUCTURE



MITRAJAYA HOLDINGS BERHAD

Registration No. 199301013519 (268257-T)



DIRECTORS' PROFILE



GENERAL TAN SRI ISMAIL BIN HASSAN (R)

Independent Non-Executive Chairman

Malaysian

Male

Aged 79

General Tan Sri Ismail Bin Hassan (R), aged 79, was appointed as an Independent Non-Executive Director of Mitrajaya Holdings Berhad ("MHB") on 9 August 2000. Later he was appointed the Chairman of the Company on 26 November 2009. He is also a Director of Pembinaan Mitrajaya Sdn. Bhd..

He graduated from the Universiti Sains Malaysia with a Bachelor of Social Sciences Degree (Hons in Politics). In the Military Professional Education, Tan Sri Ismail graduated from Command and General Staff College, Fort Leavenworth, Kansas, USA (on Commandant's List) in 1975, from Joint Services Staff College Canberra, Australia, in 1982 and he is also a graduate of the National Defense University, Washington, DC, USA in 1987. Later he was inducted into the NDU International Fellows Hall of Fame, in recognition of outstanding achievement accorded to the graduates of the University who had achieved the highest rank/ appointment in their respective Service.

Prior to joining MHB, Tan Sri Ismail has served as a Commission Officer in the Malaysian Army for 36 years and he held many key appointments at Field Command, Training Command and the Ministry of Defence levels before retiring as Chief of Army in December 1997.

Currently, he also holds directorships in Simbiotik Ventures Sdn. Bhd., Alfa Venture Sdn. Bhd. and MCT Power Sdn. Bhd..



TAN ENG PIOW

Group Managing Director

Malaysian

Male

Aged 68

Tan Eng Piow, aged 68, was appointed as Managing Director of MHB on 9 September 1994. He is one of the founding members of Pembinaan Mitrajaya Sdn. Bhd..

He holds a Bachelor of Civil Engineering (Honours) degree from University of Malaya, which was obtained in 1977. He is also a Member of the Institution of Engineers Malaysia.

He began his career as a Works Engineer with Jabatan Kerja Raya – JKR (Public Works Department) from 1977 to 1979. From 1980 till 1985, he was a Project Manager with Perkuat Kuari Sdn. Bhd. (Quarry Operation).

He has over 40 years of extensive technical and management experience in the construction industry and has been actively involved in the management and operations of the MHB Group. He also oversees the Group's development, growth and expansion.

DIRECTORS' PROFILE (CONT'D)


CHO WAI LING

Executive Director

Malaysian	Female
Aged 49	

Cho Wai Ling, aged 49, was appointed as an Executive Director of MHB on 1 September 2014. She graduated from University of Malaya in 1998 with a Bachelor of Accountancy (Honours) degree and has been a member of the Malaysian Institute of Accountants since 2001.

She started her career with MHB in 1999 as an Executive in the Finance & Accounts Department and rose from rank and file to managerial position and in 2005 was promoted to Group Finance Manager. She heads the Finance & Accounts Department and handles all corporate matters of the Group. In her position as Executive Director, her role was expanded to cover investor relations function and to assist the Group Managing Director on strategic management responsibilities.


TAN MEI YIN

Executive Director

Malaysian	Female
Aged 39	

Tan Mei Yin, aged 39, was appointed as an Executive Director of MHB on 24 August 2020. She graduated from Imperial College London, United Kingdom in 2005 with a Master of Chemical Engineering. She is a member of the Institute of Chemical Engineers in United Kingdom and also a member of Board of Engineers Malaysia.

She began her career with Aker Kvaerner Engineering S.E.A. Sdn. Bhd. as a Graduate Process Engineer upon graduation in 2005. In 2006, she joined Shell Global Solutions Sdn. Bhd. as a Flow Assurance Engineer. In October 2011, she joined MHB Group as Personal Assistant to Group Managing Director, holding responsibility as Head of Human Resources & Administration Department and IT Department. In her role as Executive Director, her role was expanded to cover strategic management where she will serve as a committee member for the Sustainability and Integrity Committee and be responsible for the planning, organizing, and directing of the organisation's operations and programs on sustainability and integrity. She is also responsible for the overall top-level Management's responsibilities over the Group's businesses including business and financial strategies.

DIRECTORS' PROFILE (CONT'D)



**TAN SRI DATO' SERI MOHAMAD NOOR
BIN ABDUL RAHIM**

Independent Non-Executive Director

Malaysian

Male

Aged 77

Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim, aged 77, was appointed as Independent Non-Executive Director of MHB on 26 February 2002. He is the Chairman of the Audit Committee and the Nomination and Remuneration Committee.

He graduated with a Bachelor of Arts (Honours) from University of Malaya and joined the Malaysian civil service in 1968. He has held positions in the Government including State Secretary of Pulau Pinang, Kelantan Federal Development Director (Prime Minister's Department), Perak State Financial Officer, Director General of Kuala Lumpur City Hall, Under Secretary for Ministry of Defence and Ministry of Finance and Secretary General of Ministry of Domestic Trade and Consumer Affairs. His last post in the civil service was as the Secretary General of the Ministry of Home Affairs from 1998-2000.

Currently, he is Chairman of TSR Capital Berhad. He is also currently the President of the Asian Petanque Confederation, Committee member of the Malaysia Golf Association, Vice President of Olympic Council of Malaysia, Council Member of Institut Sukan Negara and Deputy Chairman of Federal Territory Sports Council.



IR ZAKARIA BIN NANYAN

Independent Non-Executive Director

Malaysian

Male

Aged 79

Ir Zakaria Bin Nanyan, aged 79, was appointed as Independent Non-Executive Director of MHB on 26 February 2002. He is also a member of the Audit Committee and the Nomination and Remuneration Committee.

He graduated with B.Sc in Mechanical Engineering from the University of Strathclyde U.K. in 1972 and later obtained Masters of Science in Industrial Hygiene from the University of Pittsburgh USA. He is a Professional Engineer and a Member of the Institution of Engineers Malaysia.

Prior to his appointment to the MHB Board, he was the Director General of the Department of Occupational Safety and Health Malaysia, a position held from 1992 to 1998. He holds directorship in Pressure Care Sdn. Bhd.

He is currently serving as Chairman of the Board of Examiners for the Site Safety Supervisors Course conducted by the Master Builders Association Malaysia.

DIRECTORS' PROFILE (CONT'D)



ROLAND KENNETH SELVANAYAGAM

Independent Non-Executive Director

Malaysian

Male

Aged 65

Roland Kenneth Selvanayagam, aged 65, was appointed an Executive Director on 23 April 1998. From 1 July 2008, he was redesignated as Non-Executive Director as he left full time employment to start his own business. On 28 March 2011 where having met the Listing Requirements criteria for Independent Director, the Board re-designated him to be an Independent Non-Executive Director of the Company. He is also a member of the Audit Committee and the Nomination and Remuneration Committee.

He is a professionally qualified accountant with over 35 years post qualifying commercial experience. Prior to his involvement with the MHB Group, he was employed variously within the British American Tobacco Group, Sears Roebuck Group and the PT Mayora Indah Group – where he was the pioneer General Manager for their Malaysian operations.

He was President of the Malaysian Division of the Chartered Institute of Management Accountants from June 1996 - May 1998. He is a recipient of the Institute's Bronze medal – awarded in recognition of services rendered to the Institute and the profession at large.

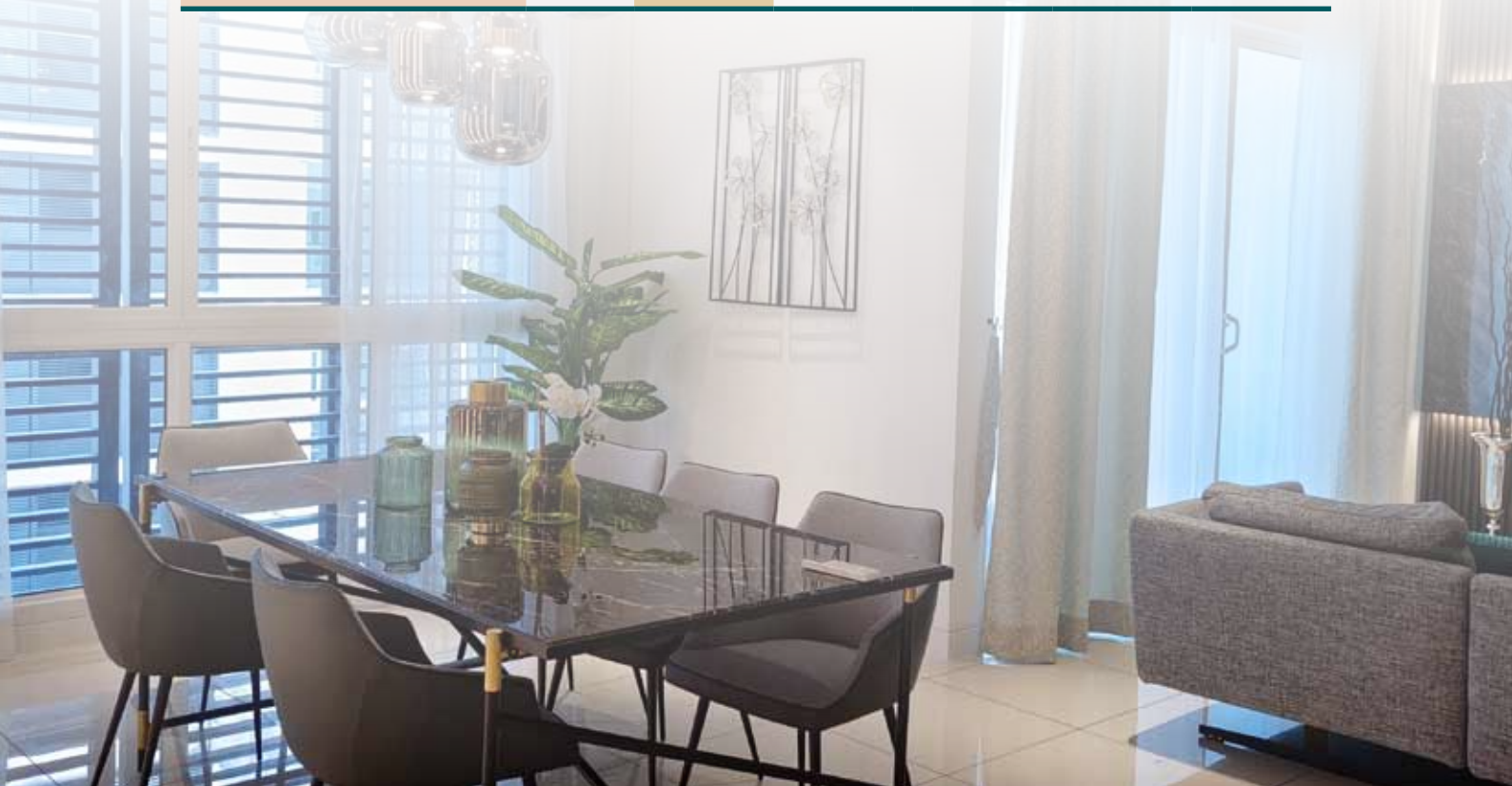
At various times, he has held directorships (listed & unlisted companies) in various countries including South Africa, Sri Lanka, Singapore, Thailand and Australia.

Notes:

- All Directors of MHB are Malaysian and do not have any conflict of interest with MHB.
- They have not been convicted for offences within the past five (5) years other than traffic offences, if any.
- There is no family relationship amongst the Directors and major shareholders of MHB save that Ms Tan Mei Yin is the daughter of Mr Tan Eng Piow, who is the Group Managing Director of the Company.
- The Executive Directors form the Senior Management and their profiles are not presented separately.

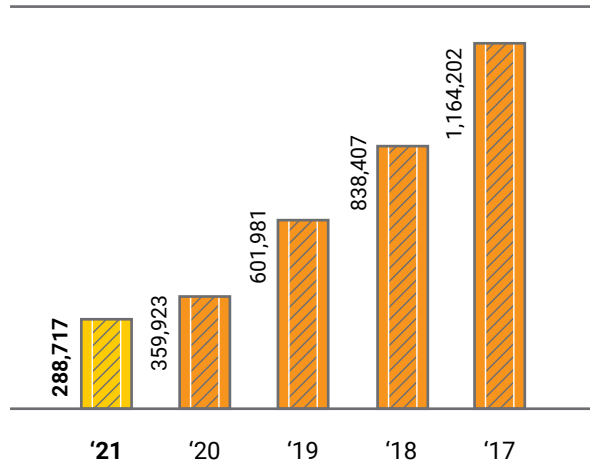
5 YEARS FINANCIAL HIGHLIGHTS

Financial Year Ended 31 December		2021	2020	2019	2018 Restated	2017 Restated
Revenue	RM'000	288,717	359,923	601,981	838,407	1,164,202
- Construction	RM'000	237,082	311,048	482,726	698,817	994,208
- Property Development	RM'000	42,584	43,822	105,385	130,810	144,899
- South Africa Investment	RM'000	8,395	4,618	13,393	8,382	24,696
- Others	RM'000	656	435	477	398	399
(Loss)/Profit Before Taxation	RM'000	(11,872)	17,923	(65,368)	58,914	101,930
(Loss)/Profit After Taxation	RM'000	(14,113)	10,719	(53,560)	40,862	72,849
(Loss)/Profit Attributable to Owners of the Company	RM'000	(13,818)	10,663	(46,919)	43,314	80,350
Share Capital	RM'000	433,469	433,469	464,573	464,573	381,213
Total Assets	RM'000	1,069,081	1,122,014	1,302,786	1,535,799	1,383,746
Shareholders' Funds	RM'000	681,160	710,356	714,970	775,329	677,402
Total Borrowings	RM'000	86,346	112,489	244,463	347,625	323,529
Cash and Bank Balances	RM'000	4,931	12,937	17,349	14,409	25,760
Gearing Ratio	%	12.68	15.84	34.19	44.84	47.76
Net Gearing Ratio	%	11.95	14.01	31.77	42.98	43.96
Basic (Loss)/ Earnings Per Share	sen	(1.68)	1.26	(5.27)	5.04	11.85
Net Assets Per Share	RM	0.91	0.93	0.86	0.93	1.08
Net Dividend Per Share	sen	-	0.50	-	1.50	2.00

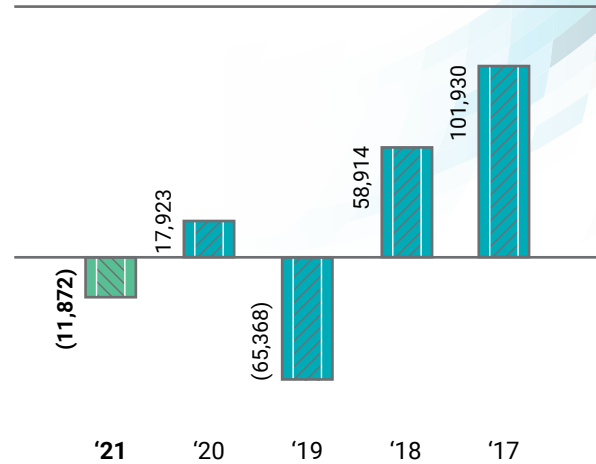


5 YEARS FINANCIAL HIGHLIGHTS (CONT'D)

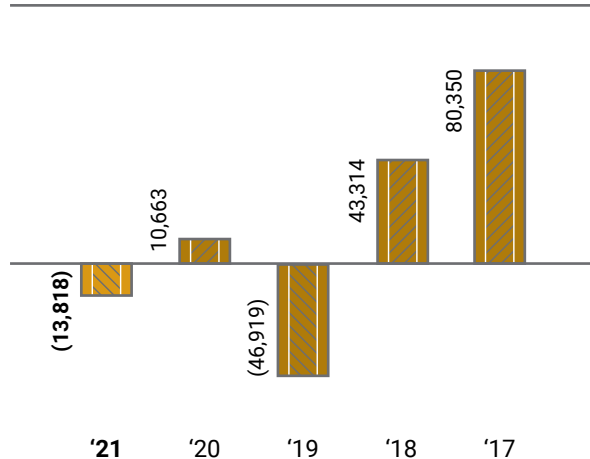
REVENUE (RM'000)



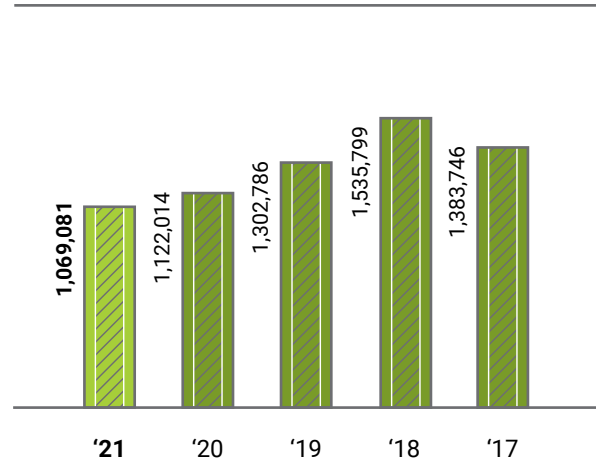
(LOSS)/PROFIT BEFORE TAXATION (RM'000)



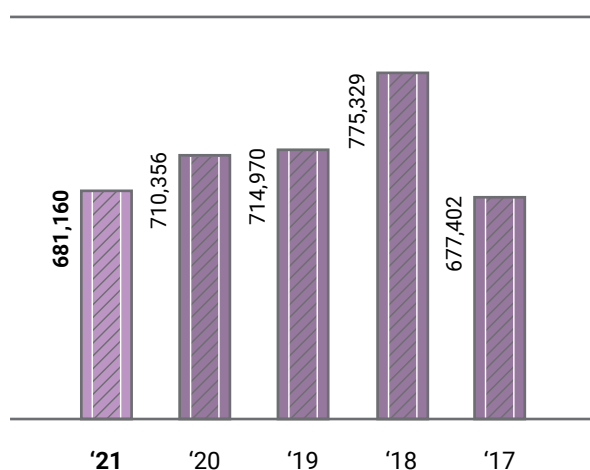
(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)



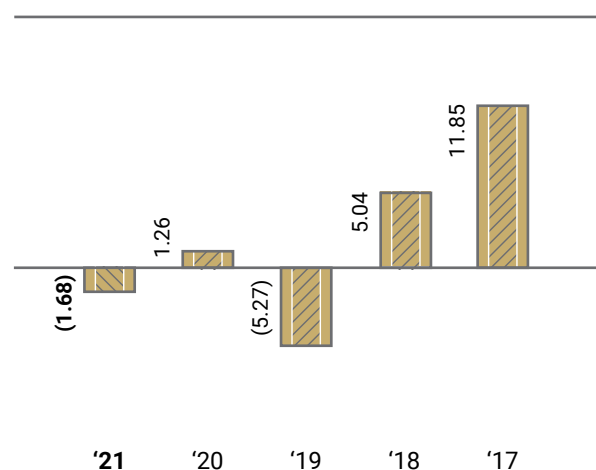
TOTAL ASSETS (RM'000)



SHAREHOLDERS' FUND (RM'000)



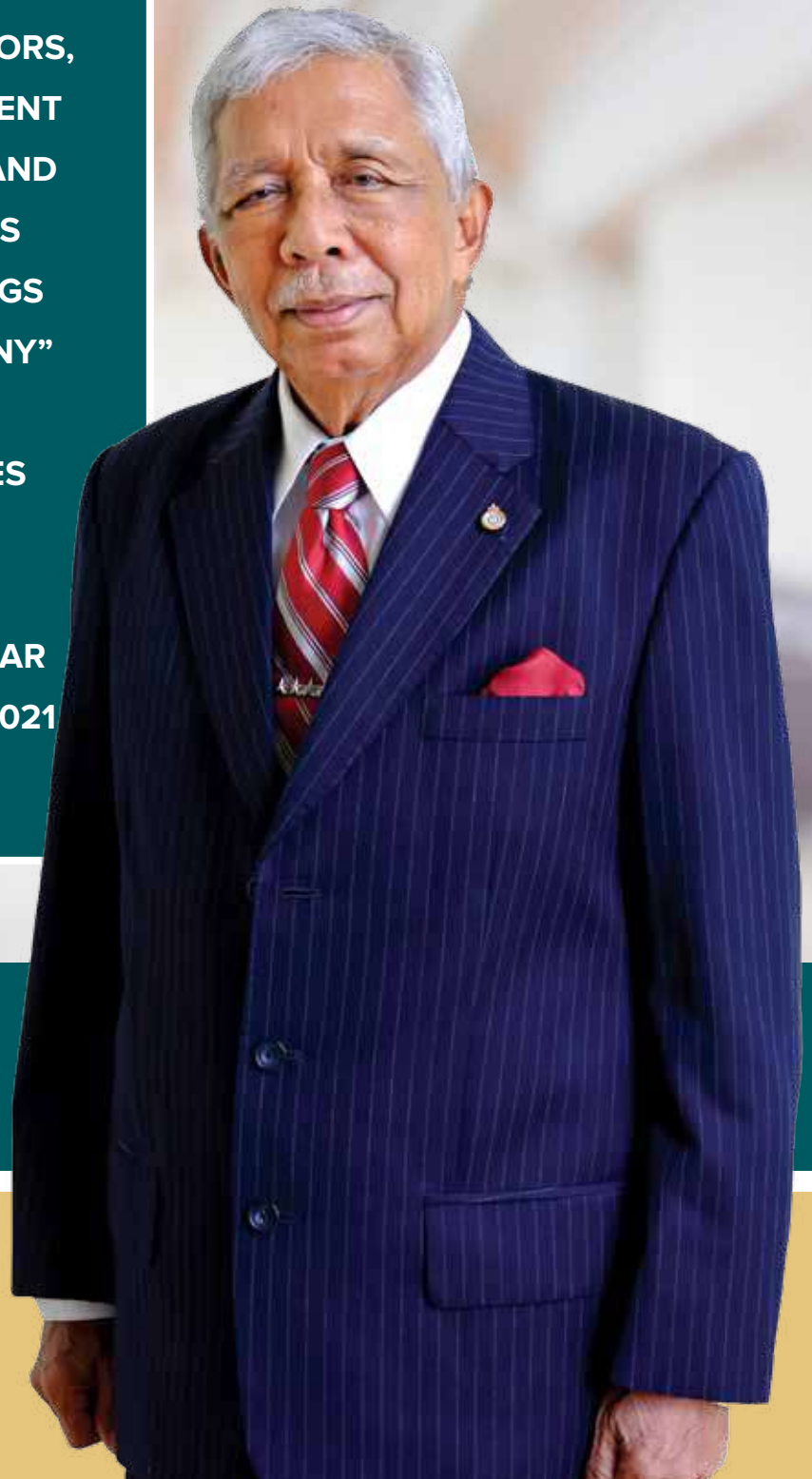
BASIC (LOSS)/EARNINGS PER SHARE (SEN)



CHAIRMAN'S STATEMENT

ON BEHALF OF
THE BOARD OF DIRECTORS,
I AM PLEASED TO PRESENT
THE ANNUAL REPORT AND
FINANCIAL STATEMENTS
OF MITRAJAYA HOLDINGS
BERHAD ("THE COMPANY"
OR "MHB") AND ITS
SUBSIDIARY COMPANIES
("THE GROUP" OR
"MITRAJAYA GROUP")
FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2021
("FYE 2021").

**GENERAL TAN SRI ISMAIL
BIN HASSAN (R)**
Independent Non-Executive Chairman



CHAIRMAN'S STATEMENT (CONT'D)

OVERVIEW

The Group has reported a revenue of RM288.72 million for the financial year ended 31 December 2021, a reduction of RM71.21 million (19.8%) as compared to a revenue of RM359.92 million in the preceding financial year ("FYE 2020"). The revenue reduction was mainly attributed to the lower revenue achieved by the Construction Division that dropped by RM73.97 million (23.8%) during FYE 2021. The revenue contribution from the Property Development Division had reduced slightly by RM1.24 million (2.8%) for the same period. Our South Africa Investment Division had contributed a higher revenue of RM8.40 million during FYE 2021, representing an increase of 81.8% compared to RM4.62 million in FYE 2020.

Consequent to the decline in the Group's revenue and increase in cost of sales, the Group reported a loss before tax ("LBT") of RM11.87 million in FYE 2021 compared to a profit before tax ("PBT") of RM17.92 million in FYE 2020. The Construction Division reported a LBT of RM15.00 million in FYE 2021 compared to a PBT of RM10.26 million in the preceding year. The Property Division's PBT contribution recorded a decline of RM2.07 million (24.2%) from RM8.56 million in FYE 2020 to RM6.49 million in FYE 2021. Our South Africa Investment Division reported a lower LBT of RM0.89 million compared to RM1.61 million in FYE 2020.

Further details of the Group's financial performance are contained in the Management Discussion and Analysis section in this Annual Report.

NEW LAND ACQUISITION

The Company's 60% owned subsidiary, Premier Discovery Sdn. Bhd. ("PDSB") had on 16 February 2022 entered into agreements to acquire 5 pieces of land at Mukim Bentong that are adjacent to the existing properties held by PDSB for total cash consideration of RM16.20 million. This acquisition allows the Group to increase its land bank in Bentong area to 478 acres.

MARKET OUTLOOKS AND PROSPECTS

Malaysia's full-year economic performance expanded 3.1% in 2021, rebounding from the 5.6% drop in 2020 which was the country's worst annual performance since the 1998 Asian Financial Crisis. Bank Negara Malaysia said that Malaysia's economic recovery was expected to continue to grow by between 5.3% and 6.3% in 2022. Generally, the economic recovery will likely be boosted by the recent re-opening of international borders on 1 April 2022.

The outlook of the operating environment is still very challenging for the construction sector in view of the recent hike in prices of construction materials and labour shortages. Moving forward, we will continue to focus on our projects in hand, to ensure timely delivery in the most cost effective manner. Our Construction Division will also undertake more stringent pricing strategy when bidding for order book replenishment.

With the additional rebates given on the completed properties, our Property Development Division managed to conclude sales of value exceeding RM100 million since mid-2020. We are positive that the sales momentum will continue in line with the gradual improvements in buying sentiment for our domestic property market.

BOARD CHANGES

Mr Foo Chek Lee has resigned from the MHB Board on 1 January 2022. On behalf of the Board, I wish to record our utmost gratitude and thanks to Mr Foo for his contributions to the MHB Group for the past 26 years and wish him a Happy Retirement.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my appreciation to the Management team and all employees for their dedication and contribution to the Group. Also our appreciation to our shareholders, business associates, clients, bankers and the various government agencies for their continued support to the Group. My appreciation is also extended to my fellow Board members for their invaluable advice and support.

General Tan Sri Ismail Bin Hassan (R)
Independent Non-Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS



TAN ENG PIOW

Group Managing Director

OVERVIEW

The following commentary and analysis of the consolidated results of the operations and financial information of Mitrajaya Holdings Berhad ("Mitrajaya" or "the Company") should be read in conjunction with the Company's financial year ended 31 December 2021 ("FYE 2021") consolidated financial statements and notes.

Mitrajaya Group's revenue decreased by RM71.21 million (19.8%) to RM288.72 million for FYE 2021 compared to RM359.92 million in the previous financial year. The Group reported a loss before tax ("LBT") of RM11.87 million after taking into account an impairment provision on trade receivables of RM11.22 million. If we were to exclude this non-cash impairment provision, the actual operational LBT was RM0.65 million compared to a profit before tax of RM17.92 million in FYE 2020. Due to the losses of certain subsidiaries that cannot

be set off against the profit made by other subsidiaries within the Group, the Group reported a loss after tax of RM14.11 million in FYE 2021 compared to a profit after tax of RM10.72 million. The current year's losses were mainly attributable to a reduction in both revenue and profit contribution from our Construction Division.

During the financial year 2021, the Group managed to further reduce its borrowings by RM26.14 million (23.2%) to RM86.35 million, compared to RM112.49 million as of 31 December 2020. As a result of the reduction in borrowings, the finance cost was reduced from RM6.88 million in FYE 2020 to RM4.01 million in the current financial year.

The net assets per share attributable to equity holders decreased slightly from RM0.93 to RM0.91 as of 31 December 2021 due to the losses incurred in FYE2021.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FORWARD-LOOKING INFORMATION

The information in this Management Discussion and Analysis ("MD&A") includes certain forward-looking statements. Although these forward-looking statements are based on currently available competitive, financial and economic data and operating plans, they are subjected to risks and uncertainties. In addition to the general economic events that are outside Mitrajaya's control, there are factors that could cause actual results, performance or achievements to vary from those expressed or inferred herein including risks associated with an investment in the shares of Mitrajaya and the risks related to Mitrajaya's business. Risk factors are discussed in greater detail in the section on "Risk Factors" later in this MD&A. Forward looking statements include information concerning possible or assumed future results of Mitrajaya's operations and financial position, as well as statements preceded by, followed by, or that include the words "believes", "expects", "anticipates", "estimates", "projects", "intends", "should" or similar expressions. Other important factors, in addition to those discussed in this document, could affect the future results of Mitrajaya and could cause its results to differ materially from those expressed in any forward-looking statements. Mitrajaya assumes no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

OPERATIONS REVIEW

Construction Division

The Group's core business unit, the Construction Division, contributed a lower revenue of RM237.08 million during FYE 2021, being RM73.97 million (23.8%) lower than the revenue of RM311.05 million reported in the previous financial year. The lower revenue was mainly due to the reduction in the number of on-going projects and the nationwide Full Movement Control order (FMCO) lockdown that was implemented during the year. This division reported a loss before tax of RM15.00 million after taking into account an impairment provision on trade receivables of RM11.22 million. Due to the movement control implementation in 2020 and 2021, the Group incurred additional overhead cost arising from prolongation of the project duration. This additional cost reduced the gross margin of the on-going projects. To cushion this negative impact, the division has successfully brought down both the operating and finance cost by RM5.32 million (34.9%) during the current financial year. The actual operational LBT for construction division is RM3.78 million if we were to exclude the non-cash impairment provision on trade receivables of RM11.22 million.

During FYE 2021, our Construction Division completed and handed over 800 units of Public Apartment "Perumahan Penjawat Awan 1 Malaysia" at Parcel 17RM2, Precinct 17, Putrajaya.

Besides this, the Construction Division had secured a building project from Putrajaya Development Sdn. Bhd. for a contract sum of RM200 million in February 2021. Current outstanding order book stands at RM408.82 million as of 31 December 2021. Most of our construction projects in hand are expected to complete by the second and third quarter of 2022. We are cautiously optimistic that our order book will see replenishment during the year 2022 as we are now in a better position to factor in the latest costs for materials and labour for the projects that we intend to tender for.

Property Development Division

Our Property Development Division's revenue decreased slightly by RM1.24 million (2.8%) to RM42.58 million as compared to RM43.82 million reported in FYE 2020. Correspondingly, profit before tax decreased by RM2.07 million (24.2%) to RM6.49 million from RM8.56 million reported in FYE 2020. The current financial year profit was mainly derived from the sales of units at our completed project '280 Park Homes' in Puchong. This project contributed a revenue of RM28.63 million and a profit before tax of RM5.78 million in FYE 2021.



New show unit for Triplex unit at 280 Park Homes

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OPERATIONS REVIEW

Property Development Division



New show unit for Triplex unit at 280 Park Homes

The division has commenced construction work for the proposed residential project in Bukit Sentosa, Rawang for 67 units of double-storey terrace houses. Sales launching is expected to commence in the third quarter of 2022.

In addition, the Group has acquired another one acre of adjoining land during FYE 2021 to expand our land size to a total of four acres in Puchong to enable a better development options in this area. The development concept for this Puchong project has changed from high-rise residential development to double storey terrace houses. This was due to challenges in widening the existing road junction to cater for the additional traffic generated from the high-rise development. Nevertheless, we have performed a market survey and there is high demand for terrace houses in the surrounding area.

The Group has also commenced the mixed development planning on the 22.2 acres of land in Sepang, comprising of 2 adjacent land parcels located at a strategic location of the interchange between Putrajaya–Cyberjaya Expressway and Nilai–KLIA Highway. The area is zoned for commercial use and approved for development with a plot ratio of up to 4. This project will be developed in phases, starting with Phase 1 (4.77 acres) with approximately 600 units of serviced apartments. The subdivision of the land is still pending approval from the land office and we will move on to submit for planning approval once the subdivision is completed.

Investment in South Africa

Our overseas property project in South Africa, Blue Valley Golf & Country Estate ("BVGCE"), contributed a higher revenue for the FYE 2021. This division reported revenue of RM8.40 million, an increase of RM3.78million (81.8%) as compared to RM4.62 million reported in the previous financial year. This division made a marginal loss before tax of RM0.89 million compared to a loss before tax of RM1.61 million in FYE 2020. The current year's losses included an unrealised foreign exchange loss (RM0.44 million) and bad debts written-off on outstanding rental (RM0.31 million).

The division has obtained Certificate of Completion and Compliance in May 2021 for 42 units of apartments with estimated gross development value of RM16 million. Total sold to-date is 11 units, of which, the payment for 8 units have been collected and recognised in FYE 2021.

In August 2021 and February 2022, the division launched a total of 42 bungalow lots with estimated gross development value of RM13.61 million. The sales response has been very encouraging and we have sold 31 lots out of total 42 lots to-date.

In addition, this division is currently working on obtaining approval from the authorities to sell 97 vacant bungalow lots and 38 units of residential apartments with estimated gross development value of RM42 million. We are confident that this proposed development will contribute positively to the future earnings and cash flow of the Group.

RISK FACTORS

(a) Risks relating to Construction division

The Malaysian construction industry is highly competitive, and the Group faces intense competition from various construction companies due to lower number of available projects since the outbreak of COVID-19 in early 2020. The lower number of tenders in the market is directly impacting our Construction Division in terms of having a lesser opportunity in securing new projects. This has also resulted in aggressive competition among the players and diminishing construction margin.

The recent hike in prices of raw materials, increase in prices of subcontractor service, additional costs arising from implementation of new standard operating procedure for COVID-19 which were not previously factored into the costing of earlier projects secured had impacted negatively to the profit margin of our on-going projects.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

RISK FACTORS (CONT'D)

(a) Risks relating to Construction division (Cont'd)

The construction industry is labour-intensive and heavily dependent on labour supply from foreign country. The Malaysian Government froze the intake of foreign labours since June 2020 due to the pandemic. The labour shortage has become a major issue to the construction industry as of today. If such condition persists, this has serious impact to the work progress and timely delivery of projects.

In mitigation, the Group is taking a more cautious approach in project tendering to replenish our construction order book. We have adopted value engineering and stringent cost monitoring to manage and implement all projects in the most effective and efficient manner.

(b) Risk related to Property Development division

Our property development business is largely dependent on the performance of the property market in Malaysia. The Malaysian property market has been negatively impacted by the outbreak of COVID-19 since early 2020. The property market has been on the recovery track after the FICO that was lifted in the second half of 2021.

The Group's Property Development Division also experiences competition from other property developers in Malaysia. Competitive pressures may arise in areas like pricing of the property, innovative development products, as well as the sale and marketing of the property.

We expect to remain competitive despite the increased competition due to our established brand name, track record and promotional campaigns. Our Group will continue to take measures to mitigate competition risks such as conducting market intelligence surveys to understand home buyers' needs, monitoring and adjusting development products and implementing innovative marketing strategies in response to changing economic conditions and market demands.

(c) Risks relating to the Group as a whole

Our property development business in Malaysia and South Africa is subject to the local regulatory requirements of various governmental agencies and/or ministries in Malaysia and South Africa. Any adverse developments in political, economic,

regulatory and social conditions in Malaysia and South Africa, where the Group operates, could materially affect the financial and business prospects of the Group. Such uncertainties that could unfavourably affect the Group include changes in political leadership, economic downturn, changes in monetary and fiscal policy, changes in foreign currency regulations or introduction of new rules or regulations, financial crisis, expropriation, nationalisation, re-negotiation or nullification of existing contracts, changes in interest rates, exchange rates and methods of taxation.

While we strive to continue to take precautionary measures such as implementing prudent business, financial and risk management policies, much of the above changes are beyond our Group's control and there can be no assurance that any adverse developments will not materially affect the operational conditions and performance of our Group.

MARKET OUTLOOK AND PROSPECTS

Bank Negara Malaysia (BNM) has projected Malaysia's economy to grow by between 5.3% and 6.3% in 2022. This is underpinned by several factors including continued expansion in external demand, full uplift of containment measures, reopening of international borders, and further improvement in labour market conditions. Given the rapidly evolving macroeconomic environment, BNM said risks to the domestic growth projection remain tilted to the downside. These risks mainly stem from developments surrounding Covid-19, slower-than-expected rollout of public infrastructure projects, more persistent labour shortages, supply chain disruptions, and higher inflation.

Construction sector is forecasted to expand by 11.5% in 2022 according to the Ministry of Finance. Nevertheless, there are various challenges surrounding the construction sector which includes labour shortages and rising material costs since end of 2021.

The local property market looks to be stabilising in 2022, following the disruptive impact of the COVID-19 crisis since early 2020. The move from a "pandemic" to an "endemic" classification of the crisis in dealing with COVID-19 will result in more consistent regulations on economic activity. This will improve sentiments toward financial security and consumer confidence. The return of job security and consumer confidence is a vital factor that will lead to the revival of interest in the property market, as long-term financial security is a key prerequisite behind property purchasing decisions.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

MARKET OUTLOOK AND PROSPECTS

South Africa has seen two rate hikes of 25 basis points each (November 2021 and January 2022) after a period of low interest rates and fiscal easing since 2020. Interest hikes has caused the home loans to become more expensive and affect activity within the housing market, as fewer people will be able to afford the repayments at the higher interest rate.

The outlook of the operating environment remains uncertain and very much dependent on the speed of the economic recovery in global and local economy. The Group remains mindful and takes timely appropriate measures to address any adverse risks. We remain hopeful that the situation will improve rapidly and opportunities will emerge for us to leverage for future growth.

ACKNOWLEDGEMENT

On behalf of the management team, I would like to express my gratitude and sincere appreciation to our shareholders, various government agencies, regulatory authorities, customers, bankers, consultants and business associates for their continued trust and support to the Group. I would also like to thank our Board members and employees for their strong commitment and dedication to the Group during this pandemic period.

Tan Eng Piow
Group Managing Director

S U S T A I N A B I L I T Y R E P O R T

GROUP MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

Since 2017, a Group-wide governance framework was put in place for sustainability. Our goals are to meet all regulatory and standards compliance as well as meeting our shareholder's expectations. We continue to strive to improve our integrated management systems that drive our quality, environmental, health and safety, strategies and action plans whilst balancing our economic goals.

The unprecedented COVID-19 pandemic has impacted the health and wellbeing of millions globally bringing about major social and economic disruption. The Group has responded swiftly in managing safety and health at the workplace by putting in place clear Standard Operating Procedures (SOP) for COVID-19 for both Headquarters and project sites, ensuring all employees and foreign workers are fully vaccinated, conducting regular COVID-19 screening for all personnel at the workplace and implementing Work from Home (WFH) initiatives.

Despite a challenging year, among the significant events of the year for the Group were the successful completion and handover of the PPA1M Ketumbar project, an affordable homes development located in Putrajaya. Pembinaan Mitrajaya Sdn. Bhd. (PMSB) also received two awards in the Pertubuhan Akitek Malaysia (PAM) Awards 2021 - The Gold Award in the Public and Institutional Category and the Grand Prize of Building of The Year for the Asian Institute of Chartered Bankers (AICB) Building. PMSB was the Main Contractor and Builder of this new landmark along Jalan Kuching, Kuala Lumpur.

As testimony to our commitment to quality, environmental, health and safety, in 2019 the Group embarked on the implementation of the 5S Standard which is a system for organising spaces so work can be performed efficiently, effectively and safely. This system focuses on putting everything where it belongs and keeping the workplace clean, which makes it easier for people to do their jobs without wasting time or risking injury. Our wholly-owned subsidiary, PMSB and our Headquarters successfully obtained the SIRIM certification for the 5-S Standard: 2018.

We are grateful for the efforts of our dedicated management team and staff for the achievements and recognitions we have received.

Moving forward, Mitrajaya will aim to strengthen our Corporate Social Responsibility initiatives in order to fulfill our role as a responsible corporate citizen. For the long term, we strive to be the clients' contractor of choice, the property developer of choice and the employer of choice.

In this regard, our business strategies took into account the sustainability policies that govern the property development and construction industry. For instance, there is the Government policy that requires the establishment of Industrialised Building System (IBS) for construction work. This would produce less construction waste, with less labour required. We also noted and took into account the Green Building initiatives on property development mooted by the authorities.

In 2021, we implemented Mitrajaya's Anti-Bribery & Anti-Corruption policies. We have always valued the importance of integrity and corporate governance in conducting our business and we have been committed to meeting all local governance legislation where we operate and fighting corruption in any means or form. These policies provide clear guidance to our employees and business partners and formalises the Group's stance. Mitrajaya has adopted a zero-tolerance approach against all forms of bribery and corruption while continuously taking reasonable and appropriate measures to ensure that its businesses are not involved in corrupt activities for its advantage or benefit.

The property and construction industry in Malaysia faces many other challenges and issues such as growing scarcity of prime land for development, rising costs of land and building materials, shortage of foreign workers and more stringent control on property loans and borrowings. The fluctuations of international policies and foreign exchange also affect the availability and costs of imported building materials.

Notwithstanding these challenges, Mitrajaya moves forward into our sustainable future with confidence. Having our sustainable business strategies in place with the continued energetic and dedicated efforts of our Board of Directors, our management team and our staff, we can assure our shareholders and investors that we will continue to deliver on sustainable opportunities for Mitrajaya Group and our stakeholders.

Tan Eng Piow
Group Managing Director

SUSTAINABILITY REPORT (CONT'D)

OUR SUSTAINABILITY PHILOSOPHY

We believe that a business organisation, while in pursuit of profit, should fulfil its role as an agent of progress and discharge its moral and corporate responsibility for sustainability to society, employees and the environment.

We strive to harmonise our precious human resources and the operating environment whereby professionalism, teamwork, total commitment and loyalty could be cultivated and nurtured to become our corporate culture and ethics.

We were able to combine our resources and technology to create the synergy for the growth and sustainability over the years. Our track record has proven our ability to provide superior service to meet all the needs of our clients from initial planning to management of the completed project.

CORPORATE GOVERNANCE

At Mitrajaya Holdings Berhad we continuously endeavour for good governance. This will steer us towards managing our business and operations more sustainably and enable us to fulfil our corporate social responsibility and the committees thereunder.

Our Board of Directors and respective committees thereunder constantly review our strategic objectives in line with our commitment towards sustainability for improving performance and better results for the company and our shareholders. Increasingly, more sustainable practices are being implemented company wide, especially for operations at our project sites.

We are committed to responsible governance, applying ethics and code of conduct at all levels. In this manner we strive for transparency, accountability and long-term stability to ensure compliance at all times to all regulatory corporate governance requirements.

In 2021, corporate governance relevant documents have been established to address the requirements of Section 17A of MACC (Amendment) Act 2018 and to safeguard against bribery and corruption. We have successfully introduced Anti-Bribery & Anti-Corruption Policy, Code of Business Conduct for Third Parties and Whistle Blowing Policy & Procedure in September 2021. All policies and procedures are communicated to board of directors and employees via various platforms such as online training sessions, employee induction and our website as well.

Through our governance structure, Mitrajaya is developing its sustainability strategy across the top management till every operational level from the economic, environmental and social perspectives. In this regard the driver for the sustainability strategy development and implementation is our Sustainability Committee. Members of the Sustainability Committee include:

Chairman	• Director
Secretary	• Integrated Management System (IMS) Representative
Committee Members	<ul style="list-style-type: none"> • Corporate Affairs • Finance and Accounts • Human Resources and Administration • Projects • Quality, Safety & Health

SCOPE OF REPORT

In this Sustainability Report, our sustainability performance, including achievements and challenges, over the period of 1 January 2021 to 31 December 2021, are reported, together with highlights of related performances in the recent years that have brought us to where we are in our sustainability journey and status. Unless otherwise stated, the information within this report refers to Mitrajaya Holdings Berhad and its subsidiaries.

This Sustainability Report 2021 is prepared according to the requirements of Bursa Malaysia, with incorporation of some core principles of the GRI Sustainability Reporting Standards (GRI Standards).

SUSTAINABILITY REPORT (CONT'D)

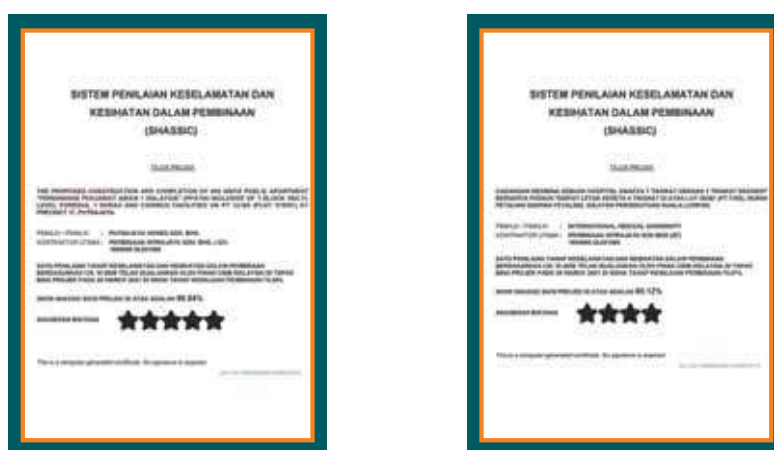
The reporting structure for the Sustainability Committee is as below:



OUR ACHIEVEMENTS

HIGHLIGHT 1: SHASSIC ACHIEVEMENT

To show commitment in delivering a project with the best safety performance, PMSB has conducted Sistem Penilaian Keselamatan Dan Kesihatan Dalam Pembinaan (SHASSIC) assessment on every project. In 2021, our project PPA1M – 17RM1 has achieved 5-Star (96.84%) while another project IMU has achieved 4-star (80.12%) in SHASSIC Assessment.



On 14 December 2021, PMSB project SPD is awarded SHASSIC Achiever on QCLASSIC & SHASSIC Day 2021 organised by CIDB in recognition of our effort in continuously ensuring the best performance in health and safety.



SUSTAINABILITY REPORT (CONT'D)

HIGHLIGHT 2: 2021 PAM AWARDS

At the PAM Awards 2021 ceremony, GDP Architects and PMSB were presented with PAM Gold Award in the Category 4 – Public & Institutional and Building of The Year 2021 for the Asian Institute of Chartered Bankers (AICB) building that was completed in year 2020. The 2021 PAM Awards ceremony was held at the PAM Centre in Kuala Lumpur on 2 October 2021.



RISK MANAGEMENT

The construction and property development industry typically consume large amounts of resources and energy. This is due to the impact from upstream and downstream activities, namely from material extraction, product manufacturing and assembly, building structure, system maintenance, renovations and waste disposal.

The main impact on the environment by the industry's activities is its contribution to carbon dioxide (CO₂) emissions, energy requirements, water usage, solid waste, raw materials and electricity consumption. In addition, the industry generates pollutants that include noise, dust and gaseous emissions, solid wastes and wastewater.

Such impacts would affect the local economic, environmental and social dimensions of Mitrajaya's products and services, and the local climatic conditions and variations. For instance, projects have been affected by floods, landslides, water shortages, polluted water sources, as well as safety and health incidences. The result could be project cost increase, project delays, health and safety issues, community issues, and in the worst-case scenario, fatalities.

The unprecedented COVID-19 pandemic has severely impacted the construction and property development industry as well and Mitrajaya has included it as part of its risk management.

In the light of such risks as mentioned above, Mitrajaya is therefore making every effort to ensure that mitigating measures are in place for every project in order to minimize its economic, environmental and social impacts. This is applied through its integrated management system (IMS) and operational procedures.

SUSTAINABILITY REPORT (CONT'D)

ANTI-BRIBERY AND ANTI-CORRUPTION

Mitrajaya has zero-tolerance against all forms of bribery and corruption. We have successfully established Anti-Bribery Management System (ABMS) in year 2021. At Mitrajaya, we value the importance of integrity and corporate governance in conducting business. We are committed to meeting all local governance legislation where we operate and fighting corruption in any means or form.

This has become more important than ever given the seriousness of the harm caused by bribery and corrupt practices and the rise of anti-bribery and anti-corruption legislations across the world.

Mitrajaya is continuously taking reasonable and appropriate measures to ensure that its businesses are not involved in corrupt activities for its advantage or benefit. In September 2021, ABMS was officially introduced in Mitrajaya. As part of our ABMS, the following policies and procedures were also introduced.

- Anti-Bribery & Anti-Corruption Policy
- Code of Business Conduct for Third Parties
- Whistleblowing Policy & Procedure
- Revised Code of Conduct for Employees
- Due Diligence Form
- Conflict Disclosure Form

As of 31 December 2021, 130 Mitrajaya staff attended ABMS training and our goal is to extend to all our staff progressively.

WHISTLEBLOWING POLICY

Mitrajaya has a Whistleblowing Policy, which is accessible via the company website that allows individuals to report any irregularities occurring within Mitrajaya and its operations. The Policy allows for reporting by individuals of such matters to the Integrity & Governance Unit (IGU) Head, without fear of reprisal, discrimination or adverse consequences, and also permits the Group to address such reports by taking appropriate action, including, but not limited to, disciplining or terminating the employment and/or services of those responsible. The Policy is meant to protect genuine whistle-blowers from any unfair treatment as a result of their report.

Concerns may be raised either verbally or in writing to whistleblow@mitrajaya.com.my. As it is essential for the Group to have all critical information in order to be able to effectively evaluate and investigate a complaint, the report made should provide as much detail and be as specific as possible. The complaint should include details of the parties involved, dates or period of time, the type of concern, evidence substantiating the complaint (where possible), and contact details, in case further information is required.

GIFTS, ENTERTAINMENT & HOSPITALITY

In general, Mitrajaya strictly adopts a "No Gift" policy whereby all Employees, Directors and their family members are prohibited from directly or indirectly receiving or providing gifts to Third Parties and clients in the course of business dealings.

As a general principle, the Directors and Employees should not accept or provide gifts to a Third Party if it is made with the intention of influencing the Third Party to obtain or retain business, or in exchange for favours or benefits. In addition, lavish or unreasonable gifts should not be accepted as such gifts may be perceived or interpreted as attempts by the Directors or Employees to obtain or receive favourable business treatment for personal benefits.

SUSTAINABILITY REPORT (CONT'D)

STAKEHOLDER ENGAGEMENT

In a stakeholder exercise with management we were able to identify our significant stakeholders and prioritise their issues as shown in the following matrices. These significant stakeholders are those who have most interdependence and most influence on our operations and activities. They include our Customers, our Employees, our Board of Directors, Major Shareholders, Minor Shareholders, Assessors, Financiers and the Government agencies, as shown in the prioritization matrix below.

Stakeholders Prioritisation Matrix

		Stakeholder Influence on the organisation			
		No Influence	Low Influence	Some Influence	High Influence
Stakeholder Dependence on the organisation	High Dependence			C, E, B, MS S, F, A G	
	Low Dependence	X, MiS		M, Y, N	
Legend					
B - Board Of Directors		N - NGOs			
C - Customers		F - Financiers			
E - Employees		M - Media			
G - Government		X - Communities			
MS - Majority Shareholders		Y - Industry peers			
MiS - Minority Shareholders		A - Assessors			
S - Suppliers					

SUSTAINABILITY REPORT (CONT'D)

STAKEHOLDER ENGAGEMENT METHODS

Having identified our stakeholders, we have engaged with them in the following ways outlined below.

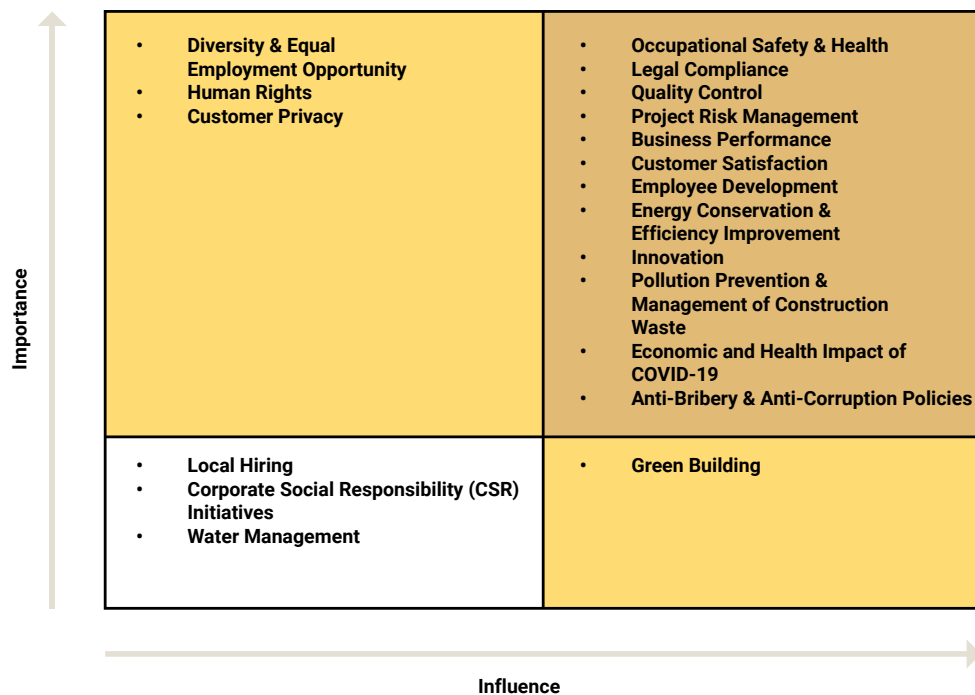
Internal Stakeholders	Engagement Methods
Employees	<ul style="list-style-type: none"> *Daily operations *e-mail system *Training sessions *Performance review *Staff survey *Sports club activities
Shareholders	<ul style="list-style-type: none"> *AGM *Media announcements *Annual Reports
External Stakeholders	Engagement Methods
Government Agencies Local Authorities	*Compliance and licensing, statutory requirements
Customers	<ul style="list-style-type: none"> *Contractual engagement- ongoing *Daily operations, quotations, proposals *Festival gathering *Client Survey
Financial Institutions/ Financial analysts	<ul style="list-style-type: none"> *Regular meetings *Annual Reviews
Industry Peers & Industry Associations	<ul style="list-style-type: none"> *Standards Compliance, committees *Training *Seminars & Conferences *Participation in industry related association
Students Scholarship Recipients Local Communities	*CSR initiatives
Suppliers	<ul style="list-style-type: none"> *Contractual engagement *Daily operations, quotations, proposals *Supplier evaluation
Media	<ul style="list-style-type: none"> *Product launch advertisement *Ad hoc interviews
Assessors	<ul style="list-style-type: none"> *Yearly audit *Project completion audit

SUSTAINABILITY REPORT (CONT'D)

MATERIALITY

Mitrajaya Holdings Berhad holds the views of our stakeholders to be important to our sustainability improvement efforts. Hence, we have reviewed the materiality issues in conjunction with our stakeholders' identification. In analysing our materiality issues, we have taken into account the concerns of our stakeholders as well as that of the Organisation's vision and mission and strategic objectives, and these are outlined in the figure below. We have also referred to the Global Reporting Index (GRI G4 Guidelines) during the review. Our emphasis is thus on Occupational Safety & Health, Legal Compliance, Quality Control, Project Risk Management, Business Performance, Customer Satisfaction, Employee Development, Energy Conservation & Efficiency Improvement, Innovation, Pollution Prevention & Management of Construction Waste, Economic and Health Impacts of COVID-19. As far as possible these issues are addressed within this Sustainability Report.

MATERIALITY MATRIX



ECONOMY

Market Presence

Construction Division

Through its principal subsidiary, PMSB, Mitrajaya Holdings Berhad has created a significant track record of successful projects in the construction and civil engineering-related arena.

PMSB is not only an Infrastructure contractor, but over the past 36 years has developed into a building contractor. Its major projects have included building construction, such as high-rise and low-rise Residential and Commercial buildings, Industrial buildings, as well as Institutional buildings for Education and Healthcare. Noteworthy building projects include the MACC Headquarters in Putrajaya and three building complexes – Asia School of Business ("ASB"), Bangunan AICB and Residensi ASB, all located in Jalan Dato' Onn, Kuala Lumpur. PMSB has played a significant role in major national infrastructure projects, including the Kuala Lumpur International Airport (KLIA), the CyberJaya Flagship Zone, the Putrajaya Federal Administrative Centre, the East Coast Economic Region, the Iskandar Southern Development Corridor, Refinery and Petrochemical Integrated Development (RAPID) in Pengerang Johor, and many other projects.

SUSTAINABILITY REPORT (CONT'D)

Over the years, PMSB has amassed assets of modern construction machineries and technologies, and has continued to build capability in cutting edge construction methodologies and the pioneering field of 3D Building Information Modelling.

"We believe in delivering our client's every dream with passion, and that is our pride."

Property Development Division

Under our Property Development Division, in striving for greater heights, Mitrajaya ventured into property development in 1999. Its first and flagship development was the 250-acre integrated township of Puchong Prima. This is a great example of a comprehensive master plan undertaken by Mitrajaya. This was a carefully planned township that strongly shows our strong commitment to developing a multi-faceted community and not just constructing buildings.

Mitrajaya has also achieved Quality & Architectural Excellence through venturing into luxury residential development in the upmarket Mont' Kiara area. Thus far Kiara 9 Residency has become a benchmark for luxury lifestyle in Kuala Lumpur. It showcases a 41-storey iconic condominium tower and 16 units of 3 ½ storey Garden Villas.

In March 2019, Mitrajaya successfully completed and handover the Wangsa 9 Residency Phase 1 development. This high-end residential development comprising of three tower blocks of 565 condominium units in Wangsa Maju further cements Mitrajaya's capability in delivering quality and trusted products to its customers.

Over the years, Mitrajaya has built a solid reputation as a property developer through the brand name Mitrajaya Homes that prides itself in providing quality products and value to its customers. Current projects include Wangsa 9 Residency Phase 2. In 2021, Mitrajaya has successfully completed and handed over Pangsapuri Seri Warisan in Kota Warisan, Selangor, an affordable homes development under the Rumah Selangorku initiative. Mitrajaya Homes was the turnkey contractor for this project.

International Division

Blue Valley Golf & Country Estate has been the first international venture of Mitrajaya since 1999. It is located centrally to Johannesburg, the country's Business Hub and Capital City, Pretoria and Sandton in South Africa. This successful development has a mixed development of Tuscan Themed Homes, Clubhouse, Office Parks and Shopping Mall, with a World Class 18 Hole Golf Course, designed by Gary Player. It embodies the South African affluent lifestyle estate living.

In 2021, this division has completed 42 units of serviced apartment which is located adjacent to the spectacular Blue Valley Golf & Country Estate.

Plantation

In December 2020, MHB entered into a share sales agreement by acquiring 60% shareholding in Premier Discovery Sdn. Bhd. (PDSB) for a total consideration of RM15.9 million. PDSB owns 4 lots of leasehold land in Bentong, Pahang with total acreage of about 264.4 acres. Two out of total 4 lots have been planted with durian trees which are bud grafted with Musang King.

PDSB has on 16 February 2022 further acquired 5 lots of adjacent land with total acreage of 213.6 for total consideration of RM16.20 million. With this new acquisition, MHB group is able to increase its landbank in the Bentong area to 478 acres.

SUSTAINABILITY REPORT (CONT'D)

Indirect Economic Impacts

One of the pillars of sustainable development is economy. While achieving our economic performance targets, Mitrajaya is committed towards the creation of sustainable indirect value and benefits through our economic activities.

In our construction and development projects, we use local raw materials as much as possible, including recycled construction materials. This helps to reduce our carbon footprint along our value chain. At the same time, it also brings more cost-effective economic benefits to our operations and contributes to the nation's economic welfare and growth.

We thus strengthen the local economy in the following ways:

- Our operations and associated activities provide for new employment and job opportunities for people within the community.
- Money is transacted and circulates within the local economy to increase wealth for local businesses.

In hiring from the local talent pool this signals to our customers and stakeholders that we value our local citizenship in the locations of our operations. Thus, we are invested in the growth and the well-being of our citizens, as well as the health of the local economy. In 2021 our total workforce stood at 297 staff.

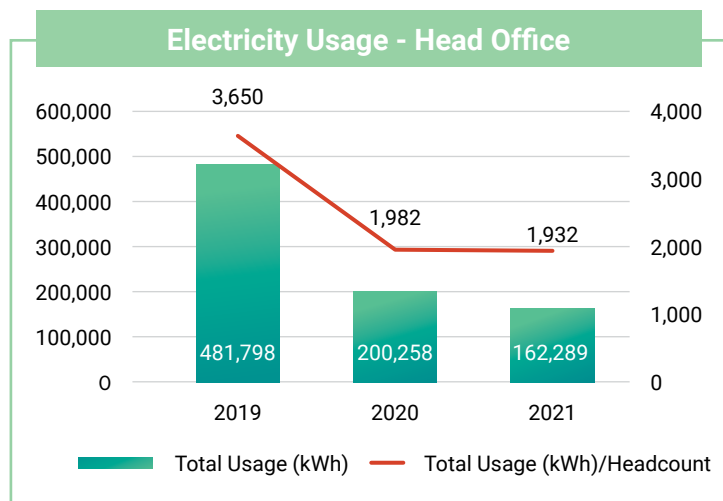
Our recycling and waste reduction programs effectively impact our company's cost structure in a positive manner. Waste reduction and reuse can also reduce business costs for disposal, provide new sources of materials for the construction, and create local jobs.

ENVIRONMENT

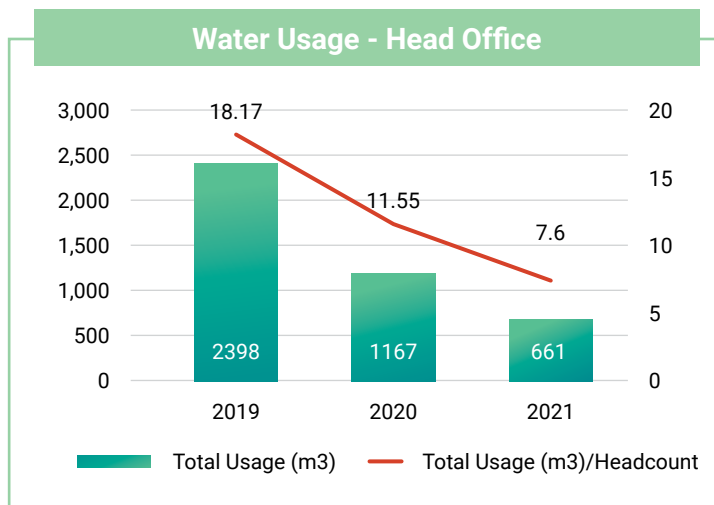
Mitrajaya is committed to exercising due care to the environment. In our commitment we have incorporated a number of initiatives such as monitoring our usage of energy and water at our Headquarters (HQ) in Puchong Prima, Selangor. We monitor for our environmental impacts in terms of air emissions, noise, and effluent discharge. We also set our objective to reduce wastage and complying to the Environmental Quality Act and all other requirements.

Energy

We monitor the electricity usage at our HQ closely. For 2021, we continue to record a decrease in the electricity consumed. The Malaysian government implemented measures, i.e., Movement Control Order (MCO) which resulted in the closure of our HQ and mandating the employees to work from home for a significant period in 2021.



SUSTAINABILITY REPORT (CONT'D)



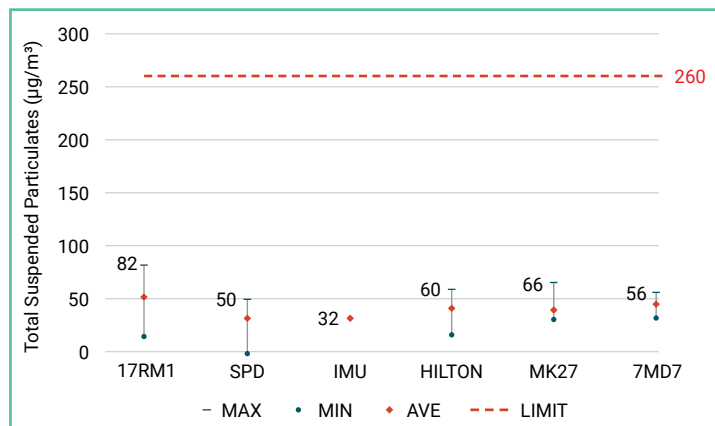
Water

At Mitrajaya's HQ, water consumption monitoring has been initiated since 2015. Water monitoring is important in consideration of water supply and availability, and possible future recyclability. For 2021, we recorded a decrease in the water consumed in Mitrajaya HQ. The reduction was 43.3% compared to 2020. Again, this is attributed to employees working from home during MCO and beyond.

Air Emissions

At the project sites, we are concerned about the dust generated during the site preparation and construction stages, as this can be a nuisance and, affects the health of our employees and contractors, as well as the communities in the vicinity of the project site. In this regard, we are required to monitor the Total Suspended Particulates (TSP) levels, as required according to project site job scope, which varies from site to site.

In 2021, the monthly monitoring results for TSP in those projects sites showed average levels ranging from 32 to 82 $\mu\text{g}/\text{m}^3$ from January until December. These results were well within the ambient air quality, permissible standard of 260 $\mu\text{g}/\text{m}^3$ for TSP, and were thus in compliance with the standard.



Noise

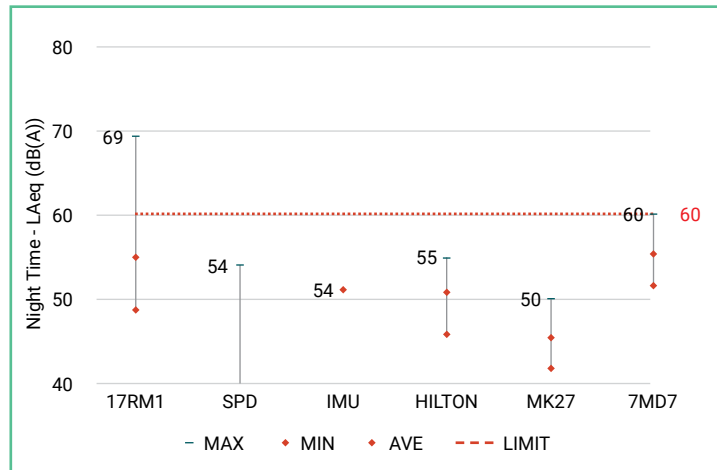
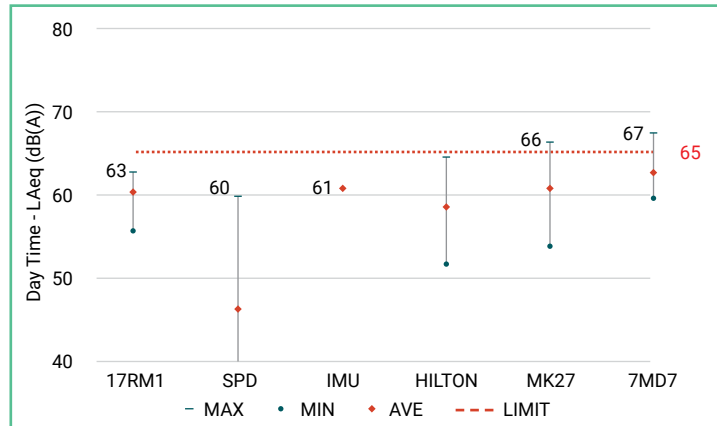
Noise by definition is considered as an unwanted sound contributed by pre-existence and/or additional noise source(s) that introduced to a location of concerned. At the project sites, we gauge on the pre-existing noise climate, assessing noise contributed by project activities and impacts to the communities. The method of monitoring is by placing the noise level monitoring equipment at boundary noise sensitive receptor area over 15 hours during day-time and 9 hours over the night time period. The data will be downloaded by technician and compute using noise explorer software to generate the results.

SUSTAINABILITY REPORT (CONT'D)

Noise (Cont'd)

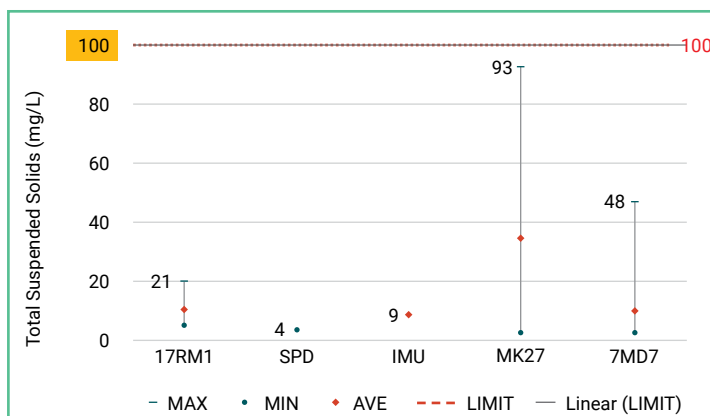
In year 2021, the monitoring results for Noise (Day-Time) showed ranged on average from 41 dB(A) to 63 dB(A) and Noise (Night-Time) from 39 dB(A) to 55 dB(A). All the project sites (except for three projects) have exceeded the permissible limit of 65 dB(A) for Day-Time and 60 dB(A) for Night-Time.

The exceeded data was recorded in one month for all three projects whereby it was due to displacement of noise monitoring equipment near to the operating machineries and vehicular movement in the project sites. The immediate action was taken to ensure the misplacement of monitoring equipment is being addressed and the effectiveness of control can be observed with the subsequent average being lower to compliance limit.



Effluent

At the project sites where the project specifications include effluent streams, the discharge of effluent is subject to the Effluent Regulations under the Environmental Quality Act of Malaysia and has to meet the discharge standards. Monitoring is normally conducted three times over a project cycle, i.e. at the start of a project, midway through the project, and on project completion. Effluent discharges are monitored for Total Suspended Solids (TSS), Dissolved Oxygen (DO), Oil & Grease (O&G), pH, Biochemical Oxygen Demand (BOD₅), Chemical Oxygen Demand (COD), E-Coli, and Ammoniacal Nitrogen (NH₃-N).



Discharges of effluent at site are often erratic, depending on the work cycle and work progress of the project, as well as size of the project to accommodate living quarters for workers at site. Effluent discharges may also increase during the rainy days, or there may be no discharges during hot dry days.

In 2021 samples were taken for discharges from January to December at various project sites. All the projects have complied with the permissible limit of 100mg/L.

SUSTAINABILITY REPORT (CONT'D)

Waste Management

At Mitrajaya, we have a step by step activity and plan developed to ensure waste generated from our construction activities are being addressed and hierarchy of waste management is being adhered. Also, one of the objectives set by Mitrajaya is to reduce wastage of construction materials in the projects. The wastage of construction materials is reviewed in the yearly Management Review Meeting.

We recognise the following as waste:

- i) waste generated from the project/business operations
- ii) unsuitable soil removed from site to landfills
- iii) scheduled waste

We minimise waste at all project sites by encouraging use of system formwork which allows reusing of materials, ordering of cut to size rebar and monitoring the usage of the materials regularly. The amount of waste generated is dependent of the size of project and the stage of construction of projects.



Designated areas for waste segregation

The following is the Construction wastage target for Mitrajaya. These targets are being monitored as part of the company's Quality, Environmental, Safety and Health (QESH) Objectives Achievements during the Management Review Board Meetings.



SUSTAINABILITY REPORT (CONT'D)

PEOPLE

Sustainability Performance

The Group's philosophy is based on the belief that a business organisation, while in pursuit of profit, should fulfill its role as an agent of progress and discharge its moral responsibility to society and employees. We are able to combine our resources and technology to create the synergy for the growth over the years.

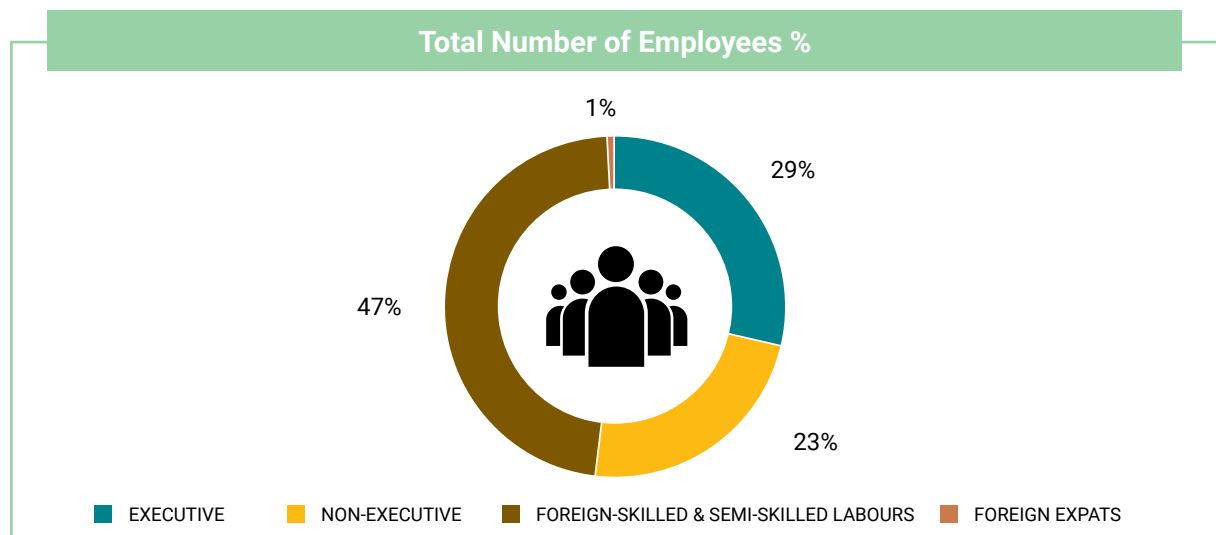
With the Mitrajaya's vision is to be the preferred product and service provider in all our core businesses, the employees always practice company's core values of "Change, Commitment, Accountability, and Deliver quality work on time". We are dedicated to build quality through various continuous improvement programs implemented across the Group including the workplace organisation method of 5S, which comprises of Structurise, Systematise, Sanitise, Standard and Self-Discipline.

Mitrajaya demonstrates its commitment to its human resources, and seeks to maintain a healthy environment which shows respect for each employee, provides opportunity for each employee to contribute fully, and fosters personal growth. Human resources are our valuable assets. As such, we do not discriminate against race, gender, etc. We hire based on who is the best suited for the job from across the various ethnic groups found in Malaysia. The bulk of our employees are construction workers belonging to PMSB as PMSB is in a hard-labour intensive industry, we have no alternative but to look towards hiring foreign workers due to a lack of locals willing to work in this sector.

Workplace

OVERVIEW OF MITRAJAYA'S EMPLOYEES 2021

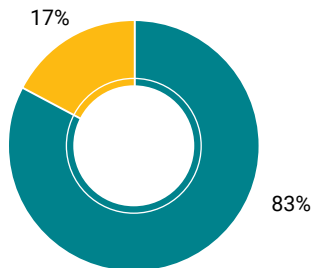
Total Employees: 580 Employees (100%)



SUSTAINABILITY REPORT (CONT'D)

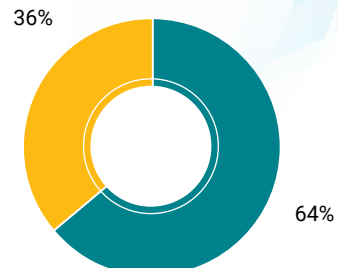
BREAKDOWN OF EMPLOYEES BY THE FOLLOWING CATEGORIES EXCLUDING FOREIGN-SKILLED & SEMI- SKILLED LABOUR

Staff Category



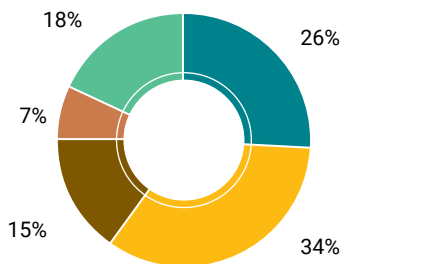
■ Permanent Staff ■ Non-Permanent Staff

Gender



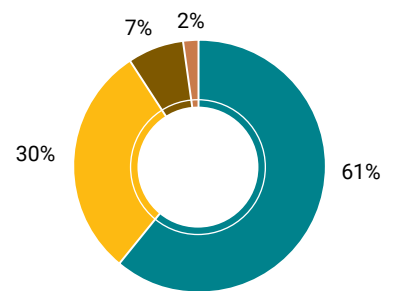
■ Male ■ Female

Age Group



■ <30 ■ 30-39 ■ 40-45 ■ 46-49 ■ >50

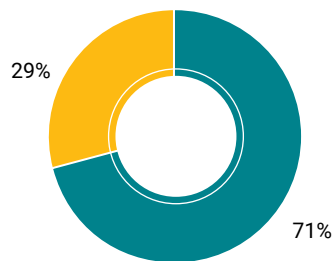
Diversity



■ Malay ■ Chinese ■ Indian ■ Others

Employee Turnover Rates

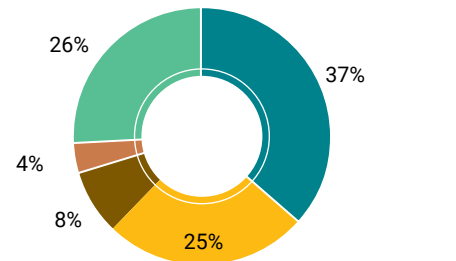
22.8%
by Gender



■ Male ■ Female

Employee Turnover Rates

22.8%
by Age Group



■ <30 ■ 30-39 ■ 40-45 ■ 46-49 ■ >50

SUSTAINABILITY REPORT (CONT'D)

Employee Engagement & Staff Benefits

We engage with our staff through formal and informal channels in order to maximise our organisational performance. Formal channels include twice yearly performance appraisals, team-building events, town hall sessions and company dinner. Unfortunately, due to the COVID-19 pandemic, we were unable to hold most of these events physically in 2021. Where possible, online meetings and virtual town hall sessions were conducted to ensure that staff engagement can continue under the new normal.

Recognising the importance of health and fitness, the company provides a fully equipped Gymnasium and Fitness Centre for the exclusive usage of Mitrajaya employees. The company organises weekly yoga, HIIT and Zumba classes at the fitness centre. Free basic health screening is also organised for the employees. Through these efforts, we aim to provide some basic health awareness as well as to promote a healthy lifestyle.

Informal engagements have been carried out through the sports club whereby trips, sporting events, festive celebrations, and family day outings are organised yearly. These events allow management and staff to develop appreciation of each other's capabilities outside the work environment and thus better team bonding results. Due to COVID-19 restrictions, these events were temporarily put on hold in 2021. However, we look forward to resuming them once the restrictions are lifted by the authorities. In lieu of activities and events, the sports club prepared a token of appreciation for the members consisting of a reusable travel mug and wireless Bluetooth earphones.

Quality, Environment, Safety, Health, 5-S Culture & COVID-19

QESH Management System

With the successfully integration of ISO 9001 for Quality Management System into our core business processes in year 2000, we have embarked on the journey of incorporating ISO 14001 for Environmental Management System and OHSAS 18001 for Occupational Safety & Health Management System as part of our business culture. In year 2010, we have fully implemented the Integrated Management System called QESH (Quality, Environmental, Safety and Health) Management System. In recent years, we have also fully upgraded to the latest revisions of the Management System Series for ISO 9001:2015 and ISO 14001:2015. The company have shown its commitment towards continual improvement by ensuring the implementation runs actively as part of our business culture and processes and this can be seen through during the recent pandemic outbreak. We have successfully completed our ISO9001 recertification in August 2021 via remote auditing in order to protect the well-being of our own employees and the auditors involved.



SUSTAINABILITY REPORT (CONT'D)

Safety

Safety is one of the greatest concerns and of the utmost priority to Mitrajaya. We value both the safety and health conditions in both our headquarters and project site. An Environmental, Safety and Health (ESH) Committee is established in our headquarters and at every project site. Furthermore, there is an emergency drill carried out in the headquarters and project site at least once a year ensuring effective emergency preparedness, response and recovery for staffs and workers.

An ESH Steering Committee that consists of staff from headquarters and project site was established by the QESH Department since the year 2019, as an effort to regulate the safety and health procedures and documentations across the company. There is also an ESH Team Meeting held half-yearly as a platform to share knowledge and information among project sites.

At the project site, staff and workers are provided with regular safety and health related trainings and exposures. These commonly involves toolbox talk, chemical spillage drill, waste segregation training, yearly safety campaign, joint inspection with clients, evacuation drill, working at height rescue training and etc. Regular workplace inspections are carried out to monitor and assuring the project site condition is controlled. Mitrajaya also provides all necessary facilities to safeguard the interest and wellbeing of the staff and workers at project site, these are but not limited to:-



To further mitigate any health and safety issues, we also carry out Safety and Health Assessment System in Construction (SHASSIC) assessment on a voluntary basis to evaluate our health, safety and quality performance. SHASSIC will be conducted three times during the span of the project; twice by internally trained SHASSIC assessors and once by invited external SHASSIC assessors from the Construction Research Institute of Malaysia (CREAM). The assessment is to evaluate the safety and health performance for all project sites.

SUSTAINABILITY REPORT (CONT'D)

Quality

To minimise defects and to meet client expectations, Quality Assessment System in Construction (QLASSIC) assessment is carried out by CIDB upon completion before the handover of the project to the client on a voluntary basis. As we value the quality of our workmanship, we send our key staff for QLASSIC awareness training and our staff are also equipped with essential tools to carry out QLASSIC inspections. As part of our continual improvement in ensuring we deliver our projects with the highest possible quality workmanship, specific standard operating procedures were being progressive developed focusing on key components and standardisation efforts in producing quality workmanship.

5-S Culture

As part of the efforts in Mitrajaya's commitment towards continual improvement, the 5-S journey was initiated in 2019 with the goal of improving the organisation's business processes, high quality outputs, as well as emphasis on good practices in relation to Environmental, Safety and Health (ESH). Since then, Mitrajaya has shown visible improvements throughout its projects and head office. The addition of 5-S has made site management more streamlined, with the benefit of reduced material wastage and improvement of workmanship. ESH awareness have also heightened through the streamlining of ESH work procedures to ensure every site upholds the standards. Throughout the year, monthly internal audit is carried out at all current and new project sites to ensure the compliance and the continuity of the 5-S practices. These efforts were also shared with Mitrajaya's key business partners in every project namely our subcontractors. They were equipped with the necessary information and tools to ride along on Mitrajaya's journey towards a sustainable 5-S culture at both our projects and head office.



SUSTAINABILITY REPORT (CONT'D)



COVID-19

COVID-19 has affected all industries and organisations are seeing the impact it has on their business. In the last two years we have seen shifts in the way businesses and organisations operate in the wake of the coronavirus. It is not an understatement to say that the pandemic has significantly impacted the way businesses and organisations operate across various industries. Therefore, we are doing our best during the time of pandemic to safeguard our staff and workers and adhere to the regulations set by the government.

During the first Movement Control Order (MCO), with government restrictions in place and the shutdown of non-essential services, our company has adopted new normal of working styles, e.g. remote working and meeting to ensure that the coronavirus does not spread within the organisation and we could continue our operations as usual.

Following the lifting of restriction to work on construction services by the government, Mitrajaya has carefully developed strict Standard Operating Procedure (SOP) according to the government's requirements, such as getting approval, compulsory MySejahtera check-in and body temperature record, social distance marking, swab test arrangement, vaccination program encouragement and arrangement for staff and workers, hand sanitisation and hand wash station, as well as providing face mask.

A bi-weekly self-testing is carried out before staff and workers can be allowed to work and we drive vaccination programme that is in line with Ministry of Health's goal to achieve the expected vaccination rate.



SUSTAINABILITY REPORT (CONT'D)



Training & Education

In order to provide the best to our clients and to be an effective, efficient and productive organisation, we are committed to providing training and development to all employees throughout our corporation. We recognise this to be the fundamental role of an employer.

Aside from enhancing their functional skills, we acknowledge that soft skills development is just as important. We also see conferences and seminars as an important learning vehicle as it allows staff to tap into the expertise from within and outside the industry – an important learning session outside the scope of a classroom.

Some Major Training Programs Carried Out

Conferences/ Seminars		Functional	Leadership/ Soft Skills
• MBAM Seminar on Enforcement of The Latest Amended Act 446 Under the Emergency Ordinance	•	Training Program for Contractors Site Supervisory Staff - Induction Training 01/2021	• Mandatory Accreditation Program (MAP)
• 2021 Budget Seminar (WEBINAR)	•	Basic Scaffolding Erector & Awareness Training	
• Cyber Security; How to Mitigate the Impact Of Cyber Crime On Your Business	•	Course For Certified Environmental Professional in Scheduled Wastes Management (CEPSWAM) 2021	
• MBAM Annual Safety & Health Conference 2021	•	QLASSIC Awareness Course	
• Construction Claims and ADR Conference 2021	•	Authorised Entrant and Standby Person for Confined Space (AESP)	
• Budget 2022 - Key Updates and Changes for Corporate Accountants	•	Live Basic TAS C-III & TRB C-III Training for Contractor	

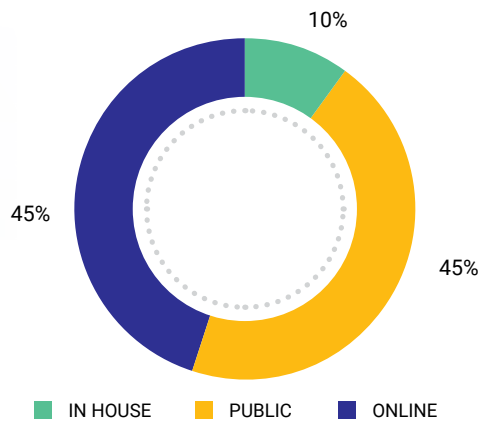
SUSTAINABILITY REPORT (CONT'D)

Conferences/ Seminars	Functional	Leadership/ Soft Skills
• EOT CLAIMS PREPARATION 101		
• MBAM Seminar on The Latest Post COVID-19 Requirements on Quota Approval for Foreign Workers Application		
• 2022 Budget Highlight & Navigating Post COVID-19 Recovery @ Construction Industry		
• Seminar Percukaian Kebangsaan 2021		
• Malaysia Tax Budget Conference 2022		



SUSTAINABILITY REPORT (CONT'D)

PERCENTAGE FOR IN-HOUSE, ONLINE AND PUBLIC PROGRAMS



Foreign Labour Management

We understand that it is very difficult to be working far away from home and loved ones. We try to make our foreign workers as comfortable as we can. Our foreign workers are provided with housing equipped with amenities such as a centralised kitchen, canteen, toilets and bathing pools, surau for the Muslim staff, guardhouse with 24 hours security, and shaded waiting area beside the guard house. Our workers housing are compliant to Act 446 - Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990. This not only ensures the wellbeing of the worker but also minimises the spread of contagious diseases such as COVID-19.

Recreational areas such as football field and badminton court are also made available to them to be able to participate in sports or simply to exercise during their off-days.

In order to ensure that we treat them equitably and for better understanding of our foreign labour force, we have taken the pro-active step of enrolling for courses such as Foreign Worker's Management and attending forum on Foreign Workers Employment.



Mitrajaya foreign workers base camp



Surau



Guard house with 24 hours security



Surau



Eating area

SUSTAINABILITY REPORT (CONT'D)

Labour Practices Grievance Mechanisms

Every staff is free to bring up any grievances/complaint towards the corporation which they may have. Grievance can be any discontent or dissatisfaction, whether expressed or not, whether valid or not, arising out of anything connected with the Company or work which an employee thinks, believes or even feels to be unfair, unjust or inequitable. It is our policy that any grievance brought up should be settled as equitably and as quickly as possible in order to maintain continuous good relations and harmony between the parties concerned.

The following is our grievance resolution procedure.

- Step One** An employee having a grievance shall first refer the matter to his immediate superior/supervisor who will attempt to resolve the issue within five (5) working days from the time it was raised by the employee.
- Step Two** If the matter is not resolved or if the grievance involves the immediate superior, the employee shall within three (3) working days refer it to the Departmental Head/manager concerned who, assisted by another representative of the Company if required, shall attempt to resolve the issue within seven (7) working days from the time when the matter was referred to him.
- Step Three** In the event that no settlement is reached, the employee concerned may bring the matter in writing to the Human Resources & Admin Department within five (5) working days. The appointed Human Resources & Admin personnel shall attempt to resolve the matter within seven (7) working days on receipt of the matter in writing.
- Step Four** If the matter still remains unsettled after step three, either party may refer the dispute to the Executive Director/Managing Director/Group Managing Director. The decision made by the Executive Director/Managing Director/Group Managing Director shall be final and will be communicated to the employee concerned.

SOCIAL

We hold dear the concept of giving back to society. We endeavour to help make life a little easier for the underprivileged and less fortunate ones or those who just need a little bit of help to get back on their feet or to better their lives.

Local Communities

We carry out donations to Welfare Homes, Orphanages and Old Folks homes annually. We donate cash and items to these organisations, as well as conduct Gotong Royong activities to help perform some minor repairs and cleaning for these Homes. During festive seasons, we pay them a visit and arrange for meals and entertainment as well as donate hampers and other necessities. Due to the MCO, these events were limited in 2021. Nevertheless, we look forward to resuming these visits once the COVID-19 restrictions are lifted and it is safe to do so.



Visit to Pertubuhan Kebajikan Warga Emas Kenang Budi Kuala Lumpur in November 2021

SUSTAINABILITY REPORT (CONT'D)

In 2021, we focused our CSR efforts towards assisting those affected by the COVID-19 pandemic. Mitrajaya donated RM 3,000 to Mercy Malaysia's COVID-19 pandemic fund. The donation will be primarily directed towards the provision of personal protective equipment (PPE) for frontline healthcare workers and hospitals responding to COVID-19, alongside the provision of mental health and psychosocial support.

The COVID-19 pandemic has resulted in Malaysians living and working from home, where technology played an important role in keeping us connected for work, school and leisure. Unfortunately, not all Malaysians have access or can afford a device. The #MyBaikHati initiative is facilitated by the telecommunications industry with the objective of crowdsourcing pre-loved laptops, tablets and smartphones from members of the public for the purpose of refurbishing and redistributing the devices to B40 families who need them. Mitrajaya contributed to #MyBaikHati campaign by donating 25 units of usable smartphones to help fellow Malaysians who are in need to get through these challenging times. As a token of appreciation, Mitrajaya was presented with 25 sets of reusable metal straws and a set of umbrellas by TMpoint Cyberjaya.



Donation to #MyBaikHati campaign at TM Point, Cyberjaya in April 2021

SUSTAINABILITY REPORT (CONT'D)

Some of the highlights of our 2021 CSR calendar included the successful completion of the construction of a Multipurpose Hall, Kindergarten and Surau for the community of Puchong Prima, Selangor. Mitrajaya contributed RM1.4 million towards this project and these facilities will be handed over to Majlis Bandaraya Subang Jaya (MBSJ) by second quarter of 2022.



Competitive Pricing

We strive for excellence and are constantly looking out for continuous improvements in how we work. Being competitive is how we have grown. We believe that competition is good for the industry as that will make all the players stronger which leads to a more robust industry and economy. All our projects in the past three years have been secured through open-tenders and we strive to offer the best price and terms for the job.

Customer Engagement

We carry out a Client Survey at the end of every project. This enables our customers to share their experiences with us which in turn helps us to improve our products and services.

We had two completed projects in year 2021, where we have received an average satisfaction rating of 88% with the highest rating received at 89%.

To enhance our relationship with our customers, we hold festive gatherings as a token of our appreciation for their support.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors (“the Board”) of Mitrajaya Holdings Berhad (“MHB” or “the Company”) is committed to ensure the fulfillment of the highest standards of Corporate Governance as set out in the Malaysian Code on Corporate Governance 2021 (“the Code”), which highlights the principles and recommendations of best practices on structures and processes that the Company may use in their operations towards achieving the optimal governance framework.

The Board welcomes the constructive recommendations of the Code and will always evaluate MHB and its subsidiaries (“MHB Group” or “the Group”) corporate governance practice and procedures as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

During the financial year ended 31 December 2021, the Board considers that it has fundamentally applied the principles and practices of the Code and is pleased to report the actions taken by the Company to conform to the Code in the Corporate Governance Report that is available in the Company’s website www.mitrajaya.com.my.

Summary of Corporate Governance Practices

In MHB’s commitment towards sound corporate governance, it has benchmarked its practices against the practices recommended by the Code as well as other best practices. MHB has applied all the Practices encapsulated in the Code for the financial year ended 31 December 2021 except:

- Practice 1.4 (The Chairman of the Board should not be a member of the Audit Committee, Nomination and Remuneration Committee);
- Practice 5.3 (Two-tier shareholder voting process to retain an Independent Director who has served for more than 9 years);
- Practice 5.9 (The Board comprises at least 30% women directors);
- Practice 5.10 (The Board discloses in its annual report the company’s policy on gender diversity for the board and senior management);
- Practice 8.2 (Disclosure of the top five Senior Management personnel’s remuneration on a named basis in bands of RM50,000); and
- Practice 12.2 (Adoption of integrated reporting).

The Code does provide that if the Board finds that it is unable to implement any of the Code’s practices, the Board should apply a suitable alternative practice to meet the Intended Outcome. In this respect, the Company has provided forthcoming and appreciable explanations for the departures from the said practices. The explanations on the departures are supplemented with a description on the alternative measures that seek to achieve the Intended Outcome of the departed Practices, measures that the Company has taken or intends to take to adopt the departed Practices as well as the timeframe for adoption of the departed Practices. Further details on the application of each individual Practice of the Code are available in the Corporate Governance Report.

As the Code introduced some of the new practices in April 2021, the Board had not been able to immediately applied the new practices. Nevertheless, for the new financial year 2022, the Board will apply Practice 1.4 as the Chairman of the Board has vacated his membership in the various Board Committees in November 2021 and also Practice 5.10 as the policy on gender diversity has been formalized into the Board Charter in November 2021.

A summary of how MHB has applied the Principles as laid out in the Code is described below.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

The Board of Directors

The Board Charter is the key point of reference for the Directors of the Board in relation to its role, powers, duties and functions and there is also a formal schedule of matters reserved for its decision. MHB is led and managed by a competent Board, comprising members with a wide range of experience, knowledge and skills in relevant fields such as engineering, construction and finance. Together, the Directors contribute to successfully direct and supervise the Group’s business activities, which are vital to the success of the Group and the enhancement of long-term shareholders’ value.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

The Board of Directors (Continued)

The Board Charter is reviewed annually and updated from time-to-time to maintain its relevance and accuracy to current rules and regulations as well as to ensure consistency of governance practices and adherence to the relevant rules and regulations.

The Board Charter is available in the Company's website www.mitrabaya.com.my.

During the financial year ended 31 December 2021, the Board met a total of five (5) times. Details of the attendance are as follows:-

DIRECTORS		POSITION	BOARD MEETINGS ATTENDED
1.	General Tan Sri Ismail Bin Hassan (R)	Independent Non- Executive Chairman	5/5
2.	Tan Eng Piow	Group Managing Director	5/5
3.	Cho Wai Ling	Executive Director	5/5
4.	Tan Mei Yin	Executive Director	5/5
5.	Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim	Independent Non-Executive Director	5/5
6.	Ir Zakaria Bin Nanyan	Independent Non-Executive Director	5/5
7.	Roland Kenneth Selvanayagam	Independent Non-Executive Director	4/5
8.	Foo Chek Lee (Resigned on 1 January 2022)	Non-Independent Non-Executive Director	5/5

The Board has delegated specific responsibilities to the Audit Committee and the Nomination and Remuneration Committee. These Committees have the authority to examine particular issues and report back to the Board with their recommendation. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

BOARD BALANCE

For the whole of financial year, the Board comprised of eight (8) Directors, categorised as follows:-

Four (4) Independent Non-Executive Directors
Three (3) Executive Directors
One (1) Non-Independent Non-Executive Director

Mr Foo Chek Lee, the Non-Independent Non-Executive Director resigned on 1 January 2022 and as at the date of this Overview Statement, the Board has seven (7) Directors.

A brief profile of the Directors is presented on pages 4 to 7 of the Annual Report.

The Board is expected to be active and responsible fiduciaries in the exercise of their oversight responsibilities and therefore it is essential for the Company to be able to rely on the independent judgement of the Board, to be objective and to be able to evaluate the performance of the Company without any conflict of interest or undue influence from interested parties. It is for this reason that for the past 10 years, the Company has had a majority of Independent Directors on the Board and the Chairman is also an Independent Director.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

BOARD BALANCE (CONTINUED)

The Board holds the view that the criteria for appointment of a Director should be based on the skills, experience and the contribution which the candidate can bring to the Company and not merely on gender. The evaluation of the suitability of candidates of the Board is based on the candidate's competency, character, time commitment, integrity and experience in meeting the needs of the Company. The Board agreed that having female board members can help manage gender-based opportunities and challenges and they can also add value to the Company's policies and practices, providing perspectives from women for women in the workplace. On the recommendation of the Nomination and Remuneration Committee, the Board agreed that the target be set for the appointment of an additional woman director by end of 2023. During the financial year 2020 the target was achieved as the Company appointed an additional woman director and the composition of women directors presently represent 28.6% of the Board. The gender diversity has already been in practice in the workplace and the appointment Ms Cho Wai Ling and Ms Tan Mei Yin to the Board was in recognition of their contribution to the Group and also the value lady members of the Board could bring to the Board's discussions.

The Board has included a formal policy on gender diversity in the Board Charter in November 2021. Board shall endeavour to maintain at least one (1) woman director on the Board and in seeking potential candidate(s) for new appointments, the Board takes into account ethnicity and age distribution of the Directors to maintain a balanced Board composition. The Board shall also review the participation of women in senior management to ensure there is a healthy talent pipeline. The Board in undertaking the process of reviewing and selecting potential candidates to fill in the vacancies on the Board shall be mindful of various diversity factors to strengthen the Board composition that meets the objectives and strategic goals of the Group.

There is a clear division of responsibility at the head of the Company to ensure that there is a balance of power and authority. The Board is led by the Independent Non-Executive Chairman, General Tan Sri Ismail Bin Hassan (R) and Mr Tan Eng Piow, as the Group Managing Director who is in charge of running the business and implementing the policies and strategies adopted by the Board.

The Independent Non-Executive Directors participate at the Board Meetings and also contribute in Board Committees that have been set up as part of the practice of good corporate governance within the Company. They provide an objective and independent view of the performance of management in attempting to achieve the results to which the strategy of the Company is directed. The Board has upon their assessment, concluded that each of the four (4) Independent Non-Executive Directors continues to demonstrate conduct and behavior that are essential indicators of independence and find that their length of service does not in any way interfere with their exercise of independent judgement and ability to act in the interest of the Company.

The four (4) Independent Directors of the Company, namely General Tan Sri Ismail Bin Hassan (R), Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim, Ir Zakaria Bin Nanyan and Mr Roland Kenneth Selvanayagam have all served as Independent Non-Executive Directors for more than nine (9) years on the Board. At the 2021 Annual General Meeting, the Board recommended to the shareholders for approval to retain them as Independent Directors for another term by way of single tier voting and the resolutions for their retention was approved with a majority vote of 99.98%, indicating the shareholder's support for their retention.

The Board not only considered the state of mind of the long-serving Independent Directors but also focused on their background, current professional activities, economic and relationships with the executives of the Company. The assessment also took into account that they have performed their duties without being subject to the influence of Management. The quantitative aspects of independence were dealt with under the Listing Requirements and for the qualitative aspects, the Board took into consideration various factors including character, values, and skills of the individual director.

Mr Tan Eng Piow, the Group Managing Director is steeped in the infrastructure and property construction sector since the beginning of his career, and has collectively extensive experience in engineering and construction. He has been with the MHB Group for more than 30 years. Ms Cho Wai Ling, the Executive Director in charge of Finance has been working with the Group for more than 20 years, starting her career in the Group as an Accounts Executive and rose from rank and file to her present position. Ms Tan Mei Yin is the Executive Director in charge of Human Resources & Administration, IT and Property Development of the Group. The Group Managing Director and the Executive Directors play a pivotal role in driving the Group's direction and overseeing the conduct of the Group's business.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

BOARD COMMITTEES

The Board has established the Audit Committee and the Nomination and Remuneration Committee. Please refer to the Audit Committee Report and the Nomination and Remuneration Committee Report for further details.

SUPPLY OF INFORMATION

The Chairman ensures that each Director is provided with timely notices of every Board Meeting and board papers for each agenda item. For scheduled meetings, the notices and board papers are sent to the Directors seven days prior to the meetings. This is to ensure that Directors have sufficient time to prepare for discussions, and to obtain further explanation or clarification to facilitate the decision process and discharge of their duties. The Board has unrestricted access to timely and accurate information in the furtherance of its duties.

The Board has formalised procedures for Directors, whether as a full Board or in their individual capacity, to take independent advice where necessary, in the furtherance of their duties and at the Group's expense.

Every Director has access to the advice and services of the Company Secretary. The Board believes that the Company Secretary is capable of carrying out her duties to ensure the effective functioning of the Board and the terms of appointment of the Company Secretary permits her removal and appointment of a successor only by the Board as a whole.

Board Committee meetings are conducted separately from the Board meeting. At the Board meeting, the Chairman of the Board Committees will present a report on the discussions held at the Committee meetings for the Board's information and also brief the Board on the recommendation of the Committees.

DIRECTORS' TRAINING

The Directors are mindful that they should receive appropriate continuous training and they have attended seminars and briefings in order to broaden their perspectives and so that they keep abreast with developments in the market place and new statutory and regulatory requirements.

The Nomination and Remuneration Committee has assessed the training needs of the Directors and are satisfied that the trainings attended have been helpful in enabling the Directors to carry out their duties and responsibilities.

The Directors attended the following training programs in 2021:-

Name	Title of Course
General Tan Sri Ismail Bin Hassan (R)	• Updates on Malaysian Code on Corporate Governance 2021
Tan Eng Piow	• Updates on Malaysian Code on Corporate Governance 2021
Foo Chek Lee	• Updates on Malaysian Code on Corporate Governance 2021
Cho Wai Ling	<ul style="list-style-type: none"> • Updates on Malaysian Code on Corporate Governance 2021 • ASEAN-BAC Malaysia Webinar 2021: RCEP and CPTPP as game-changers in ASEAN's Post COVID-19 economic recovery • Malaysia Tax Budget Conference 2022 – A Road Map for Recovery? • Corporate Talk: Incorporation of Companies (Starting a Business in Malaysia) • Capital Market Advisory Committee (CMAC) Webinar: Guidance Note for Issuers of Pro Forma Financial Information • Fraud Risk Management Workshop 2021
Tan Mei Yin	<ul style="list-style-type: none"> • Updates on Malaysian Code on Corporate Governance 2021 • Sustainability Reporting Workshops: Scope & Materiality in Sustainability Reporting

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

DIRECTORS' TRAINING (CONTINUED)

The Directors attended the following training programs in 2021:- (Continued)

Name	Title of Course
Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim	<ul style="list-style-type: none"> • Updates on Malaysian Code on Corporate Governance 2021
Ir Zakaria Bin Nanyan	<ul style="list-style-type: none"> • Updates on Malaysian Code on Corporate Governance 2021 • MBAM Annual Safety & Health Conference • Welder Qualification for Boiler and Pressure Vessels Repairs
Roland Kenneth Selvanayagam	<ul style="list-style-type: none"> • Updates on Malaysian Code on Corporate Governance 2021 • Gender-Responsive Budgeting and the COVID-19 Economic Recovery: A Toolkit for the Public Sector Finance Profession. • Risk, Strategy and Governance – How Integrated Thinking Can Support Boards in Creating Long-Term Value • New Year New You: Embracing New Uncertainties • Corporate Fraud – Looking Beyond the Boardroom • Developing Inclusive Leaders: Tips for Success • China's complex: How can you allocate effectively? • Economics and Politics of the Regional Comprehensive Economic Partnership • A cloud ERP strategy for a post-pandemic world • The Future of Recruiting • Supporting generational employees in Finance and Accounting through COVID-19 • The evolving world of cybersecurity: How to limit your exposure in the current climate • Impact of Distributed Renewable Investment on Distribution Network • Centre for Global Business – International Consortium for Values-Based Governance • Accountants driving change in diversity and inclusion • Behind the stock masterclass • Global Economic Outlook – a strong recovery in 2021 • ESG Health Check

The Board is regularly updated by the Company Secretary on the latest /amendments to the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

RE-ELECTION OF DIRECTORS

The Company's Constitution provides for all Directors (including the Group Managing Director) to retire at least once in each three (3) years at the Annual General Meeting ("AGM") and the retiring Director shall be eligible for re-election. The Directors who are due for re-election at the AGM were first assessed by the Nomination and Remuneration Committee as to whether they meet the Board's expectations and have continued to perform in an exemplary manner and recommendation for their re-election were made to the Board for deliberation and approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

SUSTAINABILITY

The responsibility of governance of sustainability in the Group is overseen by the Board and the Sustainability Committee comprising members from each operational function and chaired by an Executive Director. The Sustainability Committee is tasked with integrating sustainability considerations in the day-to-day operations of the company and ensuring the effective implementation of the Group's sustainability strategies and plans. The Group has developed its sustainability strategy across the top management till every operational level from the economic, environmental and social perspectives.

The Group's sustainability strategies, priorities as well as targets and performance against these targets are communicated to the internal and external stakeholders of the Group. To keep the employees engaged on sustainability issues and to have them support actions on sustainability across the Group, briefings are held with the employees to bring awareness and understanding of the Group's approach to sustainability. The Group also use other means of engagement with the employees as highlighted in the Sustainability Report. External stakeholders are also informed through the various means such as engagements and corporate disclosures.

The Board has sufficient understanding and knowledge of the sustainability issues that are relevant to the Group and its business, to discharge its role effectively. The material sustainability issues are presented by the Group Managing Director in his operations report and deliberated at each quarterly board meeting. The sustainability risks and opportunities are also assessed before major decisions are made by the Board. The Board will identify its professional development needs in the new financial year concerning sustainability and ensure these are addressed. The Board will also include the performance evaluation of the Board and Sustainability Committee on the progress against the achievement of sustainability targets in the new financial year.

DIRECTORS' REMUNERATION

The Nomination and Remuneration Committee is entrusted under its terms of reference to assist the Board in determining the framework of Executive Director's remuneration and the remuneration package for each Executive Director, drawing from outside advice, as necessary. The Nomination and Remuneration Committee shall ensure that the level of remuneration is sufficient to attract and retain the Directors needed to run the Company successfully.

The Board as a whole shall determine the Non-Executive Directors' fees with the individual concerned abstaining from deliberations and voting on discussions in respect of his fee. The level of Directors' fees shall reflect the experience and responsibilities undertaken by the particular Non-Executive Director.

The breakdown of the remuneration of the Directors in the Group and Company during the financial year 2021 is as follows:-

Group level

Directors	Salary (RM)	EPF (RM)	SOCSSO (RM)	EIS (RM)	Allowance (RM)	Bonus (RM)	Fee (RM)	BIK & Others (RM)	TOTAL (RM)
Tan Eng Piow	960,000	41,600	592	-	-	80,000	-	12,500	1,094,692
Cho Wai Ling	334,000	43,320	829	95	-	27,000	-	18,630	423,874
Tan Mei Yin	329,000	42,720	829	95	-	27,000	-	7,500	407,144
Foo Chek Lee	-	-	-	-	129,600	-	-	2,500	132,100
Roland Kenneth Selvanayagam	-	9,012	-	-	47,400	-	15,000	3,500	74,912
General Tan Sri Ismail bin Hassan (R)	-	-	-	-	60,000	-	15,000	6,000	81,000
Tan Sri Dato' Seri Mohamad Noor bin Abdul Rahim	-	-	-	-	-	-	15,000	6,000	21,000
Ir Zakaria bin Nanyan	-	-	-	-	-	-	15,000	6,000	21,000

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

DIRECTORS' REMUNERATION (CONTINUED)

Company level

Directors	Salary	EPF	SOCSSO	Allowance	Bonus	Fee	BIK & Others	TOTAL (RM)
Tan Eng Piow	-	-	-	-	-	-	-	-
Cho Wai Ling	-	-	-	-	-	-	-	-
Tan Mei Yin	-	-	-	-	-	-	-	-
Foo Chek Lee	-	-	-	-	-	-	2,500	2,500
Roland Kenneth Selvanayagam	-	9,012	-	47,400	-	15,000	3,500	74,912
General Tan Sri Ismail bin Hassan (R)	-	-	-	-	-	15,000	6,000	21,000
Tan Sri Dato' Seri Mohamad Noor bin Abdul Rahim	-	-	-	-	-	15,000	6,000	21,000
Ir Zakaria bin Nanyan	-	-	-	-	-	15,000	6,000	21,000

The remuneration of the top five (5) Senior Management of the Group (excluding Executive Directors) for financial year 2021 is RM2,741,732 and represents 7.30% of the total staff cost of the Group. The disclosure is made on an aggregate basis as the Board opines that the disclosure of the Senior Management personnel' names and the various remuneration components (salary, bonus, benefits in-kind, other emoluments) would not be in the best interest of the Group due to confidentiality and security concerns.

In order to align the long term interest of the employees to the corporate goals of the Group and to recognise their services which are valued and considered vital to the operation and continued growth of the Group, the Company has implemented an Employee Share Option Scheme to reward the employees by allowing them to participate in the Group's profitability and eventually realise potential capital gains arising from appreciation in the value of the Company's shares.

DIALOGUE BETWEEN THE COMPANY AND INVESTORS

The Board acknowledges the importance for shareholders to be informed of all key issues and major development affecting the Company. The dissemination of the information to shareholders and other stakeholders of the Company are made through the following:-

- The Annual Report;
- The AGM;
- The various disclosures and announcements made to the Bursa Securities including the Quarterly Financial Results and Annual Financial Statements; and
- The Company's website, www.mitrajaya.com.my.

Briefings are held with analysts to clarify information in relation to the announcements. Dialogues with institutional investors and the press are held from time to time.

The Company has in place an Investor Relations Policy to ensure that shareholders, stakeholders, investors and the investment community are provided with relevant, timely and comprehensive information about the Company. This policy provides the guidance for communication through its designated spokespersons.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

ANNUAL GENERAL MEETING (AGM)

The Company's AGM serves as a principal forum for dialogue with shareholders. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Members of the Board as well as the External Auditors of the Company are present to answer questions raised at the meeting. The Executive Directors meet with members of the press after the AGM to answer any queries that may be raised.

In 2021, in view of the social distancing requirements under the Movement Control Order ("MCO") that was issued following the COVID-19 outbreak, the 28th AGM was conducted through live streaming and online voting using Remote Participation and Voting ("RPV") facilities made. At the commencement of the 28th AGM, the members and proxies present virtually at the Meeting were briefed on the use of the RPV facilities to pose their questions and to vote on the resolutions. A presentation on the projects that were undertaken in the previous year and the financial performance for the year 2020 was presented for the shareholders' information. All the Directors were present to provide responses to the questions posed by shareholders via in relation to the agenda items and 32 questions were received and attended to by the Group Managing Director, Mr Tan Eng Piow. The minutes of the 28th AGM were uploaded onto the Company's website within 30 business days after the AGM.

FINANCIAL REPORTING

In presenting the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates.

The Quarterly and Annual Financial Statements are reviewed by the Audit Committee and approved by the Board before its release to Bursa Securities.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which have to be made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates as on pages 62 to 161.

The Directors have the responsibility in ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy, the financial position of the Group and the Company, which will then enable them to ensure that the financial statements comply with the requirements of the Companies Act 2016.

The Directors have the overall 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.

RISK MANAGEMENT AND INTERNAL CONTROL

Please refer to the Statement on Risk Management and Internal Control for further details.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

RELATIONSHIP WITH THE AUDITORS

The External Auditors, Messrs. Baker Tilly Monteiro Heng PLT has continued to report to the Audit Committee on their findings which are included as part of the Company's financial report with respect to each year's audit on the statutory financial statements. In doing so, the Company has established a transparent arrangement with the External Auditors to meet their professional requirements.

The independent members of the Audit Committee make it a point to sit and discuss with the External Auditors without the presence of the Management Team to allow the External Auditors to broach issues in an uninhibited and private fashion. For the financial year 2021, the Audit Committee met the External Auditors three times independently to discuss issues arising out of the audits. There were also exchange of views and opinions in relation to the financial reporting.

The Company has a policy to assess and monitor the performances and independence of External Auditors. The policy covers selection and appointment, independence, conflict of interest, non-audit services, rotation of lead engagement partner, annual assessment and audit fees. The External Auditors do provide their written assurance of their independence annually. Based on the assessment conducted by the Audit Committee, the Board is satisfied that the quality of service, adequacy of resources provided, communication, independence and professionalism demonstrated by the External Auditors in carrying out their function.

AUDIT COMMITTEE REPORT

The Audit Committee comprises of three (3) members, all of whom are Independent Non-Executive Directors and one Audit Committee Member, namely Mr Roland Kenneth Selvanayagam is a member of the Malaysian Institute of Accountants. The current members of the Audit Committee are as follow:-

CHAIRMAN

Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim

MEMBERS

Ir Zakaria Bin Nanyan
Roland Kenneth Selvanayagam

DUTIES

The duties of the Committee shall be:-

- to consider the appointment of the External Auditors, the audit fee, and any questions of resignation or dismissal.
- to discuss with the External Auditors, the audit plan, the evaluation of the system of internal control, the audit report and the assistance given by the employees of the Company to the External Auditors.
- to review and recommend for Board's approval of the provision of non-audit service by the External Auditor and to ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercise of independent judgement of the External Auditors.
- to review the Quarterly and Annual Financial Statements before submission to the Board of Directors ("Board") focusing particularly on:-
 - any changes in or implementation of major accounting policies and practices;
 - significant and unusual events or transactions;
 - significant judgements made by Management;
 - significant adjustments arising from the audit;
 - the going concern assumption;
 - financial reporting issues;
 - compliance with accounting standards;
 - compliance with stock exchange and legal requirements; and
 - significant matters highlighted by Management, Internal Auditors or External Auditors and how these matters are addressed.
- to review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work.
- to review the internal audit programme, process, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
- to consider the major findings of internal investigations and Management's response.
- to discuss problems and reservations arising from the audit and any matter the External Auditors may wish to discuss (in the absence of Management where necessary).
- to recommend the nomination of a person or persons as External Auditors.

AUDIT COMMITTEE REPORT (CONT'D)

DUTIES (CONT'D)

- to review and report to the Board any related party transaction and conflict of interests situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- to consider any other functions or duties as may be agreed to by the Audit Committee and the Board.

MEETING ATTENDANCE

The numbers of meetings attended by the Committee Members during the financial year ended 31 December 2021 were as follows:-

Members	No. of Attendance
Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim - Chairman	5/5
Ir Zakaria Bin Nanyan	5/5
Roland Kenneth Selvanayagam	4/5
General Tan Sri Ismail Bin Hassan (R) (Vacated on 29 November 2021)	5/5

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2021, the Audit Committee carried out the following activities:-

- Reviewed the Audit Review Memorandum issued by External Auditors on the review of the audited financial statements for financial year ended 31 December 2020;
- Reviewed the Internal Audit Reports, which highlighted the audit issues on the auditable areas of Group's Recurrent Related Party Transaction, Procurement Function, Contract Management and Project Management undertaken by subsidiary;
- Reviewed and appraised the adequacy and effectiveness of Management's response in resolving the audit issues reported;
- Reviewed the findings of the Internal Auditors and follow-up on the recommendations;
- Reviewed the unaudited quarterly financial results of the Group and the audited financial statements of the Group and Company and recommended the same to the Board;
- Reviewed the Audit Planning Memorandum for the financial year 2021 presented by the External Auditors;
- Reviewed and approved the Internal Audit Plan for 2021;
- Reviewed the recurrent related party transactions;
- Reviewed the Risk Management Committee report on Investment in South Africa;
- Reviewed the Statement on Risk Management and Internal Control and Audit Committee Report for the financial year ended 31 December 2020;
- Assessed the independence and performance of the External Auditors;
- Recommended the External Auditors' remuneration and the re-appointment of Auditors; and
- Assessed the performance of the Internal Auditors.

The Audit Committee also held discussions with the External Auditors one (1) time during the year without the presence of the Executive Directors and Senior Management.

AUDIT COMMITTEE REPORT (CONT'D)

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an independent professional audit firm ("Outsourced Internal Auditor") which reports directly to the Audit Committee. The Outsourced Internal Auditor serves to assist the Audit Committee in the discharge of its duties and responsibilities.

The Internal Audit Function is carried out based on the Outsourced Internal Auditor's own internal audit approach, which is closely consistent with the International Professional Practice Framework (IPPF) of the Institute of the International Auditors. Its role is to undertake independent, regular and systematic reviews of internal controls, so as to provide the Audit Committee with independent and objective feedback and reports to enable the internal control systems to continue to operate satisfactorily and effectively. The Outsourced Internal Auditors annually confirm to the Audit Committee that all their staff are free from any relationships or conflict of interest with the Company.

The Outsourced Internal Auditor carried out internal audits within the Group based on a risk-based audit plan approved by the Audit Committee. It is prepared based on the understanding from the Group which has assessed and managed the business risks in a timely manner. They also proposed auditable areas to the management for consent and seek approval from the Audit Committee on an annual basis. The Board obtains sufficient assurance of the effectiveness of risk management, internal control and governance processes in the Group, where the root cause and impacts are identified and practical recommendations for improvement and followed up will be reported accordingly.

The activities carried out by the Internal Audit function were:-

- (a) Prepared and presented the Internal Audit Plan for 2021 for the Audit Committee's consideration and approval;
- (b) Regularly performed risk-based audits on strategic business processes of the Company and the Group, which covered Group's Recurrent Related Party Transaction, Procurement Function, Contract Management and Project Management undertaken by subsidiary;
- (c) Issued Internal Audit Reports to the Audit Committee and Senior Management identifying weaknesses and issues as well as highlighting recommendations for improvements and followed up on matters raised; and
- (d) Acted on comments made by the Audit Committee and/or Senior Management on concerns over operations or controls and significant issues pertinent to the Company and of the Group.

NOMINATION AND REMUNERATION COMMITTEE REPORT

The Nomination and Remuneration Committee ("NRC") comprises of the following members who are all Independent Non-Executive Directors:

CHAIRMAN

Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim

MEMBERS

Ir Zakaria Bin Nanyan
Roland Kenneth Selvanayagam

DUTIES

The duties of the NRC shall be:-

- To review regularly the Board of Directors ("Board") structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary.
- To propose new nominees for appointment to the Board. In making the recommendations, the NRC shall consider the candidates:-
 - skills, knowledge, expertise and experience;
 - professionalism;
 - integrity; and
 - in the case of candidates for the position of Independent Directors, the NRC shall also evaluate the candidates' ability to discharge such responsibilities or functions as expected from Independent Non-Executive Directors.
- To assess Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.
- To recommend to the Board, Directors to fill the seats on the Board Committees.
- To review annually the Board's mix of skills and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board.
- To recommend to the Board for the continuation (or not) in service of Executive Director(s) and Director(s) who are due for retirement by rotation.
- To orientate and educate new Directors as to the nature of the business, current issues within the Company and the corporate strategy, the expectations of the Company concerning input from the Directors and the general responsibilities of Directors.
- To recommend the remuneration policy and review the payment of Directors' fees and allowance.
- To assess the training needs of each Directors and make recommendations to the Board.

NOMINATION AND REMUNERATION COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2021, the NRC in discharging its functions and duties carried out the following activities:-

- Reviewed the size and composition of the Board and Board Committee;
- Reviewed the mix of skill and experience and other qualities of the Board;
- Assessed the effectiveness of the Board as a whole, the Board Committees and the Directors;
- Assessed the performance of the individual Directors;
- Discussed and recommended the re-election and re-appointment of retiring Directors;
- Assessed and confirmed the independence of the Independent Directors;
- Assessed the training needs of the Directors; and
- Discussed and recommended the payment of Directors fees and benefits.

The NRC upon its annual assessment carried out for financial year 2021, was satisfied that:-

- The size and composition of the Board is optimum with appropriate mix of knowledge skills, attribute and core competencies;
- The Board has been able to discharge its duties professionally and effectively;
- All the Directors continue to uphold the highest governance standards in discharging their duties and responsibilities;
- All the members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective working experience, academic and professional qualifications, depth of knowledge, skills and experience and their personal qualities;
- The Independent Directors, General Tan Sri Ismail Bin Hassan (R), Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim, Ir Zakaria Bin Nanyan and Mr Roland Kenneth Selvanayagam are demonstrably independent;
- The Directors are able to devote sufficient time commitment to their roles and responsibilities as evidenced by their attendance records; and
- The Directors have received training during the financial year ended 31 December 2021 that is relevant and would serve to enhance their effectiveness in the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of Mitrajaya Holdings Berhad ("MHB") is committed towards maintaining a sound system of risk management and internal control and is pleased to present this Statement on Risk Management and Internal Control ("Statement") for the financial year ended 31 December 2021, which has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and as guided by Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"). This statement outlines the nature of risk management and internal control of MHB and its subsidiaries ("the Group").

BOARD'S RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group's system of internal controls, which includes the establishment of an appropriate risk and control framework as well as the review of its effectiveness, adequacy and integrity to safeguard shareholders' investments and the Group's assets. Such system is however, designed to manage, rather than eliminate, the risk of failure to achieve business and corporate objectives. The system can therefore only provides reasonable, but not absolute assurance, against material misstatement or loss.

There is an on-going process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies. The Board annually reviews the results of this process for each business segment on cycle basis, including measures taken by Management to address areas of key risks as identified. This process has been in place for the financial year under review and up to the date of approval of this Statement.

The Board is assisted by management in implementing the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to manage and control these risks.

RISK MANAGEMENT

The Group has a risk management framework, which includes a risk management assessment process to identify significant risks and the mitigating measures thereof. The framework also addresses the specific risk profiles of each business division and the key functional unit identified within the Group. The Board has also established a Risk Management Committee to focus on risk management, and which comprises key management staff and is chaired by an Executive Director. Significant risks affecting the Group's strategic and business plans are escalated to the Board at scheduled meeting through the Risk Assessment Report. The Risk Assessment Report is reviewed annually at a minimum to ensure it remains adequate and effective. These risk management practices serve as an on-going process to identify, evaluate and manage significant risks of the Group.

Insurance and physical security of major assets are in place to ensure that the assets of the Group are sufficiently covered against any mishap that will result in material losses to the Group.

The Board is committed to continue to foster a risk-aware culture in all decision-making and to manage all key risks proactively and effectively. This is to enable the Group to respond effectively to the changing business and competitive environment which are critical for the Group's sustainability and the enhancement of shareholders' value.

On 18 May 2020, the Board has implemented and formalised Anti Bribery and Corruption Procedures and performed risk assessment on the Bribery and Corruption risks across the Group. The Group has since performed the following:

- Promoted understanding and awareness of the Corporate Liability as stipulated in newly enacted S17A MACC (Amendment) Act 2018 through training which was attended by Senior Management and Board of Directors,
- Set up Integrity Committee which its main objective is to review effectiveness of the anti-bribery and corruption programme. The Committee comprises of Executive Director, Managing Director and Senior Management.
- Established the Anti-Bribery and Anti-Corruption (ABAC) Policy for the Group
- Conducted training for all staff and third parties on the implementation of the ABAC policy and its procedures
- Established Whistleblowing Policies and channels of reporting
- Established the Integrity and Governance Unit (IGU) to manage the implementation and compliance of the ABAC policy.

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

RISK MANAGEMENT (CONTINUED)

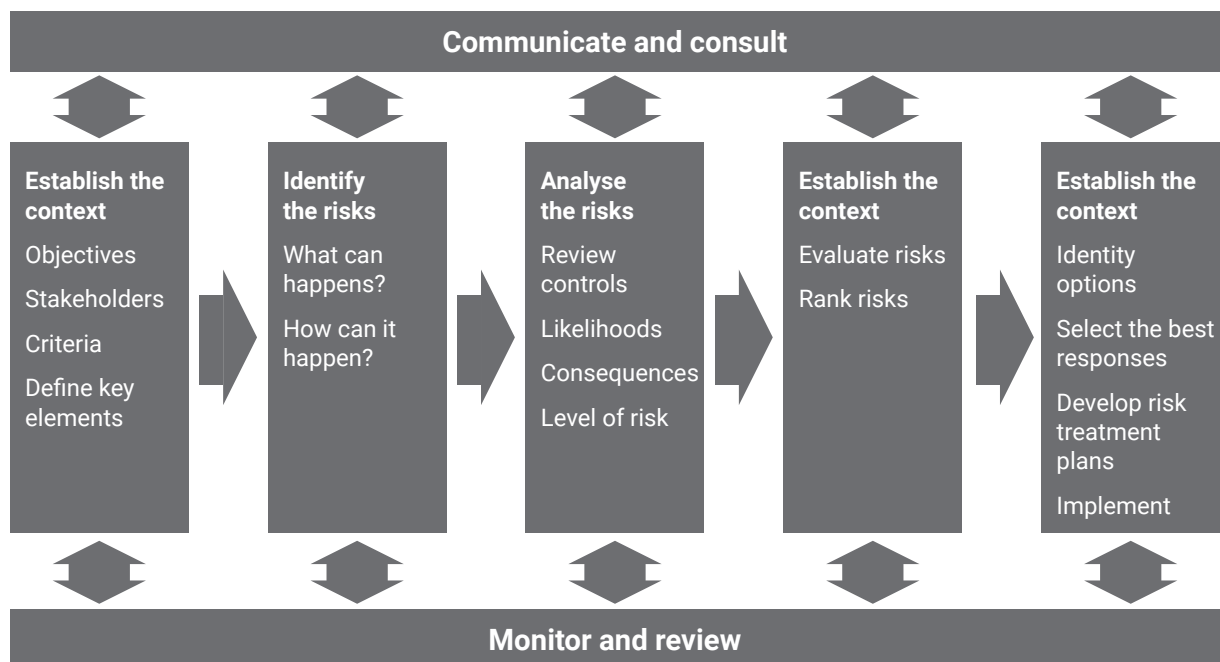
- Established Code of Business Conduct for Third Parties to convey the Group's expectations regarding the ethical conduct expected from all Third Parties who have a relationship with the Group.
- Revised Code of Conduct for Employees to promote and maintain a uniform ethical standard or code of ethics within the Group.

RISK MANAGEMENT FRAMEWORK

The risk management processes in identifying, analyse, evaluating and managing significant risks faced by the organisation is embraced in the operating and business processes. The effectiveness of the risk management is monitored and evaluated by all levels of management on an ongoing basis.

These processes are reviewed on annually basis, along with progress updates on the mitigation measures implemented on the identified residual risks. Adequacy and effectiveness of the mitigation measures will be assessed and further enhanced where necessary.

The key aspects of the risk management framework are summarised below:



In managing risk at the enterprise level, the following approach is being practised:

1. Risk Communication & Consultation Management

A continual and iterative process is conducted to provide, share or obtain information and to engage stakeholders regarding risk management at enterprise level.

2. Context Establishment

Define the external and internal factors when managing risks, understand the Group's objectives, set the scope and risk criteria; identify, analyse and evaluate the risk.

3. Risk Treatment Management

Make decisions on risks that have been identified, analysed and evaluated; document the chosen treatment options; and subsequently prepare and implement the risk treatment plan.

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

RISK MANAGEMENT FRAMEWORK (CONTINUED)

4. Risk Monitoring & Review Management

Monitor the risk and its control; review the existing risks or any new emerging risk; and subsequently record and report to management the results of monitoring and review.

INTERNAL CONTROLS

The Board receives and reviews quarterly reports from the management on key financial data, and operational matters. This is to ensure that matters that require the Board and Management's attention are highlighted for review and deliberated for decision making purposes on a timely basis. The results of the Group are reported quarterly and any significant fluctuations are analysed and acted on in a timely manner.

The Management Team, led by the Group Managing Director, comprises experienced personnel with vast specialised industry experience in both Construction and Property Development. The Management Team meets on weekly basis to discuss and review performance and operational matters within respective business division.

The other salient features of the Group's system of internal controls are as follows:

- Organisation structure and limits of authority

Clearly defined and documented lines and limits of authority, responsibility and accountability have been established through the Standard Operating Procedures, organizational structures and appropriate authority limits.
- Written policies and procedures

Clearly defined internal policies and procedures as set out in the Group's Standard Operating Procedures Manual based on the business unit are periodically updated to reflect changing risks or to address operational deficiencies.
- Planning, monitoring and reporting
 - o The Audit Committee reviews the Group's quarterly financial performance, together with Management, which is subsequently reported to the Board; and
 - o Financial and non-financial information, which includes the quarterly management reports covering key financial and performance indicators based for the respective business units, is provided to Senior Management for monitoring.
- International Standards Certification

The Group's integrated QESH policies and procedures are implemented by its wholly-owned subsidiary, Pembinaan Mitrajaya Sdn. Bhd. ("PMSB").

PMSB was initially certified to ISO 9001 Quality Management System in year 2000 and subsequently have integrated the organisation's Quality Management System with ISO 14001 for Environmental Management System and OHSAS 18001 with MS 1722 for Occupational Safety and Health Management System in year 2010.

Since then, PMSB's Management System is known as the Integrated QESH Management System which incorporates the above-mentioned Management Systems. As part of continual improvement, PMSB have over the years upgraded its Management System in accordance to the latest revisions. In year 2020, PMSB have successfully transitioned the Occupational Safety & Health Management System from OHSAS 18001 to ISO 45001.

Periodical audits are carried out to ensure adherence and conformity to the QESH Management Systems implemented. In addition to the Integrated QESH Management System, the Group have also embarked in incorporating 5-S Culture as part of the organisation's business operations. This initiative runs hand-in-hand with the established QESH Management System to enhance the Group's intended outcomes and deliverables.

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

INTERNAL CONTROLS (CONTINUED)

- Related Party Transactions

Related party transactions are disclosed, reviewed, and monitored by the Board on a quarterly basis.

On 19 May 2021, an internal audit review on Recurrent Related Parties Transactions was conducted to ensure the Reporting on Recurrent Related Parties Transactions is complied with the Bursa Malaysia Listing Requirement. The audit findings are deliberated and resolved with the Management. The Audit Committee on behalf of the Board, reviews the issues identified and recommendations from reports by the internal auditors.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function and has outsourced its internal audit function to a professional services firm, as part of its effort to ensure that the Group's system of internal controls is adequate and effective. The internal audit function assists the Board and Audit Committee in providing independent assessment of the effectiveness and adequacy of the Group's system of internal controls. The internal audit function reports directly to the Audit Committee.

During the financial year ended 31 December 2021, there were 3 internal audit reviews carried out in accordance with an internal audit plan that has been reviewed and approved by the Audit Committee. The Internal audit reports provided insight on the effectiveness of the internal control system in areas under review. Observations from these audits are presented, together with Management's response and proposed action plans, to the Audit Committee for its review.

REVIEW BY THE BOARD

The Board has considered the adequacy and effectiveness of the risk management and internal controls process in the Group during the financial year.

Before producing this Statement, the Group Managing Director and Executive Director-Finance have provided assurance to the Board in writing stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects during the financial year under review.

Taking into consideration the above assurance from the Management Team and inputs from the relevant assurance providers, the Board is of the view, and to the best of its knowledge, that the risk management and internal control systems are satisfactory and is adequate to safeguard shareholders' investments and the Group's assets. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

Review by the External Auditors

The external auditors, Messrs Baker Tilly Monteiro Heng PLT, have performed a limited assurance engagement on this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 December 2021 in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and the Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants. The external auditors reported to the Board that based on the procedures performed, nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Controls intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

This Statement was presented and approved by the Board on 13 April 2022.

OTHER INFORMATION

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees payable to Messrs Baker Tilly Monteiro Heng PLT for services rendered for the financial year 2021 is as follows

	Audit fees (RM)	Non-Audit fees (RM)
Company level	65,000	6,000
Group level	243,100	12,500

MATERIAL CONTRACTS INVOLVING THE INTEREST OF DIRECTORS OR MAJOR SHAREHOLDERS

Save as disclosed, there were no material contracts of the Company and its subsidiaries involving Directors' and major shareholders' interests for the financial year under review:

The Company's subsidiary, Premier Discovery Sdn. Bhd. had on 16 February 2022 entered into the following Sale and Purchase Agreements ("SPA") with related parties for the purchase of properties:

- (i) SPA with Nova Systems Sdn. Bhd. ("NVSB") for purchase of a piece of leasehold land at Lot 41147, Mukim Bentong, Pahang for RM11,317,699.68;
 - (ii) SPA with NVSB for purchase of a piece of leasehold land at Lot 41146, Mukim Bentong, Pahang for RM2,440,888.68;
 - (iii) SPA with NVSB for purchase of a piece of leasehold land at Lot 41878, Mukim Bentong, Pahang for RM380,568.67;
 - (iv) SPA with Optima Melangit Sdn. Bhd. for purchase of a piece of freehold land at Lot No. 12832, Mukim Bentong, Pahang for RM710,498.58; and
 - (v) SPA with Globemax Holdings Sdn. Bhd. for purchase of a piece of freehold land at Lot No. 4352, Mukim of Bentong, Pahang for consideration of RM1,357,571.97
- (collectively referred to as "Land Acquisition").

The Land Acquisition is expected to be completed by second quarter of 2022.

UTILISATION OF PROCEEDS

There were no fund raising exercise undertaken in 2021.

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are as disclosed in Note 8 to the financial statements.

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

RESULTS

	Group RM	Company RM
Loss for the financial year, net of tax	(14,113,074)	(4,527,446)
Attributable to:		
Owners of the Company	(13,818,243)	(4,527,446)
Non-controlling interests	(294,831)	–
	(14,113,074)	(4,527,446)

DIVIDEND

The amount of dividend declared and paid by the Company since the end of the previous financial year were as follows:

	RM
First and final single tier dividend of 0.50 sen per ordinary share in respect of the financial year ended 31 December 2020, paid on 13 August 2021	4,114,393

The directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2021.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps 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 had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group or of the Company inadequate to any substantial extent.

DIRECTORS' REPORT (CONT'D)

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

In the opinion of the directors, no contingent or other liability of the Group or of the Company 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 or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, 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.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the impact of the COVID-19 outbreak as disclosed in Note 44 to the financial statements; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report was made.

ISSUE OF SHARES OR DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

DIRECTORS' REPORT (CONT'D)

WARRANTS

Warrants E

By virtue of a Deed Poll executed on 12 March 2018 for the 68,889,075 free detachable Warrants E issued in connection with the rights issue allotted, each Warrants E entitles the registered holder the right at any time during the exercise period from 18 April 2018 to 17 April 2023 to subscribe in cash for one (1) new ordinary share at an exercise price of RM0.94 each.

The salient terms of Warrants E are disclosed in Note 16(b) to the financial statements.

	At 1.1.2021	Number of warrants			At 31.12.2021
		Alloted	Exercised	Lapsed	
Warrants E	68,889,075	–	–	–	68,889,075

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

During the financial year, the Company repurchased 15,081,900 shares from the open market at an average price of RM0.24 per share. The total consideration paid for the repurchase shares was RM3,693,972 and they were financed by internally generated funds.

As at 31 December 2021, the Company held 23,865,749 treasury shares out of its 836,148,770 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM5,490,089.

DIRECTORS

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

Cho Wai Ling*
General Tan Sri Ismail Bin Hassan (R)*
Ir Zakaria Bin Nanyan
Roland Kenneth Selvanayagam
Tan Eng Piow*
Tan Mei Yin*
Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim
Foo Chek Lee*

(Resigned on 1 January 2022)

*Directors of the Company and certain subsidiaries

DIRECTORS' REPORT (CONT'D)

DIRECTORS (CONTINUED)

Other than as stated above, the names of the directors of the subsidiaries 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:

Bibhuti Nath Jha
 Chan Yeen Kong
 Datin Yap Ai Choo
 Dato' Tan Pin Soon
 Ho Chon Teck
 Kok Siew Leng
 Liew Choon Siong
 Ng Jer Yiing
 Tan Ah Huat
 Andy See Wee Wah
 Yap Cheng Hong

(Appointed on 13 December 2021)
 (Resigned on 28 February 2021)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares, warrants and share options of the Company during the financial year were as follows:

	At 1.1.2021	Number of ordinary shares Alloted	Transferred/ Sold	At 31.12.2021
The Company				
Direct interest				
Tan Eng Piow	371,648,463	–	–	371,648,463
Tan Mei Yin	4,797,975	–	–	4,797,975
Foo Chek Lee	1,734,376	–	–	1,734,376
Cho Wai Ling	28,600	–	–	28,600
Indirect interest				
Tan Eng Piow	4,550,000	–	–	4,550,000 ¹
Foo Chek Lee	47,432	–	–	47,432 ²

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (CONTINUED)

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares, warrants and share options of the Company during the financial year were as follows: (Continued)

	At 1.1.2021	Number of Warrants E Issued Pursuant To the Deed Poll dated 12.3.2018 exercisable at any time from 18.4.2018 to 17.4.2023		At 31.12.2021
		Alloted	Exercised	
The Company				
Direct interest				
Tan Eng Piow	29,934,463	–	–	29,934,463
Tan Mei Yin	369,075	–	–	369,075
Foo Chek Lee	139,374	–	–	139,374
Cho Wai Ling	2,200	–	–	2,200
Indirect interest				
Tan Eng Piow	350,000	–	–	350,000 ¹
Foo Chek Lee	3,648	–	–	3,648 ²

¹ Shares/Warrants held through children.

² Shares/Warrants held through spouse.

By virtue of his interest in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Tan Eng Piow is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 34 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 for any deemed benefits which may arise from transactions as disclosed in Note 40 to the financial statements.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is 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.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, no indemnity was given to or insurance effected for any director and officer of the Company.

DIRECTORS' REPORT (CONT'D)

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

The available auditors' reports on the accounts of the subsidiaries did not contain any qualification.

SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR END

Details of significant events during and subsequent to the financial year end are disclosed in Note 44 to the financial statements.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 32 to the financial statements.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

.....
TAN ENG PIOW
Director

.....
TAN MEI YIN
Director

Date: 13 April 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	59,958,694	46,381,779	1	1
Inventories	6	265,262,064	264,968,541	–	–
Investment properties	7	89,242,915	68,383,426	–	–
Investments in subsidiaries	8	–	–	510,742,875	455,282,190
Goodwill on consolidation	9	2,350,703	2,323,347	–	–
Deferred tax assets	10	31,428,510	26,369,283	–	–
Trade receivables	12	9,614,333	415,012	–	–
Amounts due from subsidiaries	14	–	–	9,592,269	60,678,976
Total non-current assets		457,857,219	408,841,388	520,335,145	515,961,167
Current assets					
Inventories	6	314,937,197	316,205,520	–	–
Contract assets	11	64,064,773	116,264,451	–	–
Trade and other receivables	12	215,846,362	240,766,467	1,594,473	5,883,701
Current tax assets		5,899,637	5,750,972	3,540,408	3,571,744
Other investments	13	5,544,599	21,248,431	–	–
Amounts due from subsidiaries	14	–	–	802,337	–
Deposits, cash and bank balances	15	4,930,944	12,936,670	20,162	5,211,369
Total current assets		611,223,512	713,172,511	5,957,380	14,666,814
TOTAL ASSETS		1,069,080,731	1,122,013,899	526,292,525	530,627,981

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

(CONT'D)

		2021 RM	Group 2020 RM	2021 RM	Company 2020 RM
	Note				
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	16	433,468,769	433,468,769	433,468,769	433,468,769
Treasury shares	17	(5,490,089)	(1,796,117)	(5,490,089)	(1,796,117)
Other reserves	18	(11,236,347)	(9,263,178)	8,597,356	8,597,356
Retained earnings		264,417,464	287,946,909	33,830,328	42,472,167
		681,159,797	710,356,383	470,406,364	482,742,175
Non-controlling interests		83,855,630	67,953,652	–	–
TOTAL EQUITY		765,015,427	778,310,035	470,406,364	482,742,175
Non-current liabilities					
Loans and borrowings	19	4,693,740	23,586,406	–	17,110,000
Lease liabilities	23	415,030	–	–	–
Deferred tax liabilities	10	4,572,534	951,758	–	–
Total non-current liabilities		9,681,304	24,538,164	–	17,110,000
Current liabilities					
Contract liabilities	11	31,544,269	26,719,607	–	–
Trade and other payables	24	178,462,934	195,460,338	263,213	150,721
Amounts due to subsidiaries	25	–	–	55,622,948	10,645,085
Loans and borrowings	19	81,652,643	88,902,662	–	19,980,000
Lease liabilities	23	109,291	–	–	–
Provision	26	2,400,000	5,650,000	–	–
Current tax liabilities		214,863	2,433,093	–	–
Total current liabilities		294,384,000	319,165,700	55,886,161	30,775,806
TOTAL LIABILITIES		304,065,304	343,703,864	55,886,161	47,885,806
TOTAL EQUITY AND LIABILITIES		1,069,080,731	1,122,013,899	526,292,525	530,627,981

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Revenue	27	288,717,477	359,922,976	–	5,000,000
Cost of sales	28	(258,621,425)	(309,706,121)	–	–
Gross profit		30,096,052	50,216,855	–	5,000,000
Other income	29	6,102,634	7,248,531	–	–
Administrative expenses		(17,264,710)	(17,569,741)	(478,730)	(573,300)
Impairment losses on receivables		(11,224,753)	–	(2,704,232)	–
Other expenses		(16,887,849)	(16,171,610)	(350,344)	(132,479)
Operating (loss)/profit		(9,178,626)	23,724,035	(3,533,306)	4,294,221
Finance income	30	1,314,538	1,080,523	1,330,493	2,936,858
Finance costs	31	(4,008,868)	(6,881,865)	(2,112,673)	(2,202,734)
(Loss)/Profit before tax	32	(11,872,956)	17,922,693	(4,315,486)	5,028,345
Income tax expense	35	(2,240,118)	(7,203,808)	(211,960)	(1,196,656)
(Loss)/Profit for the financial year		(14,113,074)	10,718,885	(4,527,446)	3,831,689
Other comprehensive loss, net of tax					
Items that may be reclassified subsequently to profit or loss					
Exchange difference on translation of foreign operations		(1,973,169)	(2,663,892)	–	–
Other comprehensive loss for the financial year, net of tax		(1,973,169)	(2,663,892)	–	–
Total comprehensive (loss)/ income for the financial year		(16,086,243)	8,054,993	(4,527,446)	3,831,689
(Loss)/Profit attributable to:					
Owners of the Company		(13,818,243)	10,663,257	(4,527,446)	3,831,689
Non-controlling interests		(294,831)	55,628	–	–
		(14,113,074)	10,718,885	(4,527,446)	3,831,689
Total comprehensive (loss)/ income attributable to:					
Owners of the Company		(15,791,412)	7,999,365	(4,527,446)	3,831,689
Non-controlling interests		(294,831)	55,628	–	–
		(16,086,243)	8,054,993	(4,527,446)	3,831,689
(Loss)/Earnings per share (sen):					
- Basic	36	(1.68)	1.26		
- Diluted	36	(1.68)	1.26		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	Note	Attributable to owners of the Company					Total equity RM
		Share capital RM	Other reserves RM	Retained earnings RM	Treasury shares RM	Sub-total RM	
At 31 December 2020		433,468,769	(9,263,178)	287,946,909	(1,796,117)	710,356,383	778,310,035
Total comprehensive loss for the financial year							
Loss for the financial year		-	-	(13,818,243)	-	(13,818,243)	(14,113,074)
Other comprehensive loss for the financial year		-	(1,973,169)	-	-	(1,973,169)	(1,973,169)
Total comprehensive loss		-	(1,973,169)	(13,818,243)	-	(15,791,412)	(16,086,243)
Transactions with owners							
Purchase of treasury shares	17	-	-	-	(3,693,972)	(3,693,972)	(3,693,972)
Dividends on ordinary shares	37	-	-	(4,114,393)	-	(4,114,393)	(4,114,393)
Non-controlling interests arising from acquisition of a new subsidiary	8a(ii)	-	-	-	-	-	10,600,000
Change in ownership interests in a subsidiary	8(b)	-	-	(5,596,809)	-	(5,596,809)	5,596,809
Total transactions with owners		-	-	(9,711,202)	(3,693,972)	(13,405,174)	2,791,635
At 31 December 2021		433,468,769	(11,236,347)	264,417,464	(5,490,089)	681,159,797	765,015,427

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

Group	Note	Attributable to owners of the Company					Non-controlling interests RM	Total equity RM
		Share capital RM	Other reserves RM	Retained earnings RM	Treasury shares RM	Sub-total RM		
At 31 December 2019								
Total comprehensive income for the financial year								
		464,573,433	4,060,897	249,614,010	(3,278,532)	714,969,808	56,575,560	771,545,368
Total comprehensive income for the financial year								
		-	-	10,663,257	-	10,663,257	55,628	10,718,885
Other comprehensive loss for the financial year								
		-	(2,663,892)	-	-	(2,663,892)	-	(2,663,892)
Total comprehensive (loss)/income								
		-	(2,663,892)	10,663,257	-	7,999,365	55,628	8,054,993
Transactions with owners								
	16	(31,104,664)	-	17,009,459	14,095,205	-	-	-
	17	-	-	-	(12,612,790)	(12,612,790)	-	(12,612,790)
	16(c)	-	(10,660,183)	10,660,183	-	-	-	-
		-	-	-	-	-	(919,500)	(919,500)
Capital contribution in subsidiary by non-controlling interest								
		-	-	-	-	-	12,241,964	12,241,964
Total transactions with owners								
		(31,104,664)	(10,660,183)	27,669,642	1,482,415	(12,612,790)	11,322,464	(1,290,326)
At 31 December 2020								
		433,468,769	(9,263,178)	287,946,909	(1,796,117)	710,356,383	67,953,652	778,310,035

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

Company	Note	Attributable to owners of the Company				Total equity RM
		Share capital RM	Other reserve RM	Treasury shares RM	Retained earnings RM	
At 31 December 2019		464,573,433	19,257,539	(3,278,532)	10,970,836	491,523,276
Profit for the financial year		–	–	–	3,831,689	3,831,689
Transactions with owners						
Purchase of treasury shares	17	–	–	(12,612,790)	–	(12,612,790)
Cancellation of treasury shares		(31,104,664)	–	14,095,205	17,009,459	–
ESOS lapsed	16(c)	–	(10,660,183)	–	10,660,183	–
Total transactions with owners		(31,104,664)	(10,660,183)	1,482,415	27,669,642	(12,612,790)
At 31 December 2020		433,468,769	8,597,356	(1,796,117)	42,472,167	482,742,175
Loss for the financial year		–	–	–	(4,527,446)	(4,527,446)
Transactions with owners						
Purchase of treasury shares	17	–	–	(3,693,972)	–	(3,693,972)
Dividends	37	–	–	–	(4,114,393)	(4,114,393)
Total transactions with owners		–	–	(3,693,972)	(4,114,393)	(7,808,365)
At 31 December 2021		433,468,769	8,597,356	(5,490,089)	33,830,328	470,406,364

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Note	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from operating activities				
(Loss)/Profit before taxation	(11,872,956)	17,922,693	(4,315,486)	5,028,345
Adjustments for:				
Bad debts written off	344,050	266,515	–	–
Income from short-term funds	(296,169)	(146,542)	–	–
Depreciation of:				
- property, plant and equipment	5,780,383	7,603,272	–	–
- investment properties	460,333	172,820	–	–
Gain on disposal of property plant and equipment	(941,543)	(1,399,300)	–	–
Impairment losses on:				
- amount due from subsidiary	–	–	2,704,232	–
- trade receivables	11,224,753	–	–	–
- investment property	–	402,254	–	–
- investment in subsidiary	–	–	259,316	–
Interest expense	4,008,868	6,881,865	2,112,673	2,202,734
Interest income	(1,018,369)	(933,981)	(1,330,493)	(2,936,858)
Property, plant and equipment written off	38,385	3,454,770	–	–
Unrealised loss from foreign exchange	436,293	149,462	–	–
Operating profit/(loss) before changes in working capital	8,164,028	34,373,828	(569,758)	4,294,221
<u>Changes in working capital:</u>				
Inventories	1,506,582	2,290,662	–	–
Trade and other receivables	(17,184,924)	136,098,519	4,289,228	(5,880,131)
Contract assets/liabilities	65,423,536	44,427,023	–	–
Trade and other payables	(20,625,465)	(48,823,204)	112,492	519
Net cash generated from/ (used in) operations	37,283,757	168,366,828	3,831,962	(1,585,391)
Income tax paid	(6,338,639)	(9,002,491)	(180,624)	(1,672,188)
Income tax refund	248,028	53,232	–	–
Net cash from/(used in) operating activities	31,193,146	159,417,569	3,651,338	(3,257,579)

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

		Group	Company		
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from investing activities					
Acquisition of a subsidiary, net of cash acquired	8a(iii)	(15,879,797)	–	(15,900,000)	–
Income from short-term funds		296,169	146,542	–	–
Interest received		682,154	817,079	1,330,493	2,936,858
Repayment from subsidiaries		–	–	–	22,524,196
Redemption/(Placement) of other investments		15,703,832	(20,946,542)	–	–
Proceeds from disposal of property, plant and equipment		1,478,549	1,695,685	–	–
Expenditure on land held for development		(293,523)	(3,105,245)	–	–
Purchase of property, plant and equipment		(1,287,438)	(422,021)	–	–
Redemption of preference shares by non-controlling interest		–	(919,500)	13,980,000	–
Net cash from/(used in) investing activities		699,946	(22,734,002)	(589,507)	25,461,054
Cash flows from financing activities					
Interest paid	(a)	(4,008,868)	(6,775,162)	(2,112,673)	(2,202,734)
Advances from subsidiaries		–	–	38,758,000	4,739,577
Capital contribution by non-controlling interest		–	12,241,964	–	–
Dividend paid		(4,114,393)	–	(4,114,393)	–
Repayment of term loans		(38,837,379)	(14,711,887)	(37,090,000)	(12,000,000)
Drawdown/(Repayment) of other borrowings:					
- bankers' acceptance		894,000	(5,640,000)	–	–
- invoice financing		1,173,000	(1,288,900)	–	–
- short term revolving credit		12,000,000	(105,540,000)	–	–
Payment of lease liability		(113,888)	(1,786,833)	–	–
Purchase of treasury shares		(3,693,972)	(12,612,790)	(3,693,972)	(12,612,790)
Net cash used in financing activities		(36,701,500)	(136,113,608)	(8,253,038)	(22,075,947)

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

		Group	Company		
Note	2021 RM	2020 RM	2021 RM	2020 RM	
Net (decrease)/increase in cash and cash equivalents	(4,808,408)	569,959	(5,191,207)	127,528	
Cash and cash equivalents at the beginning of the financial year	10,971,310	12,376,844	5,211,369	5,083,841	
Effect of exchange rate changes on cash and cash equivalents	(1,825,012)	(1,975,493)	–	–	
Cash and cash equivalents at the end of the financial year	4,337,890	10,971,310	20,162	5,211,369	
Cash and bank balances	15	3,767,833	11,793,300	20,162	5,211,369
Deposits with licensed banks	15	1,163,111	1,143,370	–	–
Bank overdrafts	19	4,930,944 (593,054)	12,936,670 (1,965,360)	20,162 –	5,211,369 –
		4,337,890	10,971,310	20,162	5,211,369

(a) Reconciliation of liabilities arising from financing activities:

Group	At 1 January 2021 RM	Cash flows RM	Non-cash transaction costs RM	At 31 December 2021 RM
Bankers' acceptance	11,875,000	894,000	–	12,769,000
Term loans	45,188,708	(38,837,379)	–	6,351,329
Short term revolving credit	53,460,000	12,000,000	–	65,460,000
Invoice financing	–	1,173,000	–	1,173,000
Lease liabilities	–	(113,888)	638,209	524,321
	110,523,708	(24,884,267)	638,209	86,277,650
Company				
Term loan	37,090,000	(37,090,000)	–	–

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

(a) Reconciliation of liabilities arising from financing activities: (Continued)

Group	At 1 January 2020 RM	Cash flows RM	At 31 December 2020 RM
Bankers' acceptance	17,515,000	(5,640,000)	11,875,000
Term loan	59,900,595	(14,711,887)	45,188,708
Lease liabilities	1,786,833	(1,786,833)	–
Short term revolving credit	159,000,000	(105,540,000)	53,460,000
Invoice financing	1,288,900	(1,288,900)	–
	239,491,328	(128,967,620)	110,523,708
Company			
Term loan	49,090,000	(12,000,000)	37,090,000

(b) During the financial year, the Group had total cash outflows for leases of RM354,227 (2020: RM2,062,114).

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Mitrajaya Holdings Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company are located at No. 9, Blok D, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor Darul Ehsan.

The Company is principally engaged in investment holding activity. The principal activities of the subsidiaries are disclosed in Note 8.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 13 April 2022.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs for the current financial year:

Amendments/Improvements to MFRSs

MFRS 4	Insurance Contracts
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases *
MFRS 139	Financial Instruments: Recognition and Measurement

- * Early adopted the amendment to MFRS 16 Leases issued by the Malaysian Accounting Standards Board ("MASB") on 6 April 2021.

The adoption of the above amendments/improvements to MFRSs did not have significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022 [^] / 1 January 2023 [#]
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023 [#]
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 [#]
MFRS 7	Financial Instruments: Disclosures	1 January 2023 [#]
MFRS 9	Financial Instruments	1 January 2022 [^] / 1 January 2023 [#]
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 [#]
MFRS 16	Leases	1 January 2022 [^]
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023 [#]
MFRS 107	Statements of Cash Flows	1 January 2023 [#]
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023 [#]
MFRS 119	Employee Benefits	1 January 2023 [#]
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 [#]
MFRS 132	Financial Instruments: Presentation	1 January 2023 [#]
MFRS 136	Impairment of Assets	1 January 2023 [#]
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023 [#]
MFRS 138	Intangible Assets	1 January 2023 [#]
MFRS 140	Investment Property	1 January 2023 [#]
MFRS 141	Agriculture	1 January 2022 [^]

[^] The Annual Improvements to MFRS Standards 2018-2020

[#] Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

- 2.3.1 The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

The initial application of the above applicable new MFRS and amendments/improvements to MFRSs is not expected to have material impact to the current and prior years financial statements of the Group and of the Company.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the director's best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the Group's and the Company's financial statements are disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.6.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(a) Subsidiaries and business combination (Continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

3.2 Separate financial statements

In the Company's statement of financial position, investments in subsidiaries are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.8(b).

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recognised at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Buildings	2%
Fixtures, fittings and office equipment	10% - 33%
Renovations	10% - 20%
Plant and machinery	10% - 33%
Motor vehicles	20% - 25%

The residual values, useful life and depreciation method are reviewed at each financial year-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 the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

Depreciation of property, plant and equipment which are used for a specific project will be charged to that particular project. Depreciation of other property, plant and equipment are charged to profit or loss accordingly.

3.5 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. After the initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(b).

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property.

No depreciation is provided on the freehold land as it has indefinite useful life. Depreciation of buildings is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at 2% of annual rates.

3.6 Intangible assets

Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(b).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments

Financial instruments 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.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

▪ Amortised cost

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.8(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

(a) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows: (Continued)

(i) Financial assets (Continued)

Debt instruments (Continued)

▪ Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.8(a). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

▪ Fair value through profit or loss (FVPL)

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

(a) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows: (Continued)

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

(b) 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 because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

(c) Derecognition

A financial asset or a part of it is derecognised when, and only when:

- (i) the contractual rights to receive cash flows from the financial asset expire; or
- (ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3.8 Impairment of assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income (FVOCI) and contract assets will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment of assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables and contract assets, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group and the Company consider a financial asset to be in default when:

- the debtor is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment of assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the counterparty;
- a breach of contract, such as a default of past due event;
- the Group, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the debtor a concession(s) that the Group would not otherwise consider; or
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation.

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

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 non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs 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 CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset of CGU is the higher of its fair value less costs of disposal and its value in use. 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 CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment of assets (Continued)

(b) Impairment of non-financial assets (Continued)

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.9 Inventories

Inventories are measured at the lower of cost and net realisable value and cost is determined based on the following methods:

- completed development properties and leasehold land: specific identification
- raw materials: first-in-first-out

The cost of unsold completed development units comprise cost associated with the acquisition of land, construction cost and appropriate proportions of common development costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Property held for development

Property held for development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Cost includes cost of land and attributable development expenditures.

Property held for development will be reclassified to properties under development when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

Property under development

Cost includes:

- freehold and leasehold rights for land;
- amounts paid to contractors for construction; and
- borrowing costs, planning and design costs, costs for site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative sale value of the property sold.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Contract assets/(liabilities)

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(a).

Contract liability is the obligation to transfer goods or services to customers for which the Group and the Company have received the consideration or have billed the customers.

3.11 Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

3.12 Leases

(a) Definition of lease

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

(b) Lessee accounting

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets that do not meet the definition of investment property in Note 7.

Right-of-use asset

The right-of-use asset is initially recognised 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 the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group and the Company expect to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(b).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Leases (Continued)

(b) Lessee accounting (Continued)

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Leases (Continued)

(c) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration under the contract to each component.

3.13 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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 finance cost.

Provisions are reviewed at each reporting date 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.

3.14 Borrowing costs

Borrowing cost are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Employee benefits

(a) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national contribution plan. Some of the Group's foreign subsidiary companies make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss in the financial year in which the employees render their services.

3.16 Share-based compensation

The Company Employees' Share Options Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

The Company recognised the impact of the estimate of the number of options that are expected to become exercisable on vesting date, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred directly to retained profits.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

3.17 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group is applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics if the Group reasonably expect that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

The Group and the Company measure revenue at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Revenue and other income (Continued)

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group estimates it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group has assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

Financing components

The Group has applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group expects that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(a) Property development

The Group develops and sell residential and commercial properties. Contracts with customers may include multiple distinct promises to customers and therefore accounted for as separate performance obligations if the contract with customer contains more than one performance obligation, when the stand-alone selling price are not directly observable, they are estimated based on expected cost plus margin.

Revenue from residential and commercial properties are recognised as and when the control of the asset is transferred to the customer. Based on the terms of the contract and the laws that apply to the contract, control of the asset is transferred over time as the Group's performance do 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. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of property development costs incurred for work performed to date bear to the estimated total property development costs (an input method).

The consideration is due based on the scheduled payments in the contract, therefore, no element of financing is deemed present. When a particular milestone is reached in excess of the scheduled payments, a contract asset will be recognised for the excess of revenue recognised to date under the input method over the progress billings to-date and include deposits or advances received from customers. When the progress billings to-date and deposits or advances received from customers exceeds revenue recognised to date then the Group recognise a contract liability for the difference. Billings are issued with a credit term of 30 to 60 days, therefore, no element of financing is deemed present.

Revenue from sale of properties held for development and completed properties are recognised at a point in time when the control of the properties has been transferred to the customers i.e. upon delivery to purchasers, and it is probable that the Group will collect the consideration to which it will be entitled to in exchange for the properties held for development and completed properties sold.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Revenue and other income (Continued)

(a) Property development (Continued)

Consistent with market practice, the Group collects deposit from customers for sale of properties. A contract liability is recognised for the customer deposits as the Group has obligations to transfer the goods or services to the customer in respect of deposits received. Customer deposits would be recognised as revenue upon transfer of goods or services to the customer.

Where legal fees are borne by the Group, revenue is recognised based on the transaction price agreed in the contracts, net of the customers' legal fees. The Group uses its experience in estimating the legal fees to be incurred. The Group uses the expected value method because it is the method that the Group expects to better predict the amount of consideration to which they will be entitled.

For residential properties, as part of the statutory requirements, the Group's obligations to repair and made good of any defect, shrinkage or other faults in the building or in the common property which have become apparent within a period of 24 months after the customer takes vacant possession of the building are recognised as a provision, if determined to be significant.

For commercial properties, the Group's obligations to repair and made good of any defect, shrinkage or other faults in the building or in the common property which have become apparent within a certain period as stipulated in the contract after the purchaser takes vacant possession of the property are recognised as a provision, if any.

(b) Construction contracts

The Group construct commercial and industrial properties and infrastructures under long-term contracts with customers. Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control of the commercial and industrial properties and infrastructures are transferred over time as the Group creates or enhance an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

Sales are made with a credit term of 21 to 60 days, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers for construction of commercial and industrial properties and infrastructures based on achieving a series of performance-related milestones.

The Group recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers, then the Group recognises a contract liability for the difference.

Defect liability period from the date of completion is provided in the contracts with customers.

(c) Golf management

Revenue of the Group from golf management are recognised when services are rendered.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Revenue and other income (Continued)

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Dividend income

Dividend income is recognised when the right to receive payment is established.

(f) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. Lease incentive granted is recognised as an integral part of the total rental income, over the term of the lease.

(g) Income from short term funds

Income from short term funds is recognised when right to receive payment is established.

(h) Building management

Revenue from building management are recognised when services are rendered.

3.18 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are 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.

(a) Current Tax

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

(b) Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Income tax (Continued)

(b) Deferred Tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount if sales and services tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.20 Operating segments

For management purposes, the Group is organised into operating segments based on their products and services which are reviewed regularly by the chief operating decision maker, which is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.21 Share capital

(a) 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. Dividends on ordinary shares are recognised in liabilities in the period in which they are declared.

(b) Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

3.22 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

- (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.23 Fair Value Measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, 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 the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a 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.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. 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 Group and 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.

3.24 Contract Costs

(a) Recognition and measurement

Contract costs include costs of obtaining and fulfilling a contract.

The incremental costs of obtaining a contract are those costs that the Group and the Company incur to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as part of contract costs when the Group and the Company expect those costs are recoverable.

The costs incurred in fulfilling a contract with a customer which are not within the scope of another MFRSs, such as MFRS 102 Inventories, MFRS 116 Property, Plant and Equipment or MFRS 138 Intangible Assets, are recognised as part of contract costs when all of the following criteria are met:

- (i) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;
- (ii) the costs generate or enhance resources of the Group and the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (iii) the costs are expected to be recovered.

(b) Amortisation

The costs of obtaining and fulfilling a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates, i.e. in accordance with the pattern of transfer of goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 Accounting Policies, Changes in Accounting Estimate and Errors.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.24 Contract Costs (Continued)

(c) Impairment

Impairment loss are recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

- (i) the remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates; less
- (ii) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Before an impairment loss is recognised for contract costs, the Group and the Company shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group and the Company shall include the resulting carrying amount of the contract costs in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136 Impairment of Assets to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

The Group and the Company have applied the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity would have recognised is one year or less.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:

(a) Construction revenue (Note 27)

The Group recognised construction revenue in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction revenue and expenses, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The economic uncertainties resulting from the COVID-19 pandemic have resulted in an even higher level of estimation uncertainty to the inputs and assumptions used in the estimation of total constructions revenue and expenses.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:
(Continued)

(b) Property development (Note 27)

The Group recognised property development revenue in profit or loss by using the progress towards complete satisfaction of performance obligation when it is probable that the Group will collect the consideration to which it will be entitled. The progress towards complete satisfaction of performance obligation is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the probability of collection, the progress towards complete satisfaction of performance obligation, the extent of the property development costs incurred, the estimated total property development revenue and costs as well as any potential liquidated ascertained damages. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The economic uncertainties resulting from the COVID-19 pandemic have resulted in an even higher level of estimation uncertainty to the inputs and assumptions used in the estimation of total property development costs and total development revenue.

(c) Impairment of receivables and contract assets (Note 11 and 12)

The expected credit losses for receivables and contract assets are based on assumptions about risk of default and expected loss. The Group uses judgement in making these assumptions based on the assessment of outcome of the arbitration proceedings, financial capability of the receivables, payment trends, existing market conditions, forward-looking estimates as well as solicitors' advice for balances which are currently in arbitration proceedings. The forward-looking estimations include the possible impact of COVID-19 pandemic on risk of default of financial assets and contract assets.

(d) Deferred tax assets (Note 10)

Deferred tax assets are recognised for unused tax losses and unabsorbed capital allowances based on the projected future profits of the subsidiaries to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future taxable profits of the subsidiaries and there are inherent uncertainties in projecting the amounts.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

	Buildings RM	Fixtures, fittings and office equipment RM	Renovations RM	Motor vehicles RM	Plant and machinery RM	Bearer plants (immature) RM	Right-of- use assets RM	Total RM
Group								
2021								
Cost								
At 1 January 2021	10,434,980	8,450,066	2,556,675	15,538,368	189,749,041	-	-	226,729,130
Additions	-	104,344	-	45,000	918,292	219,802	638,209	1,925,647
Acquisition of subsidiary	-	-	-	32,742	168,000	147,465	26,332,771	26,680,978
Disposals	(431,731)	(31,520)	-	(1,495,674)	(708,341)	-	-	(2,667,266)
Written off	-	(52,960)	-	-	(1,310,822)	(16,699)	-	(1,380,481)
Exchange differences	(75,677)	(13,763)	-	(22,419)	192,403	-	-	80,544
At 31 December 2021	9,927,572	8,456,167	2,556,675	14,098,017	189,008,573	350,568	26,970,980	251,368,552
Accumulated depreciation								
At 1 January 2021	2,217,188	6,605,173	1,783,581	14,238,225	155,503,184	-	-	180,347,351
Depreciation for the financial year	369,016	533,996	144,340	995,936	12,015,091	51,072	308,387	14,417,838
Disposals	-	(24,385)	-	(1,495,666)	(610,209)	-	-	(2,130,260)
Written off	-	(31,284)	-	-	(1,310,812)	-	-	(1,342,096)
Exchange differences	1,448	(6,977)	-	(22,607)	145,161	-	-	117,025
At 31 December 2021	2,587,652	7,076,523	1,927,921	13,715,888	165,742,415	51,072	308,387	191,409,858
Carrying Amount								
At 31 December 2021	7,339,920	1,379,644	628,754	382,129	23,266,158	299,496	26,662,593	59,958,694

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RM	Fixtures, fittings and office equipment RM	Renovations RM	Motor vehicles RM	Plant and machinery RM	Right-of- use assets RM	Total RM
Group							
2020							
Cost							
At 1 January 2020	10,430,974	8,656,226	2,556,675	19,052,879	191,547,725	10,698,633	242,943,112
Additions	129,392	34,793	-	-	257,836	-	422,021
Disposals	-	(7,945)	-	(3,668,527)	(2,901,211)	-	(6,577,683)
Purchase at the end of contract term	-	-	-	188,886	10,509,747	(10,698,633)	-
Written off	-	(196,249)	-	(7,104)	(9,587,128)	-	(9,790,481)
Exchange differences	(125,386)	(36,759)	-	(27,766)	(77,928)	-	(267,839)
At 31 December 2020	10,434,980	8,450,066	2,556,675	15,538,368	189,749,041	-	226,729,130
Accumulated depreciation							
At 1 January 2020	2,069,578	6,026,024	1,635,251	15,964,959	143,609,113	2,180,653	171,485,578
Depreciation for the financial year	149,596	764,372	148,330	1,701,241	18,796,281	3,148	21,562,968
Disposals	-	(5,325)	-	(3,482,152)	(2,793,821)	-	(6,281,298)
Purchase at the end of contract term	-	-	-	81,851	2,101,950	(2,183,801)	-
Written off	-	(150,950)	-	(3,315)	(6,181,446)	-	(6,335,711)
Exchange differences	(1,986)	(28,948)	-	(24,359)	(28,893)	-	(84,186)
At 31 December 2020	2,217,188	6,605,173	1,783,581	14,238,225	155,503,184	-	180,347,351
Carrying Amount							
At 31 December 2020	8,217,792	1,844,893	773,094	1,300,143	34,245,857	-	46,381,779

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Office equipment	
	2021 RM	2020 RM
Company		
Cost		
At 1 January/31 December	1,511	1,511
Accumulated Depreciation		
At 1 January/31 December	1,510	1,510
Carrying Amount		
At 31 December	1	1

(a) Right-of-use assets

Information about leases for which the Group is lessee is presented below:

	Leasehold land RM	Motor vehicles RM	Group Plant and machinery RM	Total RM
Carrying amount				
At 1 January 2021	–	–	–	–
Additions	–	–	638,209	638,209
Acquisition of subsidiary	26,332,771	–	–	26,332,771
Depreciation for the financial year	(212,656)	–	(95,731)	(308,387)
At 31 December 2021	26,120,115	–	542,478	26,662,593
At 1 January 2020	–	110,183	8,407,797	8,517,980
Purchase at the end of contract term	–	(107,035)	(8,407,797)	(8,514,832)
Depreciation for the financial year	–	(3,148)	–	(3,148)
At 31 December 2020	–	–	–	–

The Group leased motor vehicles and plant and machineries for its operation use with lease term of 2 years with option to purchase the assets at the end of the contract term.

The Group also leased land with remaining lease term of 90 to 92 years.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. INVENTORIES

	2021 RM	2020 RM
Group		
Non-current		
At cost		
Property held for development		
- Freehold land at cost	68,957,069	69,801,480
- Leasehold land at cost	173,714,509	173,700,375
- Development costs	22,590,486	21,466,686
	265,262,064	264,968,541
Current		
At cost		
Property under development		
- Freehold land at cost	1,951,834	2,118,848
- Leasehold land at cost	6,061,736	6,210,611
- Development costs	128,396,550	110,925,635
Completed properties	178,516,350	196,928,462
Other stocks	10,727	21,964
	314,937,197	316,205,520
	580,199,261	581,174,061

- (a) The carrying amount of RM58,372,068 (2020: RM106,004,662) of the property held for development of the Group has been pledged to financial institutions to secure the banking facility granted to the Group as disclosed in the Notes 20, 21 and 22.
- (b) During the financial year, inventories of the Group recognised as cost of sales amounted to RM31,221,199 (2020: RM30,578,903).

The following are costs incurred during the financial year:

	2021 RM	Group 2020 RM
Depreciation of property, plant and equipment	238,259	184,503
Directors' remuneration:		
- wages and salaries	1,654,800	1,377,180
- social security costs	2,250	2,250
- defined contribution plan	115,376	96,796
- others	40,415	47,747
Employee benefits expenses	1,853,575	2,351,684

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INVESTMENT PROPERTIES

	2021 RM	Group 2020 RM
Cost		
At 1 January	74,396,717	75,126,670
Addition	21,850,000	–
Exchange differences	(613,948)	(729,953)
At 31 December	95,632,769	74,396,717
Accumulated depreciation		
At 1 January	1,156,776	1,024,419
Depreciation for the financial year	460,333	172,820
Exchange differences	(63,215)	(40,463)
At 31 December	1,553,894	1,156,776
Accumulated impairment losses		
At 1 January	4,856,515	4,422,479
Impairment for the financial year	–	402,254
Exchange differences	(20,555)	31,782
At 31 December	4,835,960	4,856,515
Carrying amount		
At 31 December	89,242,915	68,383,426

During the financial year, the addition of investment properties arose from a debt settlement agreement entered into between a subsidiary and its debtor for the contra of properties against the amount owing to the subsidiary.

- (a) The carrying amount of RM10,017,389 (2020: RM10,972,676) of the investment properties has been pledged to financial institution to secure the term loan facility granted to the Group as disclosed in Note 22.
- (b) The Group's investment properties comprise freehold land, leasehold land, buildings and commercial properties. Commercial properties are leased to third parties with an initial non-cancellable period of 1 to 7 years with option to renew. Subsequent renewals are negotiated with the lessee.

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

	2021 RM	Group 2020 RM
Rental income	1,260,220	1,129,850
Direct operating expenses:		
- income generating investment properties	1,210,434	1,230,681
- non-income generating investment properties	3,113	3,267

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INVESTMENT PROPERTIES (CONTINUED)

(c) Fair value information

The fair value for the above completed investment properties of approximately RM94.62 million (2020: RM73.40 million) are determined based on information available through internal research and Directors' best estimate.

Fair value of investment properties are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
2021	–	–	94,617,000	94,617,000
2020	–	–	73,402,000	73,402,000

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value fair value of properties have been derived using the comparison method that reflects recent transaction prices for similar properties in close proximity.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property. The most significant input into this valuation approach is price per square foot of comparable properties.

8. INVESTMENTS IN SUBSIDIARIES

	2021 RM	Company 2020 RM
Unquoted shares, at cost	268,915,909	214,736,795
Investment in redeemable cumulative convertible preference shares ("RCCPS") of subsidiaries	226,989,587	225,448,700
ESOS granted to employees of subsidiaries	15,232,699	15,232,699
	511,138,195	455,418,194
Less: Impairment losses	(395,320)	(136,004)
At 31 December	510,742,875	455,282,190

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Movement in accumulated impairment losses were as follows:

	2021 RM	Company 2020 RM
At 1 January	136,004	136,004
Recognised during the financial year (Note 32)	259,316	–
At 31 December	395,320	136,004

Details of the subsidiaries are as follows:

Name of Company	Principal place of business/ country of incorporation	Ownership interest		Principal Activities
		2021 %	2020 %	
Held by the Company:				
Pembinaan Mitrajaya Sdn. Bhd.	Malaysia	100	100	Civil engineering, building and road construction works and supply of construction material
Daya Asphalt Sdn. Bhd. @	Malaysia	100	100	Investment holding
Dutawani Sdn. Bhd.	Malaysia	100	100	Maintenance of properties
Mitrajaya Homes Sdn. Bhd.	Malaysia	100	100	Construction and property development
Mitrajaya Warisan Sdn. Bhd.	Malaysia	60	60	Construction and property development
Mitrajaya Development Sdn. Bhd.	Malaysia	100	100	Investment holding
Primaharta Development Sdn. Bhd.	Malaysia	100	100	Property development
Leo Vista Sdn. Bhd.	Malaysia	100	100	Property development
Awana Prisma Sdn. Bhd.	Malaysia	100	100	Property development
Kina-Bijak Sdn. Bhd.	Malaysia	100	100	Property development
Mitrajaya Construction Sdn. Bhd. (formerly known as Maha-Mayang Sdn. Bhd.)	Malaysia	100	–	Sub-contract for land scaping and road works

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (Continued)

Name of Company	Principal place of business/ country of incorporation	Ownership interest		Principal Activities
		2021 %	2020 %	
Held by the Company: (Continued)				
Skyway Development Sdn. Bhd.	Malaysia	99.74	72	Property development
Kemajuan Sekim Baru Sdn. Bhd.	Malaysia	100	100	Property development
Centennial March Sdn. Bhd.	Malaysia	60	60	Construction and property development
Eminent Earnings Sdn. Bhd.	Malaysia	60	60	Investment property
Premier Discovery Sdn. Bhd.	Malaysia	60	–	Sand extraction and plantation works
Held through Daya Asphalt Sdn. Bhd.:				
Mitrajaya Construction Sdn. Bhd. (formerly known as Maha-Mayang Sdn. Bhd.)	Malaysia	–	100	Sub-contract for land scaping and road works
Held through Pembinaan Mitrajaya Sdn. Bhd.:				
Consortium of Pembinaan Mitrajaya Sdn. Bhd. & Syarikat Ismail Ibrahim Sdn. Bhd. #	Malaysia	–	51	Civil engineering, building and road construction works and supply of construction material
Held through Mitrajaya Development Sdn. Bhd.:				
Mitrajaya SA (Pty) Ltd. *	South Africa	100	100	Civil engineering, building and road construction works and property development

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (Continued)

Name of Company	Principal place of business/ country of incorporation	Ownership interest		Principal Activities
		2021 %	2020 %	
Held through Mitrajaya Development Sdn. Bhd.: (Continued)				
Kyalami & Mitrajaya Civil Engineering (Pty) Ltd. *	South Africa	100	100	Civil engineering, building and road construction works and property development
Kyalami & Mitrajaya Builders (Pty) Ltd. *	South Africa	100	100	Builders
Mitrajaya Development SA (Pty) Ltd. *	South Africa	100	100	Property development and property investment
Held through Mitrajaya Development SA (Pty) Ltd.:				
Blue Valley Golf and Country Club (Pty) Ltd.*	South Africa	100	100	Golf management

* Audited by an independent member firm of Baker Tilly International.

Unincorporated entity. The entity was dissolved during the financial year.

@ In the process of voluntary winding up.

(a) Acquisition of Premier Discovery Sdn. Bhd. ("Premier Discovery")

On 4 January 2021, the Company acquired 60% controlling interest in the equity shares of Premier Discovery to enable the Group to expand its landbank and tap on recurring income from the sand extractions as well as from the durian fruit sales in the near future. The acquisition is accounted for as an asset acquisition. Accordingly, no goodwill on business combination is recognised.

(i) Fair value of consideration transferred:

	RM
Cash consideration	15,900,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) Acquisition of Premier Discovery Sdn. Bhd. ("Premier Discovery") (Continued)

(ii) Fair value of the identifiable assets acquired and liabilities recognised:

	RM
Non-current asset	
Property, plant and equipment	26,680,978
Current assets	
Trade receivables	120,252
Deposit and prepayments	56,628
Cash and bank balances	20,203
	197,083
Total assets	26,878,061
Current liabilities	
Trade payables	48,888
Other payables and accruals	329,173
Total liabilities	378,061
Total identifiable net assets acquired	26,500,000
Non-controlling interest	(10,600,000)
	15,900,000

Non-controlling interest is recognised based on the proportionate share of Premier Discovery's identifiable net assets at acquisition date.

(iii) Effects of acquisition on cash flows:

	RM
Consideration paid in cash	15,900,000
Less: Cash and cash equivalents of subsidiary acquired	(20,203)
Net cash outflows on acquisition	15,879,797

(iv) Effects of acquisition in statements of comprehensive income

From the date of acquisition, the subsidiary's contributed revenue and loss net of tax are as follows:

	RM
Revenue	169,688
Loss for the financial year	(775,006)

The Group does not expect its consolidated results for the financial year to be materially different if the acquisition had occurred on 1 January 2021.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (b) Acquisition of additional interest in Skyway Development Sdn. Bhd. ("Skyway Development").

On 10 June 2021, the Company capitalised the RM53,800,000 advances to Skyway Development, a subsidiary of the Company at a price of RM1 per share. Consequently, the Company's equity interest in Skyway Development increased from 72% to 99.74%.

Effect of the increase in the Company's ownership interest is as follows:

	RM
Purchase consideration	53,800,000
Less: Capitalisation of advances	(53,800,000)
Fair value of consideration transferred	–
Increase in share of net liabilities	5,596,809
Excess charged directly to retained earnings	(5,596,809)

- (c) Non-controlling interests in subsidiaries

The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:

	Eminent Earnings Sdn. Bhd. RM	Centennial March Sdn. Bhd. RM	Mitrajaya Warisan Sdn. Bhd. RM	Premier Discovery Sdn. Bhd. RM	Total RM
2021					
NCI effective ownership interest and voting interest	40%	40%	40%	40%	
Carrying amount of NCI	22,073,002	33,121,004	18,215,012	10,289,998	83,699,016
Loss allocated to NCI	(24,604)	(13,188)	(28,606)	(310,002)	(376,400)
Total comprehensive loss allocated to NCI	(24,604)	(13,188)	(28,606)	(310,002)	(376,400)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) Non-controlling interests in subsidiaries (Continued)

The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:
(Continued)

	Eminent Earnings Sdn. Bhd. RM	Centennial March Sdn. Bhd. RM	Mitrajaya Warisan Sdn. Bhd. RM	Skyway Development Sdn. Bhd. RM	Consortium of Pembinaan Mitrajaya Sdn. Bhd. & Syarikat Ismail Ibrahim Sdn. Bhd. RM	Total RM
2020						
NCI effective ownership interest and voting interest	40%	40%	40%	28%	49%	
Carrying amount of NCI	22,097,606	33,134,193	18,243,618	(5,438,104)	(83,661)	67,953,652
(Loss)/Profit allocated to NCI	(21,045)	(11,316)	(6,020)	(642,205)	736,214	55,628
Total comprehensive (loss)/profit allocated to NCI	(21,045)	(11,316)	(6,020)	(642,205)	736,214	55,628

(d) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as of the reporting date are as follows:

	Eminent Earnings Sdn. Bhd. RM	Centennial March Sdn. Bhd. RM	Mitrajaya Warisan Sdn. Bhd. RM	Premier Discovery Sdn. Bhd. RM
Summarised statements of financial position				
2021				
Non-current assets	56,000,000	78,713,143	46,706,619	26,632,021
Current assets	37,928	4,104,787	35,550	106,165
Non-current liabilities	(448,823)	—	—	—
Current liabilities	(406,600)	(15,419)	(1,204,639)	(1,013,192)
Net assets	55,182,505	82,802,511	45,537,530	25,724,994

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (d) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as of the reporting date are as follows: (Continued)

	Eminent Earnings Sdn. Bhd. RM	Centennial March Sdn. Bhd. RM	Mitrajaya Warisan Sdn. Bhd. RM	Skyway Development Sdn. Bhd. RM	Consortium of Pembinaan Mitrajaya Sdn. Bhd. & Syarikat Ismail Ibrahim Sdn. Bhd. RM
Summarised statements of financial position					
2020					
Non-current assets	56,000,000	78,713,143	45,921,884	28,787,189	–
Current assets	42,945	4,148,335	51,599	252,400	726,372
Non-current liabilities	(448,823)	–	–	–	–
Current liabilities	(350,107)	(25,995)	(364,437)	(53,041,282)	(897,111)
Net assets/(liabilities)	55,244,015	82,835,483	45,609,046	(24,001,693)	(170,739)
Summarised statements of comprehensive income					
2021					
Revenue	56,400	–	–	–	169,688
Loss for the financial year	(61,510)	(32,971)	(71,516)	(71,516)	(775,006)
Total comprehensive loss for the financial year	(61,510)	(32,971)	(71,516)	(71,516)	(775,006)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (d) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as of the reporting date are as follows: (Continued)

	Eminent Earnings Sdn. Bhd. RM	Centennial March Sdn. Bhd. RM	Mitrajaya Warisan Sdn. Bhd. RM	Skyway Development Sdn. Bhd. RM	Consortium of Pembinaan Mitrajaya Sdn. Bhd. & Syarikat Ismail Ibrahim Sdn. Bhd. RM
Summarised statements of comprehensive income					
2020					
Revenue	40,000	–	–	–	20,487
(Loss)/Profit for the financial year	(52,612)	(28,291)	(15,051)	(2,293,588)	1,502,479
Total comprehensive (loss)/profit for the financial year	(52,612)	(28,291)	(15,051)	(2,293,588)	1,502,479
	Eminent Earnings Sdn. Bhd. RM	Centennial March Sdn. Bhd. RM	Mitrajaya Warisan Sdn. Bhd. RM	Premier Discovery Sdn. Bhd. RM	
Summarised cash flow information					
2021					
Cash flows (used in)/from:					
- operating activities	(45,489)	(173,322)	(52,796)	350,578	
- investing activities	–	168,818	(783,367)	(319,599)	
- financing activities	40,472	–	836,094	(21,616)	
Net (decrease)/increase in cash and cash equivalents	(5,017)	(4,504)	(69)	9,363	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (d) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as of the reporting date are as follows: (Continued)

	Eminent Earnings Sdn. Bhd. RM	Centennial March Sdn. Bhd. RM	Mitrajaya Warisan Sdn. Bhd. RM	Skyway Development Sdn. Bhd. RM	Consortium of Pembinaan Mitrajaya Sdn. Bhd. & Syarikat Ismail Ibrahim Sdn. Bhd. RM
Summarised cash flow information					
2020					
Cash flows (used in)/from:					
- operating activities	(37,979)	(181,327)	639,226	111,174	57,737,589
- investing activities	-	180,108	53,513	-	10,032
- financing activities	34,847	-	(699,076)	(99,138)	(58,043,647)
Net (decrease)/increase in cash and cash equivalents	(3,132)	(1,219)	(6,337)	12,036	(296,026)

9. GOODWILL ON CONSOLIDATION

	2021 RM	Group 2020 RM
At 1 January	2,323,347	2,289,468
Exchange differences	27,356	33,879
At 31 December	2,350,703	2,323,347

Goodwill has been allocated to the Group's cash generating units ("CGU") identified according to business segments as follows:

	2021 RM	2020 RM
Investment in South Africa	2,350,703	2,323,347

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount. As the Group is of the opinion that since the CGU are to be held on a long term basis, value-in-use would best reflect its recoverable amount. The value-in-use is determined by discounting future cash flows over a five-year period. The future cash flows are based the Group's five-year business plan, which is the best estimate of future performance. The ability to achieve the business plan targets is a key assumption in determining the recoverable amount for each cash-generating unit.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. GOODWILL ON CONSOLIDATION (CONTINUED)

There remains a risk that, due to unforeseen changes in the economies in which the cash-generating units operate and/or global economic conditions, the ability to achieve management's business plan will be adversely affected. Key assumptions on which the Group has based its cash flow projection for the purposes of impairment testing of goodwill on property development are the pre-tax discount rate, budgeted sales and operating expenses of the CGU.

The Group believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the CGU to materially exceed their recoverable amounts.

10. DEFERRED TAX ASSETS/(LIABILITIES)

	2021 RM	Group 2020 RM
At 1 January	25,417,525	27,691,072
Effect of movements in exchange rate	(45,147)	33,185
Recognised in profit or loss (Note 35)	1,483,598	(2,306,732)
At 31 December	26,855,976	25,417,525

Presented after appropriate offsetting as follows:

	2021 RM	Group 2020 RM
Deferred tax assets	31,428,510	26,369,283
Deferred tax liabilities	(4,572,534)	(951,758)
	26,855,976	25,417,525

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The components of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

	As at 1 January 2020 RM	Recognised in profit or loss RM	As at 1 January 2021 RM	Recognised in profit or loss RM	As at 31 December 2021 RM
Group					
Deferred tax assets:					
Property development	10,529,464	1,475,863	12,005,327	6,381,186	18,386,513
Tax implication arising from development property activities reclassified to investment property	298,911	550,731	849,642	(40,238)	809,404
Difference between the carrying amounts of property, plant and equipment and its tax base	–	(966,486)	(966,486)	(39,350)	(1,005,836)
Impairment losses on receivables	–	–	–	2,693,941	2,693,941
Unutilised tax losses	14,329,560	(1,840,825)	12,488,735	(4,782,753)	7,705,982
Unutilised capital allowances	3,781,386	(1,789,321)	1,992,065	846,441	2,838,506
	28,939,321	(2,570,038)	26,369,283	5,059,227	31,428,510
Deferred tax liabilities:					
Difference between the carrying amounts of property, plant and equipment and its tax base	1,248,249	(296,491)	951,758	3,620,776	4,572,534

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

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

	2021 RM	Group 2020 RM
Unused tax losses	64,395,290	45,416,695
Unabsorbed capital allowances	2,347,461	2,307,318
Others	–	138,196
	66,742,751	47,862,209

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Pursuant to an amendment to Section 44(5F) of the Income Tax Act 1967, the time limit to utilise business losses has been extended to a maximum of 10 consecutive years. This amendment is deemed to have effect from the year of assessment 2019.

Furthermore, unutilised business losses brought forward from year of assessment 2018 can be carried forward for another 10 consecutive years of assessment (i.e. from year of assessment 2019 to 2028).

The unutilised tax losses are available indefinitely for offset against future taxable profits of the subsidiaries except for the tax losses which will expire in the following financial years:

	Group 2021 RM
2028	26,629,820
2029	27,760,318
2030	2,293,171
2031	1,801,667
	58,484,976

11. CONTRACT ASSETS/(LIABILITIES)

	2021 RM	Group 2020 RM
Contract assets relating to construction service contracts	64,064,773	116,264,451
Contract liabilities relating to construction service contracts	(7,499,928)	(8,618,687)
Contract liabilities relating to property development contracts	(24,044,341)	(18,100,920)
	(31,544,269)	(26,719,607)

(a) Significant changes in contract balances

	2021 RM	Group 2020 RM
At 1 January	89,544,844	120,196,674
Revenue recognised during the year	283,168,812	355,992,519
Progress billing during the year	(340,193,152)	(386,644,349)
At 31 December	32,520,504	89,544,844

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

(b) Revenue recognised in relation to contract balances

The contract assets related to the Group's rights to consider for work completed on property development and construction works but not yet billed. Contract assets transferred to receivables when the rights to economic benefits become unconditional. This occurs when the Group issued progress billing to its customer. Payment is typically expected within 30 to 90 days.

The contract liabilities represent progress billings and deposits received for property development and construction works for which performance obligation have not been satisfied. Contract liabilities are recognised as revenue when performance obligations are satisfied.

- (c) The cost incurred to date on contract assets/liabilities include the following charges during the financial year:

	2021 RM	Group 2020 RM
Expenses relating to short-term lease	207,590	256,200
Employee benefits expenses	21,957,863	25,874,820
Depreciation of property, plant and equipment (Note 5)	8,399,196	13,775,193

12. TRADE AND OTHER RECEIVABLES

	2021 RM	2020 RM
Group		
Non-current		
Trade		
Trade receivables	9,614,333	415,012
Current		
Trade		
Trade receivables	119,383,556	114,929,783
Retention sums	78,114,670	84,895,376
Stakeholder sums	2,095,955	10,680,928
	199,594,181	210,506,087
Less: Allowance for impairment losses	(11,224,753)	-
	188,369,428	210,506,087

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

Group	2021 RM	2020 RM
Current		
Non-trade		
Other receivables	3,682,916	6,149,476
GST refundable	845,912	1,285,096
Advances to suppliers/sub-contractors	18,240,280	13,439,085
Deposits	4,002,673	8,263,518
Prepayments	705,153	1,123,205
Total current trade and non-trade receivables	215,846,362	240,766,467
Total trade and non-trade receivables	225,460,695	241,181,479
Company		
Non-trade		
Deposits	1,594,473	5,883,701

(a) Trade receivables

- (i) The non-current trade receivables are due from contract customers and house buyers which are to be settled based on instalment plans. These balances represent instalments due after 12 months. Therefore, these trade receivables are neither past due nor impaired. The amount bears interest of 6.00% to 10.00% (2020: 10.00%).
- (ii) Included in the trade receivables and contract assets of the Group are approximately RM50.80 million due from customer for contracts under legal proceedings. Details are as follows:

Customer A

Pembinaan Mitrajaya Sdn. Bhd. ("PMSB"), a subsidiary of the Company, was a claimant in respect of 6 adjudications commenced under the Construction Industry Payment and Adjudication Act 2012 ("CIPAA") against the customer in respect of a construction project for outstanding balances totalling approximately RM40.13 million. On 23 and 24 January 2019, the total adjudicated amounts awarded in favour of PMSB amounting to approximately RM31.86 million.

However, the customer has failed to make payment of the aforesaid amount within the timeline given. The customer had subsequently issued a notice to set-off in respect of rectification of defective work and/or non-conformance works, which were previously dismissed by the CIPAA, and further sought to make a demand on a bank guarantee amounting to approximately RM13.49 million. On 21 February 2019, the customer issued a notice for arbitration for rectification of defective work and/or non-conformance works amounting to approximately RM42.20 million in respect of the main contract.

On 29 May 2019, PMSB and the customer entered into a consent order with the following terms:

- the customer agreed not to receive any payment made under the bank guarantee;
- the customer shall pay a sum of RM10 million; and
- both parties agree to refer the disputes to arbitration for final determination.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (Continued)

(i) Customer A (Continued)

On 31 July 2019, PMSB received the aforesaid sum of RM10 million.

On 12 November 2019, PMSB issued notices of arbitration to refer all the disputes arising out of the other 5 related contracts to arbitration.

Both parties have appointed the arbitrator and the exchange of pleadings and bundle off documents are completed. The hearing had been fixed in May and October 2022.

The trade receivable balance and contract assets in relation to the above claim at the reporting date are approximately RM14.98 million and RM14.93 million respectively.

Customer B

On 10 April 2019, PMSB had initiated adjudication proceedings under CIPAA against the customer claiming for total outstanding balance under interim payment certificate of approximately RM10.05 million. PMSB obtained the adjudication decision on 10 August 2019 in its favour for the claimed amount and adjudication costs but the customer had failed to make the aforesaid payment within the timeline given. On 19 September 2019, the customer had filed an originating summons under KL High Court to set aside the adjudication decision whilst on 1 October 2019, PMSB had filed an originating summons under KL High Court to enforce the adjudication decision. All the enforcement, setting aside and stay application were heard on 17 August 2020 which had allowed the Company to enforce the adjudication decision and dismissed the customer's application to set aside the adjudication decision.

On 25 September 2019, PMSB initiated a second adjudication proceeding against the customer for a sum of approximately RM4.77 million in respect of further interim payment certificates. PMSB had obtained an adjudication decision on 10 March 2020 in its favour for the sum of approximately RM3.64 million together with interest and adjudication costs.

On 10 October 2019, the customer issued a notice of arbitration against PMSB to claim approximately RM13.81 million arising from PMSB's alleged delay in completing the awarded project and the sum of RM0.16 million for the costs to remedy the non-conformances and defects.

On 19 March 2021, the customer received a sealed order and a proof of deposit amounting to RM15.14 million was received from the customer's solicitor pursuant to this sealed order from the High Court.

Both parties are in the midst of preparing the bundle of documents for the purposes of the arbitration. The hearing had been fixed in March and June 2022.

The trade receivable balance in relation to the above claim at the reporting date is approximately RM20.89 million.

- (ii) The non-current trade receivables are due from house buyer and a contract customer which are to be settled based on instalments plans. The balance represents instalments due after 12 months. Therefore, the trade receivables are neither past due nor impaired.
- (iii) The current trade receivables are non-interest bearing and the Group's normal trade credit terms ranging from 30 to 90 days (2020: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. The credit period varies from customer to customer after taking into consideration their payment track record, financial background, length of business relationship and size of transactions. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (Continued)

- (iv) The stakeholders' sums and retention sums are receivable upon the expiry of defect liability period as provided in the contracts with customers.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date is as follow:

	2021 RM	Group 2020 RM
At 1 January	–	–
Charge for the financial year (Note 32)		
- individually assessed	11,224,753	–
At 31 December	11,224,753	–

(b) Other receivables

Included in the other receivables of the Group are amounts totalling RM1,611,639 (2021: RM1,542,388) due from a corporate shareholder of certain subsidiaries which bear interest at 4.40% (2020: 4.40%) per annum. The amount is non-trade, unsecured, repayable on demand and are to be settled in cash.

(c) Deposits

Included in the deposits of the Company are as follows:

- (i) deposit paid to a director of the Company for the acquisition of an entity amounting to RM5,883,000 in prior financial year; and
- (ii) deposit paid to directors of a subsidiary for the acquisition of additional interest in a subsidiary as disclosed in Note 8(b) to the financial statements amounting to RM1,593,772 in current year.

Included in the deposits of the Group is deposit paid to a company in which a certain directors of the subsidiaries have interest in for the acquisition of inventories in Centennial March Sdn. Bhd. amounting to RM905,300 (2020: RM905,300).

13. OTHER INVESTMENTS

	2021 RM	2020 RM
Group		
Financial assets at fair value through profit or loss:		
Short-term funds		
- redeemable upon 1 day notice	5,544,599	21,248,431

Short term funds comprise fixed income fund placed with a financial institution.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. AMOUNTS DUE FROM SUBSIDIARIES

	2021 RM	Company 2020 RM
Non-current	12,296,501	60,678,976
Less: Allowance for impairment losses	(2,704,232)	-
Current	9,592,269 802,337	60,678,976 -
	10,394,606	60,678,976

Movement in accumulated impairment losses were as follows:

	2021 RM	Company 2020 RM
At 1 January	-	-
Recognised during the financial year (Note 32)	2,704,232	-
At 31 December	2,704,232	-

Included in the amounts due from subsidiaries are amounts of RM13,098,838 (2020: RM59,918,469) which bear interest at 3.44% to 4.40% (2020: 3.56% to 4.40%) per annum. The non-current portion are not expected to be settled within the next twelve (12) months whilst the current portion are expected to be settled within the next twelve (12) months and to be settled in cash. These amounts are unsecured and non-trade in nature.

15. DEPOSITS, CASH AND BANK BALANCES

	2021 RM	2020 RM
Group		
Cash in hand and at banks	3,767,833	11,793,300
Deposits with licensed banks	1,163,111	1,143,370
	4,930,944	12,936,670
Company		
Cash on hand and at banks	20,162	5,211,369

(a) Included in cash and bank balances for the Group is an amount of RM142,429 (2020: RM2,094,029) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 which are not available for general use.

(b) The interest rates and maturity period of deposits are as follows:

	2021	Group 2020
Interest rates (%) per annum	1.70% - 3.41%	1.70% - 6.63%
Maturity period (days)	30 - 90	30 - 90

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. SHARE CAPITAL

	Group and Company			
	2021	2021	2020	2020
	Number of shares Unit	Number of shares RM	Unit	RM
Issued and fully paid (no par value):				
At 1 January	836,148,770	433,468,769	896,148,770	464,573,433
Cancellation of treasury shares	–	–	(60,000,000)	(31,104,664)
At 31 December	836,148,770	433,468,769	836,148,770	433,468,769

(a) Share Capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Warrants

Warrants D

By virtue of a Deed Poll executed on 3 July 2015 for the 85,614,556 Warrants D ("Warrants D") issued in connection with the Bonus Issue of free warrants allotted, each Warrants D entitles the registered holder the right at any time during the exercise period from 24 August 2015 to 21 August 2020 to subscribe in cash for one (1) new ordinary share at an exercise price of RM1.09 each.

In accordance with the provisions under the Deed Poll-Warrant D and consequential to the Rights Issue and Bonus Issue on 12 March 2018, an additional 11,516,438 Warrants D were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 25 April 2018. The exercise price for the Warrant D was revised from RM1.09 to RM0.94 each.

The salient features of the Warrants D are as follows:

- (i) entitles its registered holder for one (1) free Warrant for every five (5) ordinary shares held;
- (ii) each Warrant entitles the holder to subscribe for one (1) new ordinary share at the exercise price at time during the exercise period;
- (iii) the Warrants may be exercised at any time within a period commencing on or after the date the Warrants are used and ending at 5pm on the date immediately preceding the fifth anniversary not exercised during the exercise period shall thereafter lapse and cease to be valid; and
- (iv) the new ordinary shares to be issued pursuant to the exercise of the Warrants shall, upon issue and allotment rank pari passu in all respects with the then existing ordinary shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of the allotment of the new ordinary shares arising from the exercise of the Warrants.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. SHARE CAPITAL (CONTINUED)

(b) Warrants (Continued)

Warrants E

By virtue of a Deed Poll executed on 12 March 2018 for the 68,889,075 free detachable Warrants E issued in connection with the rights issue allotted, each Warrants E entitles the registered holder the right at any time during the exercise period from 18 April 2018 to 17 April 2023 to subscribe in cash for one new ordinary share at an exercise price of RM0.94 each.

The salient features of the Warrants E are as follows:

- (i) entitles its register holder for one (1) free Warrant for every two (2) rights shares subscribed;
- (ii) the Warrants may be exercised at any time within a period commencing on or after the date the Warrants are used and ending at 5pm on the date immediately preceding the fifth anniversary not exercised during the exercise period shall thereafter lapse and cease to be valid; and
- (iii) the new ordinary shares to be issued pursuant to the exercise of the Warrants shall, upon issue and allotment rank pari passu in all respects with the then existing ordinary shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of the allotment of the new ordinary shares arising from the exercise of the Warrants.

The movement of both Warrants D and Warrants E during the financial year are as follows:

	2021		2020	
	Warrant E Units	Warrant D Units	Warrant E Units	Warrant D Units
At 1 January	68,889,075	–	68,889,075	80,083,215
Expiry of Warrants	–	–	–	(80,083,215)
At 31 December	68,889,075	–	68,889,075	–

Warrants D expired on 21 August 2020.

(c) ESOS

The ESOS is governed by the ESOS By-Laws approved by the shareholders of the Company at an Extraordinary General Meeting held on 23 June 2015. The main features of the ESOS are as follows:

- (i) the ESOS options granted to eligible directors (including Non-Executive and/or Independent Director) and eligible employees of the Company and its subsidiaries which are not dormant to subscribe for new ordinary shares in the Company.

An eligible employee and/or director is an employee of the Group who at the date of allocation:

- has attained the age of eighteen (18) years and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings; and
 - is a confirmed employee of the Group with at least one (1) year of continuous service.
- (ii) the ESOS is for a period of five (5) years commencing from 24 July 2015, subject to an extension for a further period of five (5) years commencing from the expiration of the aforesaid five (5) years, provided always that the ESOS does not exceed ten (10) years in aggregate from the effective date of the ESOS;

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. SHARE CAPITAL (CONTINUED)

(c) ESOS (Continued)

- (iii) the maximum number of shares to be offered shall not exceed 15% of the issued and paid-up capital of the Company at any point in time during the existence of the ESOS and the number of shares of the Company that may be offered to each eligible employee is determined by ESOS committee appointed by the Board of Directors in accordance with the ESOS By-Laws;
- (iv) the options granted under the ESOS cannot be assigned, transferred or otherwise disposed of in any manner whatsoever;
- (v) the option price of each share shall be based on a discount of not more than 10% of the weighted average market price of the ordinary shares of the Company as shown in the Daily Official List for the five (5) market days immediately preceding the offer date, subject to the minimum price of RM0.50;
- (vi) the option may be exercised in full or in part provided that such exercise of the option shall not be less than and shall be multiples of 100 shares. Subject to the foregoing, a partial exercise of an option shall not preclude the grantee from exercising his option with respect to the balance of the new shares comprised in his option; and
- (vii) the new shares to be allotted upon the exercise of the ESOS options shall rank pari passu with the existing issued ordinary shares of the Company.

Movement of share options in previous financial year

The following table illustrates the number and weighted average exercise price ("WAEP") of, and movements in share options during the financial year:

		2020
	Number of shares Unit	WAEP RM
Outstanding at 1 January	31,380,766	0.96
- Expired	(31,380,766)	0.96
Outstanding at 31 December	–	
Exercisable at 31 December	–	0.96

The WAEP for shares options outstanding at the end of the previous financial year was RM0.96. The weighted average remaining contracted life of these options at the end of the previous financial year was approximately 0.5 years.

The ESOS expired on 23 July 2020.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. TREASURY SHARES

During the financial year, the Company repurchased 15,081,900 (2020: 59,751,349) shares from the open market at an average price of RM0.24 (2020: RM0.21) per share. The total consideration paid for the repurchase, was RM3,693,972 (2020: RM12,612,790) and they were financed by internally generated funds.

As at 31 December 2021, the Company held 23,865,749 (2020: 8,783,849) treasury shares out of its 836,148,770 (2020: 836,148,770) issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM5,490,089 (2020: RM1,796,117).

18. OTHER RESERVES

	Exchange reserve RM	Capital reserve RM	Share option (ESOS) reserve RM	Warrants reserve RM	Total RM
Group					
At 1 January 2020	(15,440,642)	244,000	10,660,183	8,597,356	4,060,897
Other comprehensive income:					
Foreign currency translation	(2,663,892)	–	–	–	(2,663,892)
Transaction with owners:					
Expiry of ESOS	–	–	(10,660,183)	–	(10,660,183)
At 31 December 2020	(18,104,534)	244,000	–	8,597,356	(9,263,178)
Other comprehensive income:					
Foreign currency translation	(1,973,169)	–	–	–	(1,973,169)
At 31 December 2021	(20,077,703)	244,000	–	8,597,356	(11,236,347)
			Share option (ESOS) reserve RM	Warrants reserve RM	Total RM
Company					
At 1 January 2020			10,660,183	8,597,356	19,257,539
Transaction with owners:					
Expiry of ESOS			(10,660,183)	–	(10,660,183)
At 31 December 2020/2021			–	8,597,356	8,597,356

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. OTHER RESERVES (CONTINUED)

(a) *Exchange reserve*

The exchange reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

(b) *Capital reserve*

This capital reserve represents the capitalisation of retained earnings equivalent to the nominal value of the redeemable cumulative convertible preference shares of a subsidiary redeemed by the Company.

(c) *Share option reserve*

The share option reserve comprises the cumulative value of the Group's employee services received for the issue of share options. The reserve is recorded over the vesting period commencing from the grant date and is reduced by the expiry or exercise of the share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained profits.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

(d) *Warrants reserve*

The Company allotted and issued free detachable Warrants E issued in connection with the rights issue allotted constituted under the deed poll dated 12 March 2018.

The salient features of the warrants are disclosed in Note 16(b).

19. LOANS AND BORROWINGS

	2021 RM	Group 2020 RM
Current		
Secured:		
Bank overdrafts (Note 20)	593,054	1,965,360
Invoice financing (Note 21)	1,173,000	–
Short term revolving credit (Note 21)	21,000,000	15,900,000
Term loans (Note 22)	1,657,589	21,602,302
	24,423,643	39,467,662
Unsecured:		
Bankers' acceptance (Note 21)	12,769,000	11,875,000
Short term revolving credit (Note 21)	44,460,000	37,560,000
	81,652,643	88,902,662
Non-current		
Secured:		
Term loans (Note 22)	4,693,740	23,586,406

19. LOANS AND BORROWINGS (CONTINUED)

	2021 RM	Group 2020 RM
Total borrowings		
Secured:		
Bank overdrafts (Note 20)	593,054	1,965,360
Invoice financing (Note 21)	1,173,000	–
Short term revolving credit (Note 21)	21,000,000	15,900,000
Term loans (Note 22)	6,351,329	45,188,708
	29,117,383	63,054,068
Unsecured:		
Bankers' acceptance (Note 21)	12,769,000	11,875,000
Short term revolving credit (Note 21)	44,460,000	37,560,000
	86,346,383	112,489,068

	2021 RM	Company 2020 RM
Current		
Secured:		
Term loans (Note 22)	–	19,980,000
Non-current		
Secured:		
Term loans (Note 22)	–	17,110,000
Total borrowings		
Secured:		
Term loans (Note 22)	–	37,090,000

20. BANK OVERDRAFTS

The secured bank overdrafts amounting to RM593,054 (2020: RM1,965,360) which bear interest rate of 7.00% (2020: 10.00%) per annum are secured and supported by:

- leasehold land in property development costs as disclosed in Note 6; and
- corporate guarantee provided by the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. SHORT TERM BORROWINGS

The invoice financing amounting to RM1,173,000 (2020: RM Nil) which bear interest rates of 4.39% to 4.42% (2020: Nil) per annum and are secured and supported by the land held for property development as disclosed in Note 6 and corporate guarantee provided by the Company.

The secured short term revolving credit amounting to RM21,000,000 (2020: RM15,900,000) bear interest rates of 3.15% to 3.16% (2020: 3.15%) per annum and are secured and supported by land held for property development as disclosed in Note 6 and corporate guarantee provided by the Company.

The unsecured short term revolving credit amounting to RM44,460,000 (2020: RM37,560,000) bear interest rates of 2.80% to 3.66% (2020: 2.88% to 3.71%) per annum and are supported by corporate guarantee provided by the Company.

The bankers' acceptance amounting to RM12,769,000 (2020: RM11,875,000) bear interest rates of 2.81% to 3.15% (2020: 2.10% to 2.86%) per annum and are supported by corporate guarantee provided by the Company.

22. TERM LOANS

	2021 RM	2020 RM
Group		
Within the next twelve months	1,657,589	21,602,302
After the next twelve months		
- not later than two years	1,676,938	18,754,083
- later than two years but not later than five years	2,439,515	3,790,450
- later than five years	577,287	1,041,873
	4,693,740	23,586,406
	6,351,329	45,188,708
Company		
Within the next twelve months	–	19,980,000
After the next twelve months		
- not later than two years	–	17,110,000
	–	37,090,000

- (i) The Term Loan I bears interest rate at Nil (2020: 3.93%) per annum and repayable by Nil (2020: 38) instalments. The term loan is secured and supported by land held for property development as disclosed in Note 6.

The term loan had been early settled in current financial year.

- (ii) The Term Loan II bears interest rate at 7.00% (2020: 10.00%) per annum and repayable by 82 (2020: 94) instalments. The term loan is secured and supported by investment property as disclosed in Note 7.

- (iii) The Term Loan III bears interest rate at 3.86% (2020: 3.98%) per annum and repayable by 37 (2020: 49) instalments. The term loan is secured and supported by land held for property development as disclosed in Note 6 and corporate guarantee provided by the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. LEASE LIABILITIES

	2021 RM	Group 2020 RM
Non-current	415,030	–
Current	109,291	–
	524,321	–

Future minimum lease payments together with the present value of minimum lease payments are as follows:

	2021 RM	Group 2020 RM
Minimum lease payment:		
- not later than one year	143,720	–
- later than one year and not later than five years	479,068	–
	622,788	–
Less: Future finance charges	(98,467)	–
Present value of minimum lease payments	524,321	–
Present value of minimum lease payments:		
- not later than one year	109,291	–
- later than one year and not later than five years	415,030	–
	524,321	–
Less: Amount due within 12 months	(109,291)	–
Amount due after 12 months	415,030	–

24. TRADE AND OTHER PAYABLES

	2021 RM	2020 RM
Group		
Trade		
Trade payables	102,645,995	122,429,544
Retention sums	60,266,837	57,769,327
	162,912,832	180,198,871
Non-trade		
Other payables	4,131,764	5,536,891
Deposits	10,044,004	8,139,202
Accruals	1,084,029	913,488
GST payable	290,305	671,886
	15,550,102	15,261,467
	178,462,934	195,460,338

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. TRADE AND OTHER PAYABLES (CONTINUED)

	2021 RM	2020 RM
Company		
Non-trade		
Other payables	142,107	36,821
Accruals	121,106	113,900
	263,213	150,721

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group ranging from 30 to 90 days (2020: 30 to 90 days).

Included in trade payables of the Group are amounts totalling RM1,149,947 (2020: RM652,072) due to companies in which certain Directors have interest in.

25. AMOUNTS DUE TO SUBSIDIARIES

Included in the amounts due to subsidiaries are amounts of RM55,486,974 (2020: RM10,511,556) of which the balances are non-trade, unsecured, repayable on demand, bear interest rates of 3.44% to 4.40% (2020: 3.56% to 4.40%) per annum and are expected to be settled in cash.

26. PROVISION

Provision represents liquidated ascertained damages ("LAD") of a construction project estimated based on the terms of contract with customer.

	2021 RM	Group 2020 RM
At 1 January	5,650,000	–
Recognised in profit or loss (Note 32)	–	5,650,000
Reversal during the year (Note 32)	(3,250,000)	–
At 31 December	2,400,000	5,650,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. REVENUE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Revenue from contract customers				
Revenue from construction works	237,311,705	311,047,513	–	–
Revenue from property development	45,857,107	44,945,006	–	–
Building management income	429,470	395,489	–	–
Golf club management	3,367,777	2,225,230	–	–
Sales of sand	169,688	–	–	–
	287,135,747	358,613,238	–	–
Revenue from other source				
Dividend income from subsidiary	–	–	–	5,000,000
Rental income	1,581,730	1,309,738	–	–
	288,717,477	359,922,976	–	5,000,000

(a) Disaggregation of revenue

The Group reports the following major segments: construction, property development, investment in South Africa and others. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into primary geographical markets, major goods or services, timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

	Construction RM	Property development RM	Investment in South Africa RM	Others RM	Total RM
Group					
2021					
Primary geographical markets					
Malaysia	237,082,479	42,584,193	–	599,159	280,265,831
South Africa	–	–	6,869,916	–	6,869,916
	237,082,479	42,584,193	6,869,916	599,159	287,135,747
Major goods or services:					
Construction services	237,082,479	–	229,226	–	237,311,705
Residential units	–	42,584,193	3,272,913	–	45,857,106
Management of property and golf club	–	–	3,367,777	429,471	3,797,248
Sales of sand	–	–	–	169,688	169,688
	237,082,479	42,584,193	6,869,916	599,159	287,135,747

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. REVENUE (CONTINUED)

(a) Disaggregation of revenue (Continued)

	Construction RM	Property development RM	Investment in South Africa RM	Others RM	Total RM
Group 2021					
Timing of revenue recognition:					
At a point of time	–	39,030,672	6,640,690	599,159	46,270,521
Over time	237,082,479	3,553,521	229,226	–	240,865,226
	237,082,479	42,584,193	6,869,916	599,159	287,135,747
2020					
Primary geographical markets					
Malaysia	311,047,513	43,822,246	–	395,489	355,265,248
South Africa	–	–	3,347,990	–	3,347,990
	311,047,513	43,822,246	3,347,990	395,489	358,613,238
Major goods or services:					
Construction services	311,047,513	–	–	–	311,047,513
Residential units	–	43,822,246	1,122,760	–	44,945,006
Management of property and golf club	–	–	2,225,230	395,489	2,620,719
	311,047,513	43,822,246	3,347,990	395,489	358,613,238
Timing of revenue recognition:					
At a point of time	–	40,066,932	3,347,990	395,489	43,810,411
Over time	311,047,513	3,755,314	–	–	314,802,827
	311,047,513	43,822,246	3,347,990	395,489	358,613,238

(b) Transaction price allocated to the remaining performance obligations

As of 31 December 2021, the aggregate amount of the transaction price allocated to the remaining performance obligation is RM416.94 million (2020: RM408.89 million) and the Group will recognise this revenue as the properties or construction works are completed, which is expected to occur over the next one (1) to two (2) years.

The Group and the Company apply the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose information about remaining performance obligations that have original expected durations of one year or less.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. COST OF SALES

	2021 RM	Group 2020 RM
Construction costs	226,906,465	278,798,729
Development costs	31,221,199	30,578,903
Building management cost	362,890	328,489
Sales of sand	40,184	–
Plantation works	90,687	–
	258,621,425	309,706,121

29. OTHER INCOME

	2021 RM	Group 2020 RM
Gain on foreign exchange:		
- realised	11,954	–
Gain on disposal of:		
- property, plant and equipment	941,894	1,399,300
Insurance claims	51,585	14,939
Penalty	800,005	504,368
Project management income	360,000	1,440,000
Rental income:		
- land	1,261,654	1,304,615
- building	737,223	583,900
- others	47,867	11,768
Renovation packages	10,759	272,100
Sales of scrap	1,028,960	1,044,526
Sundry income	850,733	673,015
	6,102,634	7,248,531

30. FINANCE INCOME

	2021 RM	Group 2020 RM	2021 RM	Company 2020 RM
Income from short-term funds	296,169	146,542	–	–
Interest income from:				
- subsidiaries	–	–	1,272,128	2,869,601
- bank	682,154	817,079	–	–
- others	336,215	116,902	58,365	67,257
	1,314,538	1,080,523	1,330,493	2,936,858

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. FINANCE COSTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest expenses				
- lease liabilities	32,749	19,081	-	-
- bank borrowings	3,976,119	6,756,081	1,102,338	1,988,407
- amount due to subsidiaries	-	-	1,010,335	214,327
- others	-	106,703	-	-
	4,008,868	6,881,865	2,112,673	2,202,734

32. (LOSS)/PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged in arriving at (loss)/profit before tax:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
After charging:				
Audit fees:				
- statutory audit:				
* current financial year	336,698	294,890	65,000	58,500
* prior financial years	6,000	11,293	-	-
- other services:				
* current financial year	12,500	13,000	6,000	6,000
Bad debts written off	344,050	266,515	-	-
Depreciation of:				
- property, plant and equipment	5,780,383	7,603,272	-	-
- investment properties	460,333	172,820	-	-
Directors' remuneration (Note 34)	4,460,021	3,878,366	140,412	159,412
Employee benefits expense (Note 33)	11,544,655	11,174,098	-	-
Expenses relating to short term lease	43,370	-	-	-
Impairment loss of:				
- amount due from subsidiary	-	-	2,704,232	-
- investment in subsidiary	-	-	259,316	-
- investment properties	-	402,254	-	-
- trade receivables	11,224,753	-	-	-
Loss on disposal of property, plant and equipment	351	-	-	-
Loss on foreign exchange:				
- unrealised	436,293	149,462	-	-
Property, plant and equipment written off	38,385	3,454,770	-	-
(Reversal)/Provision of liquidated ascertained damage (Note 26)	(3,250,000)	5,650,000	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. EMPLOYEE BENEFITS EXPENSE

	2021 RM	Group 2020 RM
Wages, salaries and fees	10,028,229	9,645,165
Social security costs	74,903	95,078
Defined contribution plans	1,016,497	1,108,572
Other staff related expenses	425,026	325,283
	11,544,655	11,174,098

34. DIRECTORS' REMUNERATION

	2021 RM	Group 2020 RM	2021 RM	Company 2020 RM
Directors of the Company				
Executive				
- salaries, allowances and bonuses	1,757,000	1,784,800	—	—
- defined contribution plans	127,640	119,344	—	—
- others	41,070	58,076	—	1,500
	1,925,710	1,962,220	—	1,500
Non-executive				
- salaries and allowances	237,000	161,400	47,400	47,400
- defined contribution plans	9,012	9,012	9,012	9,012
- fees	60,000	80,000	60,000	80,000
- others	24,000	21,500	24,000	21,500
Total	2,255,722	2,234,132	140,412	159,412
Directors of subsidiaries				
Executive				
- salaries, allowances and bonuses	2,026,380	1,515,097	—	—
- defined contribution plans	110,736	81,528	—	—
- others	67,183	47,609	—	—
	2,204,299	1,644,234	—	—
Total	4,460,021	3,878,366	140,412	159,412

The estimated monetary value of benefits-in-kind received and receivable by directors of the Company from the Group amounted to RM38,630 (2020: RM53,791).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

35. INCOME TAX EXPENSE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current tax				
- current financial year				
- Malaysian income tax	3,256,684	3,671,438	213,503	607,595
- Foreign income tax	318,858	125,613	-	-
- prior financial years				
- Malaysian income tax	44,181	1,031,079	(1,543)	589,061
- Foreign income tax	-	65,287	-	-
	3,619,723	4,893,417	211,960	1,196,656
RPGT tax	-	3,659	-	-
Withholding tax	103,993	-	-	-
Deferred tax (Note 10)				
- current financial year	(1,450,231)	3,479,194	-	-
- prior financial years	(33,367)	(1,172,462)	-	-
	(1,483,598)	2,306,732	-	-
Tax expense	2,240,118	7,203,808	211,960	1,196,656

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year.

Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

35. INCOME TAX EXPENSE (CONTINUED)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
(Loss)/Profit before taxation	(11,872,956)	17,922,693	(4,315,486)	5,028,345
Tax at applicable statutory income tax rate of 24% (2020: 24%)	(2,849,509)	4,301,446	(1,035,717)	1,206,803
Tax effects arising from				
- effect of different tax rate in other country	(35,548)	(64,531)	-	-
- non-deductible expenses	839,249	3,148,530	1,249,220	600,792
- non-taxable income	(360,211)	(186,935)	-	(1,200,000)
Capital gain tax	-	3,659	-	-
Share of divisible loss by joint venture partner	-	(175,282)	-	-
Deferred tax assets not recognised	4,531,330	550,087	-	-
Utilisation of previously unrecognised deferred tax	-	(297,070)	-	-
Under/(Over) provision in prior financial years				
- current tax	44,181	1,096,366	(1,543)	589,061
- deferred tax	(33,367)	(1,172,462)	-	-
Withholding tax	103,993	-	-	-
Tax expense for the year	2,240,118	7,203,808	211,960	1,196,656

36. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share are calculated by dividing the net (loss)/profit for the financial year attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	Group	
	2021 RM	2020 RM
(Loss)/Profit for the financial year attributable to owners of the Company	(13,818,243)	10,663,257

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. (LOSS)/EARNINGS PER SHARE (CONTINUED)

(a) Basic (Continued)

	Number of shares Unit	Unit
Weighted average number of ordinary shares for basic (loss)/earnings per share	821,765,983	847,940,876
Basic (loss)/earnings per share (sen)	(1.68)	1.26

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the financial year.

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit/(loss) for the financial year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, arising from warrants.

	2021 RM	Group 2020 RM
(Loss)/Profit for the financial year attributable to owners of the Company	(13,818,243)	10,663,257
	Number of shares Unit	Unit
Weighted average number of ordinary shares for basic (loss)/earnings per share	821,765,983	847,940,876
Effect of dilution from:		
- Warrants	^	^
Weighted average number of ordinary shares for diluted (loss)/earnings per share	821,765,983	847,940,876
Diluted (loss)/earnings per share (sen)	(1.68)	1.26

[^] No dilution effect as the exercise price of warrants was above the average market price.

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the authorisation of these financial statements.

37. DIVIDENDS

	Group and Company 2021 RM	2020 RM
First and final single tier dividend of 0.50 sen per ordinary share in respect of the financial year ended 31 December 2020	4,114,393	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

38. CORPORATE AND PERFORMANCE GUARANTEES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Corporate guarantees to financial institutions for:				
- banking facilities granted to subsidiaries	–	–	169,751,562	185,974,088
Corporate guarantees to trade payables of subsidiaries	–	–	174,502	568,935
Performance guarantees extended to third parties				
- project related	2,751,449	4,020,173	608,591	215,000
	2,751,449	4,020,173	170,534,655	186,758,023

At the end of the financial year, it was not probable that the counterparties to the corporate guarantee contracts will claim under the contract.

39. SEGMENT REPORTING

General Information

The Group identifies its operating segments on the basis of internal reports that are regularly reviewed by the Group Managing Director in order to allocate resources to the segments and assess their performance.

The information reported to the Group Managing Director to make decisions about resources to be allocated and for assessing their performance is based on the nature of the industry (business segments) and operational location (geographical segments) of the Group.

Measurement of Reportable Segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Transactions between reportable segments are measured on the basis that is similar to those external customers.

Segment statements of comprehensive income are profit earned or loss incurred by each segment without allocation of central administrative costs, non-operating investment revenue, finance costs and income tax expense. There are no significant changes from prior financial year in the measurement methods used to determine reported segment statements of comprehensive income.

All the Group's assets are allocated to reportable segments other than assets used centrally for the Group and deferred tax assets.

All the Group's liabilities are allocated to reportable segments other than liabilities incurred centrally for the Group, tax payable and deferred tax liabilities.

(a) Business segments

The Group operates predominantly in the construction and property development, involving various types of activities as disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

39. SEGMENT REPORTING (CONTINUED)

(a) Business segments (Continued)

	Construction		Property development		Investment in South Africa		Others		Eliminations		Note	Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020		2021	2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue													
External sales	237,082	311,048	42,584	43,822	8,395	4,618	656	435	-	-		288,717	359,923
Inter-segment sales	859	2,010	-	-	-	-	-	5,000	(859)	(7,010)		-	-
Total segment revenue	237,941	313,058	42,584	43,822	8,395	4,618	656	5,435	(859)	(7,010)		288,717	359,923
Segment results	(13,240)	14,105	10,832	14,967	(251)	(1,089)	(3,011)	2,209	(2,194)	(5,388)	(b)	(7,864)	24,804
Results from operating activities	(13,240)	14,105	10,832	14,967	(251)	(1,089)	(3,011)	2,209	(2,194)	(5,388)		(7,864)	24,804
Finance costs	(1,768)	(3,843)	(4,343)	(6,408)	(638)	(523)	(2,150)	(2,218)	4,890	6,111	(b)	(4,009)	(6,881)
Taxation												(2,240)	(7,204)
(Loss)/Profit net of tax												(14,113)	10,719
Non-controlling interests												295	(56)
Net (loss)/profit attributable to owners of the Company												(13,818)	10,663
Segments assets	343,066	409,258	552,593	555,469	57,338	57,638	78,756	67,529	-	-		1,031,753	1,089,894
Tax recoverable												5,899	5,751
Deferred tax assets												31,429	26,369
Total assets												1,069,081	1,122,014

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. SEGMENT REPORTING (CONTINUED)

(a) Business segments (Continued)

	Construction		Property development		Investment in South Africa		Others		Eliminations		Note	Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020		2021	2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Segment liabilities	215,156	227,542	74,042	65,434	8,371	9,723	1,708	37,620	-	-		299,277	340,319
Tax payable												215	2,433
Deferred tax liabilities												4,573	952
Total liabilities												304,065	343,704
Capital expenditure	22,695	378	7	16	734	28	27,021	-	-	-		50,457	422
Depreciation	4,657	6,680	384	835	827	261	373	-	-	-		6,241	7,776
Impairment losses on trade receivables	11,225	-	-	-	-	-	-	-	-	-		11,225	-
Non-cash items other than depreciation	351	3,397	15	1	436	609	16	-	-	-	(c)	818	4,007
	11,576	3,397	15	1	436	609	16	-	-	-		12,043	4,007

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. SEGMENT REPORTING (CONTINUED)

(b) Reconciliation of segment results are as follow:

	2021 RM'000	2020 RM'000
Elimination of inter-segment finance costs	4,890	6,111
Elimination of inter-segment profits	(7,084)	(11,499)
	(2,194)	(5,388)

(c) Other non-cash items consist of the following:

	2021 RM'000	2020 RM'000
Unrealised loss from foreign exchange	436	150
Bad debts written off	344	–
Impairment loss on investment property	–	402
Property, plant and equipment written off	38	3,455
	818	4,007

(d) Geographical information

The Group's four (4) major business segments are operating in two (2) principal geographical areas. In Malaysia, its home country, the Group is principally involved in the civil engineering, building and road construction works and property development. In South Africa, the Group is principally involved in civil engineering, construction works, property development and golf management.

	Malaysia		South Africa		Consolidated	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Total revenue from external customers	280,322	355,305	8,395	4,618	288,717	359,923
Non-current assets (exclude deferred tax assets and financial assets)	386,560	340,916	30,254	41,141	416,814	382,057

(e) Information about major customers

Five (2020: Seven) major customers from construction segment contribute approximately 58% (2020: 59%) of the Group's total revenue.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

40. RELATED PARTY TRANSACTIONS

(a) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group and of the Company include:

- (i) Subsidiaries;
- (ii) Associate; and
- (iii) Key management personnel which comprise persons (including the directors of the Company) having the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

(b) Related party transactions and balances

Related party transactions other than disclosed elsewhere in the financial statements are shown below. Information on outstanding balances with related parties of the Company are disclosed in Notes 12, 14, 24 and 25.

Group	2021 RM	2020 RM
Transactions with companies in which the directors have substantial controlling interests:		
Purchases of hardware from Mitrajaya Trading Sdn. Bhd., a company in which directors of the Company has interest in	2,491,196	3,746,558
Mobilisation cost, hire of plant and machinery and transportation charges payable to Pembinaan Segamuda Sdn. Bhd., a company in which a person connected to a director of the Company has interest in	320,701	316,103
Sale of materials and rental of plant and machinery to Premier Discovery Sdn. Bhd., a company in which directors of the Company has interest in	–	(30,351)
Interest receivables by subsidiaries from Gema Padu Sdn. Bhd., a company in which certain directors of the subsidiaries have interest in	(69,251)	(94,690)
Transaction with a director:		
Acquisition of subsidiary - Premier Discovery Sdn. Bhd.	15,900,000	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

40. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions and balances (Continued)

Company	2021 RM	2020 RM
Transactions with subsidiaries:		
Exempt dividend income from:		
- Kina Bijak Sdn. Bhd.	–	(5,000,000)
Interest income from:		
- Mitrajaya Construction Sdn. Bhd. (formerly known as Maha-Mayang Sdn. Bhd.)	(91,562)	(123,548)
- Mitrajaya Development Sdn. Bhd.	(131,813)	(120,036)
- Mitrajaya Homes Sdn. Bhd.	–	(128,151)
- Mitrajaya Warisan Sdn. Bhd.	(28,253)	(6,390)
- Skyway Development Sdn. Bhd.	(971,940)	(2,464,732)
- Eminent Earnings Sdn. Bhd.	(16,021)	(14,384)
- Pembinaan Mitrajaya Sdn. Bhd.	–	(12,360)
- Premier Discovery Sdn. Bhd.	(21,616)	–
- Awana Prisma Sdn. Bhd.	(8,585)	–
- Leo Vista Sdn. Bhd.	(936)	–
- Kina-Bijak Sdn. Bhd.	(1,402)	–
Management fee paid to:		
- Mitrajaya Homes Sdn. Bhd.	81,489	89,737
Interest expenses paid to:		
- Centennial March Sdn. Bhd.	71,460	82,225
- Mitrajaya Homes Sdn. Bhd.	94,388	10,922
- Mitrajaya Warisan Sdn. Bhd.	–	29,027
- Pembinaan Mitrajaya Sdn. Bhd.	823,821	92,153
- Kemajuan Sekim Baru Sdn. Bhd.	20,666	–
Redemption of RCCPS in subsidiary by way of utilisation of amount due from the Company:		
Company	2021 RM	2020 RM
- Mitrajaya Warisan Sdn. Bhd.	–	1,380,500
- Mitrajaya Homes Sdn. Bhd.	13,500,000	–
- Kina-Bijak Sdn. Bhd.	480,000	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

40. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Compensation of key management personnel

Total compensation of key management personnel comprise:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Short-term employee benefits	5,087,003	5,159,988	131,400	150,400
Post employment benefits	350,240	383,215	9,012	9,012
	5,437,243	5,543,203	140,412	159,412

Other key management personnel comprises persons other than directors of the Company and its subsidiaries, having authority and responsibility for planning, directing and controlling the activities of the Group and the Company, either directly or indirectly.

41. CAPITAL COMMITMENT

	2021 RM	Group 2020 RM
Approved and contracted for:		
- Property, plant and equipment	1,002,445	934,240
- Inventories - Property held for development	8,147,700	8,147,700
	9,150,145	9,081,940

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

42. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

- (i) Fair value through profit or loss
- (ii) Amortised cost

	Carrying amount RM	Financial assets at amortised cost RM	Financial assets at fair value through profit or loss RM	Financial liabilities at amortised cost RM
2021				
Group				
Financial Assets				
Trade and other receivables *	203,170,278	203,170,278	–	–
Other investments	5,544,599	–	5,544,599	–
Deposits, cash and bank balances	4,930,944	4,930,944	–	–
	213,645,821	208,101,222	5,544,599	–
Financial Liabilities				
Loans and borrowings	86,346,383	–	–	86,346,383
Trade and other payables #	178,172,629	–	–	178,172,629
	264,519,012	–	–	264,519,012
Company				
Financial Assets				
Amounts due from subsidiaries	10,394,606	10,394,606	–	–
Trade and other receivables *	701	701	–	–
Deposits, cash and bank balances	20,162	20,162	–	–
	10,415,469	10,415,469	–	–
Financial Liabilities				
Amounts due to subsidiaries	55,622,948	–	–	55,622,948
Trade and other payables	263,213	–	–	263,213
	55,886,161	–	–	55,886,161

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

42. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (Continued)

	Carrying amount RM	Financial assets at amortised cost RM	Financial assets at fair value through profit or loss RM	Financial liabilities at amortised cost RM
2020				
Group				
Financial Assets				
Trade and other receivables *	218,545,793	218,545,793	–	–
Other investments	21,248,431	–	21,248,431	–
Deposits, cash and bank balances	12,936,670	12,936,670	–	–
	252,730,894	231,482,463	21,248,431	–
Financial Liabilities				
Loans and borrowings	112,489,068	–	–	112,489,068
Trade and other payables #	194,788,452	–	–	194,788,452
	307,277,520	–	–	307,277,520
Company				
Financial Assets				
Amounts due from subsidiaries	60,678,976	60,678,976	–	–
Trade and other receivables *	701	701	–	–
Deposits, cash and bank balances	5,211,369	5,211,369	–	–
	65,891,046	65,891,046	–	–
Financial Liabilities				
Amounts due to subsidiaries	10,645,085	–	–	10,645,085
Loans and borrowings	37,090,000	–	–	37,090,000
Trade and other payables	150,721	–	–	150,721
	47,885,806	–	–	47,885,806

* Down payment paid for acquisition of plant and equipment, acquisition of subsidiary, inventories, advances to sub-contractors, prepayments and GST refundable were excluded from trade and other receivables.

GST payable was excluded from trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

42. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management and objectives

The Group seeks to manage effectively the various risks namely credit, interest rate, liquidity and foreign currency risks, to which the Group is exposed to in its daily operations.

(i) Credit risk

Trade receivables and contract assets

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the ageing profile of its trade receivables on an on-going basis. The Group's trade receivables credit risk is concentrated in Malaysia.

The Group and the Company determine the credit risk concentration of its trade receivables and contract assets by industry sector profile on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables and contract assets at the reporting date are as follows:

Trade receivables:

	2021		2020	
	RM	%	RM	%
Group				
Construction	168,847,050	85.3%	184,065,360	87.3%
Property development	27,967,803	14.1%	25,969,910	12.3%
Investment in South Africa	1,168,908	0.6%	885,829	0.4%
	197,983,761	100.0%	210,921,099	100.0%

Contract assets:

	2021		2020	
	RM	%	RM	%
Group				
Construction	64,064,773	100.0%	116,264,451	100.0%

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

42. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management and objectives (Continued)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

Credit risk concentration profile (Continued)

The Group and the Company apply the simplified approach to providing for expected credit losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. The expected credit losses also incorporate forward looking information.

For construction contracts, as there are only a few customers, the Group assessed the risk of each customer individually based on their financial capacity, past trend of payments and other external information relating to the customers that are publicly available.

The information about credit risk exposure on the Group's contract asset, operating financial assets and trade receivables are as follows:

	Gross carrying amount RM	ECL allowance RM	Net balance RM
Group			
2021			
Contract assets			
Current (not past due)	49,131,838	–	49,131,838
> 90 days past due *	14,932,935	–	14,932,935
Non-current trade receivables			
Current (not past due)	9,614,333	–	9,614,333
Trade receivables			
Current (not past due)	119,033,391	–	119,033,391
1 - 30 days past due	15,592,605	–	15,592,605
31 - 60 days past due	500,861	–	500,861
61 - 90 days past due	5,363,012	–	5,363,012
> 90 days past due	47,879,559	–	47,879,559
Credit impaired:			
- Individually assessed	11,224,753	(11,224,753)	–
	273,273,287	(11,224,753)	262,048,534

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

42. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management and objectives (Continued)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

Credit risk concentration profile (Continued)

The information about credit risk exposure on the Group's contract asset, operating financial assets and trade receivables are as follows: (Continued)

	Gross carrying amount RM	ECL allowance RM	Net balance RM
Group 2020			
Contract assets			
Current (not past due)	101,331,516	–	101,331,516
> 90 days past due *	14,932,935	–	14,932,935
Non-current trade receivables			
Current (not past due)	415,012	–	415,012
Trade receivables			
Current (not past due)	146,864,639	–	146,864,639
1 - 30 days past due	5,582,049	–	5,582,049
31 - 60 days past due	2,148,180	–	2,148,180
61 - 90 days past due	1,447,945	–	1,447,945
> 90 days past due	54,463,274	–	54,463,274
	327,185,550	–	327,185,550

* Included in contract assets are amounts of RM14,932,935 (2020: RM14,932,935) respectively, due from a customer with contract under dispute as disclosed in Note 12 to the financial statements.

Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

42. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management and objectives (Continued)

(i) Credit risk (Continued)

Other receivables and other financial assets (Continued)

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.8(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

Other than the credit-impaired receivables, the Group and the Company consider the other financial assets to have low credit risk. As at the end of the reporting date, the Group and the Company did not recognised any loss allowance for impairment for other receivables and other financial assets.

Financial guarantee contacts

The Company is exposed to credit risk in relation to corporate guarantees in respect of bank facilities granted to certain subsidiaries and trade payables of subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks is disclosed in Note 38.

As at the reporting date, there was no allowance for impairment as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(ii) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debt. The Group had no substantial long term interest-bearing assets as at 31 December 2021. The investments in financial assets are mainly short term in nature and have been mostly placed in short term funds and bank deposit.

The Group reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The Group's primary interest rate risk relates to interest-bearing borrowings as at 31 December 2021.

Interest rate risk sensitivity

An increase in market interest rates by 1% on borrowings of the Group which have floating interest rates at the end of the reporting period would increase the loss after tax by RM656,233 (2020: decrease the profit after tax by RM854,917). This analysis assumes that all other variables remain unchanged.

A decrease in market interest rates by 1% on borrowings of the Group which have floating interest rates at the end of the reporting period would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

42. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management and objectives (Continued)

(iii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Carrying Amount RM	Contractual Cash Flows			Total RM
		On demand or within one year RM	One to five years RM	Over five years RM	
Group					
2021					
Financial liabilities					
Loans and borrowings	86,346,383	81,929,051	4,576,131	612,469	87,117,651
Lease liabilities	524,321	143,720	479,068	–	622,788
Trade and other payables #	178,172,629	178,172,629	–	–	178,172,629
	265,043,333	260,245,400	5,055,199	612,469	265,913,068
2020					
Financial liabilities					
Loans and borrowings	112,489,068	89,329,718	23,469,534	1,197,460	113,996,712
Trade and other payables #	194,788,452	194,788,452	–	–	194,788,452
	307,277,520	284,118,170	23,469,534	1,197,460	308,785,164

GST payable were excluded from trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

42. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management and objectives (Continued)

(iii) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations. (Continued)

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On demand or within one year RM
Company			
2021			
Financial liabilities			
Amounts due to subsidiaries	55,622,948	55,622,948	55,622,948
Trade and other payables	263,213	263,213	263,213
Financial guarantee contracts *	–	169,926,064	169,926,064
	55,886,161	225,812,225	225,812,225
2020			
Financial liabilities			
Amounts due to subsidiaries	10,645,085	10,645,085	10,645,085
Loans and borrowings	37,090,000	37,090,000	37,090,000
Trade and other payables	150,721	150,721	150,721
Financial guarantee contracts *	–	186,543,023	186,543,023
	47,885,806	234,428,829	234,428,829

* The Company has given corporate guarantee to bank and trade payables on behalf of certain subsidiaries. The potential exposure of the financial guarantee contracts is equivalent to the amount of the banking facilities being utilised by the said subsidiaries and outstanding trade payables.

(iv) Foreign currency risk

The Group is exposed to currency translation risk arising from its net investments in subsidiaries in South Africa.

The Group does not hedge its investment in South Africa.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

42. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair values

(i) Determination of fair value

The methods and assumptions used to estimate the fair value of the following classes of financial assets and liabilities are as follows:

- *Deposits, cash and bank balances, trade and other receivables and payables*

The carrying amounts approximate fair values due to the relatively short term maturities of these financial assets and liabilities.

- *Other investment*

The fair value of short term funds is derived based on their redemption price.

- *Borrowings*

The carrying amounts of bank overdrafts, bankers' acceptance, invoice financing and short term revolving credits approximate fair values due to the relatively short term maturities of these financial liabilities.

The carrying amounts of long term floating rate loans approximate their fair values as the loans will be re-priced to market interest rate on or near reporting date.

(ii) Fair value hierarchy

The table below analyses financial instruments carried at fair value, together with their carrying amounts shown in the statement of financial position.

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
Group						
2021						
Financial assets						
Other investments	5,544,599	–	–	5,544,599	5,544,599	5,544,599
2020						
Financial assets						
Other investments	21,248,431	–	–	21,248,431	21,248,431	21,248,431

During the financial year ended 31 December 2021 and 31 December 2020, there were no transfers within the fair value measurement hierarchy.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

43. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2021 and 31 December 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, bank borrowings, trade and other payables, less cash and cash equivalents and highly liquid other investment. Total capital represents total equity.

	2021 RM	Group 2020 RM
Loans and borrowings (Note 19)	86,346,383	112,489,068
Lease liabilities (Note 23)	524,321	–
Trade and other payables (Note 24) #	178,172,629	194,788,452
Less:		
- Deposits, cash and bank balances (Note 15)	(4,930,944)	(12,936,670)
- Other investments (Note 13)	(5,544,599)	(21,248,431)
Net debt	254,567,790	273,092,419
Total equity	765,015,427	778,310,035
Total equity and net debt	1,019,583,217	1,051,402,454
Gearing ratio	25%	26%

GST payable were excluded from trade and other payables.

A subsidiary of the Company is required to maintain certain gearing ratio for its revolving credit and bank guarantee facilities granted by a financial institution.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

44. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR END

(a) Coronavirus outbreak

On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 18 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") to curb the spread of the COVID-19 infections in Malaysia.

On 15 June 2021, the Government implemented the four-phased National Recovery Plan in view of the escalating infection rate of COVID-19. The COVID-19 outbreak resulted in restriction of populace movement, international border restrictions and shutting down of vulnerable parts of industries.

The Group and the Company have considered the impact of COVID-19 in the application of significant judgements and estimates to determine the amounts recognised in the financial statements, including those disclosed in Note 4 to the financial statements. As the pandemic continues to evolve, there is uncertainty over its duration and the potential effects it may have on the Group's financial and liquidity positions.

Given the fluidity of the situation, the Group and the Company will continue to monitor the impact of pandemic and take appropriate and timely measures to minimise its impact on the Group's operation.

- (b) On 16 February 2022, Premier Discovery Sdn. Bhd., a subsidiary of the Company had entered into the Sale and Purchase Agreements with Nova Systems Sdn. Bhd., Optima Melangit Sdn. Bhd. and Globemax Holdings Sdn. Bhd., related parties of the Company to purchase 3 pieces of leasehold land and 2 pieces of freehold land located in Mukim of Bentong, Pahang for a total consideration of RM16.20 million ("Proposed Acquisition"). The Proposed Acquisition had yet to be completed as of the date of authorisation of these financial statements.

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, **TAN ENG PIOW** and **TAN MEI YIN**, being two of the directors of MITRAJAYA HOLDINGS BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 68 to 161 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and their cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

.....
TAN ENG PIOW
Director

.....
TAN MEI YIN
Director

Selangor Darul Ehsan

Date: 13 April 2022

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, **CHO WAI LING**, being the director primarily responsible for the financial management of MITRAJAYA HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 68 to 161 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

.....
CHO WAI LING
MIA Membership No: 18688

Subscribed and solemnly declared by the abovenamed at Puchong in Selangor on 13 April 2022.

Before me,

.....
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To The Members Of Mitrajaya Holdings Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Mitrajaya Holdings Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of 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 significant accounting policies, as set out on pages 68 to 161.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the 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 judgment, 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.

Group

Revenue recognition for construction and property development activities (Notes 4(a), 4(b) and 27 to the financial statements)

The revenue of the Group's construction and property development activities are recognised over the period of contract or development by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to proportion of construction or development costs incurred for works performed to date bear to the estimated total costs for each project (input method). We focused on this area because significant directors' judgement is required, in particular with regards to determining the progress towards satisfaction of a performance obligation, the extent of the construction or development costs incurred and the estimated total construction or development revenue and costs, as well as any potential liquidated ascertained damages ("LAD"). The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

Our response:

Our audit procedures on a sample of major projects included, among others:

- understanding the design and implementation of key controls over the Group's process in preparing or updating project budget and the calculation of the stage of completion;
- comparing the Group's major assumptions of identified projects against contractual terms, quotations, variation orders and our understanding gathered from the analysis of changes in the assumptions from previous year;
- discussing the progress of the projects with the respective project directors or managers;
- obtaining explanation from management on the cause of delays, inspecting correspondences with customers and corroborating key judgement made by the Group on any potential LAD;
- comparing computed stage of completion for identified projects against architect or consultant certificates; and
- checking the computation of the recognised revenue recognised during the financial year.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Key Audit Matters (Continued)

Trade receivables and contract assets (Note 4(c), 11 and 12 to the financial statements)

The Group has significant trade receivables and contract assets as at 31 December 2021 which include certain amounts which are long outstanding and/or currently under arbitration proceedings. We focused on this area because the directors made significant judgements on assumptions about the outcome of the arbitration proceedings, which is individually assessed, and the estimated credit losses are individually assessed.

In making assumptions for expected credit loss, the directors assessed the financial capability of the receivables, payment trends, existing market conditions, forward-looking information as well as solicitors' advice for balances which are currently in arbitration proceedings.

Our response:

Our audit procedures included, among others:

- obtaining an understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports prepared by the Group and historical payment trend of customers;
- obtaining and reading legal opinion and where necessary, discussing with the solicitors for receivables under arbitration proceedings;
- checking subsequent receipts, customer correspondences, settlement agreement with customers and considering the level of activity with the customers and management explanation on recoverability of receivables with significantly past due balances; and
- checking the calculation of expected credit losses recognised during the financial year.

Deferred tax assets (Note 4(d) and 10 to the financial statements)

As at 31 December 2021, the Group has recognised deferred tax assets for unused tax losses that it believes are recoverable. The recoverability of recognised deferred tax assets is dependent on the Group's ability to generate future taxable profits sufficient to be utilised against the unused tax losses.

We focused on this area because judgement is made by the Group in estimating the realisation of these deferred tax assets which is often dependent on future taxable profits and there are inherent uncertainties involved in projecting the amounts.

Our response:

Our audit procedures included, among others:

- comparing the actual results with previous budget to assess the performance of the business and historical accuracy of the projection;
- comparing key inputs used in the profit projections against our understanding gathered from audit procedures performed relating to existing projects and historical results; and
- testing the mathematical accuracy of the profit projection calculation.

Company

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to be communicated in our auditors' report.

INDEPENDENT AUDITORS' REPORT (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 have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

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 the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

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 contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Kuala Lumpur

Date: 13 April 2022

Lee Kong Weng
No. 02967/07/2023 J
Chartered Accountant

SHAREHOLDING ANALYSIS

Issued Shares	:	836,148,770 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share
No. of treasury shares held	:	31,244,749 ordinary shares
No. of voting shares	:	804,904,021 ordinary shares

ANALYSIS OF SHAREHOLDINGS AS AT 21 MARCH 2022

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
Less than 100	395	5.90	17,371	0.00
100 – 1,000	556	8.30	293,812	0.04
1,001 – 10,000	2,485	37.11	14,154,676	1.69
10,001 – 100,000	2,708	40.44	91,175,303	10.90
100,001 – less than 5% of issued shares	550	8.21	357,614,396	42.77
5% and above of issued share	3	0.04	341,648,463	40.86
Treasury shares	N/A	N/A	31,244,749	3.74
TOTAL	6,697	100.00	836,148,770	100.00

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 21 MARCH 2022 (excluding treasury shares)

NO.	NAME	NO. OF SHARES	%
1.	Tan Eng Piow	135,648,463	16.85
2.	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account – Ambank (M) Berhad for Tan Eng Piow	118,000,000	14.66
3.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Tan Eng Piow	88,000,000	10.93
4.	Citigroup Nominees (Tempatan) Sdn. Bhd. Exempt an for Bank of Singapore Limited (Local)	30,000,000	3.73
5.	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB for Khoo Yok Kee	22,553,900	2.80
6.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	22,500,000	2.80
7.	Aw Eng Soon	16,189,936	2.01
8.	Song Kim Lee	13,500,000	1.68
9.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kok Siew Leng	7,996,257	0.99
10.	Ng Seng Beng	5,602,200	0.70
11.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Mei Yin	4,797,975	0.60

SHAREHOLDING ANALYSIS (CONT'D)

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 21 MARCH 2022 (CONT'D) (excluding treasury shares)

NO.	NAME	NO. OF SHARES	%
12.	Tan Mei Wan	4,550,000	0.57
13.	Maybank Nominees (Asing) Sdn. Bhd. Pledged Securities Account for San Tuan Sam	4,486,400	0.56
14.	Maybank Nominees (Tempatan) Sdn. Bhd. Etika General Takaful Berhad	4,258,200	0.53
15.	Datin Sri Wong Pui Yoong	4,084,400	0.51
16.	Teo Guan Lee Holdings Sendirian Berhad	3,975,600	0.49
17.	Tan Kia Loke	3,801,945	0.47
18.	Maybank Nominees (Tempatan) Sdn. Bhd. Etika General Takaful Bhd	3,424,500	0.43
19.	Lembaga Tabung Haji	3,365,830	0.42
20.	Geoffrey Lim Fung Keong	3,132,100	0.39
21.	Pintaras Jaya Bhd	3,061,900	0.38
22.	Cindy Chew Ai Mei	2,823,000	0.35
23.	Melodi Ragam Sdn. Bhd.	2,806,300	0.35
24.	Maybank Nominees (Tempatan) Sdn. Bhd. Etika Family Takaful Berhad	2,680,500	0.33
25.	Maybank Nominees (Tempatan) Sdn. Bhd. Etika Family Takaful Berhad	2,540,000	0.32
26.	Foo May Fong	2,439,450	0.30
27.	Amsec Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Jha Bibhuti Nath	2,336,100	0.29
28.	Kok Yee Meng	2,230,012	0.28
29.	Anchor Point Sdn. Bhd.	2,125,032	0.26
30.	Kok Siew Leng	2,093,901	0.26

SUBSTANTIAL SHAREHOLDER AS AT 21 MARCH 2022

	Direct Interest	No of Shares		Indirect Interest	%
			%		
Tan Eng Piow	371,648,463	46.17	—	—	—

SHAREHOLDING ANALYSIS (CONT'D)

ANALYSIS OF 2018/2023 WARRANTHOLDINGS (WARRANT E) AS AT 21 MARCH 2022

No of 2018/2023 Warrants issued	:	68,889,075
No of 2018/2023 Warrants outstanding	:	68,889,075
Voting Rights at Warrantheolders' Meeting	:	One vote per warrant

SIZE OF WARRANTHOLDINGS	NO. OF 2018/2023 WARRANTHOLDERS	%	NO. OF 2018/2023 WARRANTS	%
Less than 100	193	8.02	8,952	0.01
100 – 1,000	990	41.13	529,034	0.77
1,001 – 10,000	882	36.64	3,059,034	4.44
10,001 – 100,000	270	11.22	10,181,602	14.78
100,001 – less than 5% of issued warrants	70	2.91	25,175,990	36.55
5% and above of issued warrants	2	0.08	29,934,463	43.45
TOTAL	2,407	100.00	68,889,075	100.00

LIST OF THIRTY LARGEST 2018/2023 WARRANT HOLDERS (WARRANT E) AS AT 21 MARCH 2022

NO.	NAME	NO. OF WARRANTS	%
1.	Tan Eng Piow	23,934,463	34.74
2.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Tan Eng Piow	6,000,000	8.71
3.	Maybank Nominees (Tempatan) Sdn. Bhd. Yip Siew Kee	1,438,200	2.09
4.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Beng Chan	1,400,000	2.03
5.	Aw Eng Soon	1,388,941	2.02
6.	Lee Kee Huat	1,170,000	1.70
7.	Lee Kee Huat	1,050,000	1.52
8.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Szee Keong	1,000,000	1.45
9.	Muhamad Fahmi Bin Md Yatim	1,000,000	1.45
10.	Sukhwinder Singh A/L Harbans Singh	940,400	1.37
11.	Chu Chee Choon	926,200	1.34
12.	Lau Chuan Aik	743,600	1.08
13.	Ewe Hong Khoon	624,000	0.91

SHAREHOLDING ANALYSIS (CONT'D)

LIST OF THIRTY LARGEST 2018/2023 WARRANT HOLDERS (WARRANT E) AS AT 21 MARCH 2022 (CONT'D)

NO.	NAME	NO. OF WARRANTS	%
14.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kok Siew Leng	622,789	0.90
15.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Jit Soon	508,100	0.74
16.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chang Cheong Lin	500,000	0.73
17.	Song Kim Lee	500,000	0.73
18.	Muhamad Fahmi Bin Md Yatim	490,000	0.71
19.	HLIB Nominees (Tempatan) Sdn. Bhd. Hong Leong Bank Bhd for Chooi Giap Kee	437,600	0.64
20.	Walter Wurtz	434,600	0.63
21.	Beh Lian Yim	400,000	0.58
22.	Rohazifah Binti Samsudin	400,000	0.58
23.	Maybank Nominees (Tempatan) Sdn. Bhd. Kua Song Tuck	373,100	0.54
24.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Mei Yin	369,075	0.54
25.	Tan Mei Wan	350,000	0.51
26.	Michelle Gan	311,200	0.45
27.	Kok Siew Leng	307,401	0.45
28.	Lim Keng Jin	300,000	0.44
29.	Ho Soon Ming	283,500	0.41
30.	Chen Cheng Wah	260,200	0.38

SUBSTANTIAL WARRANT HOLDER AS AT 21 MARCH 2022

	Direct Interest	No of Shares %	Indirect Interest	%
Tan Eng Piow	29,934,463	43.45	—	—

SHAREHOLDING ANALYSIS (CONT'D)

DIRECTORS' INTEREST AS AT 21 MARCH 2022

Directors	Direct Interest	Ordinary Shares		
		%	Indirect Interest	%
Tan Eng Piow	371,648,463	46.17	4,550,000	0.57
Tan Mei Yin	4,797,975	0.60	–	–
Cho Wai Ling	28,600	0.00	–	–

Directors	Direct Interest	Warrant E		
		%	Indirect Interest	%
Tan Eng Piow	29,934,463	43.45	350,000	0.51
Tan Mei Yin	369,075	0.54	–	–
Cho Wai Ling	2,200	0.00	–	–

The other Directors do not have interest.

SHARES IN RELATED CORPORATION

By virtue of his interest in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Tan Eng Piow is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in shares of the Company and its related corporations during the financial year.

LIST OF PROPERTIES

The details on the Mitrajaya Holdings Berhad Group's top 10 properties as at 31 December 2021 are set out below:

PROPRIETOR	LOCATION	DESCRIPTION	CURRENT USE	APPROXIMATE AGE OF BUILDING	TENURE	DATE OF EXPIRY	LAND AREA	BUILT-UP AREA	NET BOOK VALUE RM	DATE OF ACQUISITION / REVALUATION**
KBSB	HS (D) 119815, PT 9926, Mukim Setapak, Daerah Kuala Lumpur, Wilayah Persekutuan.	Residential land	On-going development project (phase 2 of Wangsa 9 project)	N/A	Leasehold	12.05.2114	7.52 acres	N/A	122,158,639	01.03.1999
CMSB	Lot 11535, Lot 11846, Lot 12376, Lot 11517 to 11522, Lot 12374, Lot 11536, Lot 12375, HS (D) 128459A, PT 22682, Mukim Setul, Daerah Seremban, Negeri Sembilan.	Mixed development	Vacant	N/A	Leasehold	13.12.2082	252.63 acres	N/A	78,713,143	26.05.2017
EESB	Geran 322001, Lot 108264, Mukim Dengkil, Daerah Sepang, Selangor.	Commercial	Rented out	N/A	Freehold	N/A	21.55 acres	N/A	56,233,979	26.05.2017
MHSB	HS (D) 97248, PT 29 'A', Seksyen 28, Mukim Bandar Petaling Jaya, Daerah Petaling, Selangor.	Industrial land	Rented out	N/A	Leasehold	11.04.2067	9.30 acres	N/A	41,947,522	28.08.2009
MWSB	HS (D) 36857, PT51006, Mukim Dengkil, Daerah Sepang, Selangor.	Industrial	Vacant	N/A	Leasehold	30.12.2092	20.15 acres	N/A	46,706,619	3.11.2017
PHSB	HS (D) 311924, PT7357, Mukim Pekan Puchong Perdana, Daerah Petaling, Selangor.	Land for Development	Vacant	N/A	Freehold	N/A	14.53 acres	N/A	37,980,352	17.05.1999

LIST OF PROPERTIES (CONT'D)

The details on the Mitrajaya Holdings Berhad Group's top 10 properties as at 31 December 2021 are set out below: (Continued)

PROPRIETOR	LOCATION	DESCRIPTION	CURRENT USE	APPROXIMATE AGE OF BUILDING	TENURE	DATE OF EXPIRY	LAND AREA	BUILT-UP AREA	NET BOOK VALUE RM	DATE OF ACQUISITION / REVALUATION* / COMPLETED**
SDSB	Geran 25563, Lot 481, Mukim Tanjung Duabelas, Daerah Kuala Langat, Selangor.	Land for Development	Planted with oil palm	N/A	Freehold	N/A	198 acres	N/A	28,787,189	19.01.2007
PMSB	Lot no. PT2 to PT93 and PT367, Town of Kawasan Bandar XLIII, District of Melaka Tengah, State of Melaka.	92 parcels of bungalow lots	Vacant	N/A	Leasehold	09.11.2096	17.84 acres	N/A	28,424,020	31.12.2006
PMSB	HS(D) 537316, PTD 199669 Mukim of Pulai, District of Johor Bahru, State of Johor	Land for Development	Vacant	N/A	Leasehold	14.2.2107	3.34 acres	N/A	21,850,000	22.12.2021
PDSB	PN24432, Lot no. 41149 PN24433, Lot no. 41151 PN24436, Lot no. 41879 PN24437, Lot no. 41880 Mukim and District of Bentong, State of Pahang.	4 parcels of leasehold land	Partly planted with durian trees	N/A	Leasehold	Lot no. 41149 and 41151 expire on 25.12.2111 Lot no. 41880 expire on 21.1.2113	264.415 acres	N/A	26,120,115	4.1.2021

Remarks: Net book value of the development properties are stated at Group land cost together with the related development expenditure incurred to the remaining unsold properties

KEY:

CMSB - Centennial March Sdn. Bhd.
EESB - Eminent Earning Sdn. Bhd.
KBSB - Kina-Bijak Sdn. Bhd.
MHBSB - Mitrajaya Homes Sdn. Bhd.
MWSB - Mitrajaya Warisan Sdn. Bhd.

PDSB - Premier Discovery Sdn. Bhd.
PHSB - Primaharta Development Sdn. Bhd.
PMSB - Pembinaan Mitrajaya Sdn. Bhd.
SDSB - Skyway Development Sdn. Bhd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Ninth Annual General Meeting ("29th AGM") of the Company will be held at Mitrajaya Training Centre, B-04-10, Block B, Jalan Prima 5/5, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor Darul Ehsan on Wednesday, 15 June 2022 at 10.00 a.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 and the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors' Fees of RM60,000 to the Independent Directors for the financial year ended 31 December 2021. **Resolution 1**
3. To approve the payment of allowances of not more than RM80,000 for the period from July 2022 to June 2023. **Resolution 2**
4. To re-elect the following Directors who are retiring pursuant to the Constitution of the Company:
 - 4.1 Tan Eng Piow (Article 129) **Resolution 3**
 - 4.2 Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim (Article 129) **Resolution 4**
5. To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration. **Resolution 5**
6. **SPECIAL BUSINESS**
To consider and if thought fit, pass the following Resolutions:

ORDINARY RESOLUTION
Continuation in office as Independent Non-Executive Director **Resolution 6**

"THAT approval be and is hereby given to General Tan Sri Ismail Bin Hassan (R) who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."

ORDINARY RESOLUTION
Continuation in office as Independent Non-Executive Director **Resolution 7**

"THAT subject to the passing of Resolution 4, approval be and is hereby given to Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."

ORDINARY RESOLUTION
Continuation in office as Independent Non-Executive Director **Resolution 8**

"THAT approval be and is hereby given to Ir Zakaria Bin Nanyan who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

ORDINARY RESOLUTION

Continuation in office as Independent Non-Executive Director

Resolution 9

"THAT approval be and is hereby given to Roland Kenneth Selvanayagam who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."

ORDINARY RESOLUTION

Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

Resolution 10

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

ORDINARY RESOLUTION

Proposed Renewal of Authority for the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company ("Proposed Renewal of Share Buy-Back")

Resolution 11

"THAT subject to the provisions under the Companies Act 2016 ("Act"), the Constitution of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all prevailing laws, rules, regulations, orders and guidelines as well as the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company ("MHB Shares") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of MHB Shares purchased pursuant to this resolution or held as treasury shares does not exceed ten percent (10%) of the total number of issued shares of the Company at the time of purchase;

THAT the maximum amount of funds to be utilised for the purpose of the Proposed Renewal of Share Buy-Back shall not exceed the Company's retained profits account;

THAT authority be and is hereby given to the Directors of the Company to decide at their discretion, as may be permitted and prescribed by the Act and/or any prevailing laws, rules, regulations, orders and guideline and requirements issued by any relevant authorities for the time being in force to deal with any MHB Shares so prescribed by the Company in the following manner:-

- (i) to cancel the MHB Shares so purchased;
- (ii) to retain the MHB Shares so purchased as treasury shares for distribution as share dividends to the shareholders of MHB and/or be resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently;
- (iii) to transfer as share award or share consideration; or
- (iv) combination of (i), (ii) and (iii) above;

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

THAT the authority conferred by this resolution will be effective immediately from the passing of this Ordinary Resolution until:-

- (i) the conclusion of the Company's next Annual General Meeting following the general meeting at which such resolution was passed at which time the authority would lapse unless renewed by ordinary resolution;
- (ii) the passing of the date on which the Company's next Annual General Meeting is required by law to be held; or
- (iii) the authority is revoked or varied by ordinary resolution that the shareholders pass in general meeting;

whichever occurs first.

AND THAT the Directors be and are hereby authorised to take all steps as are necessary and/or to do all such acts and things as the Directors deem fit and expedient in the interest of the Company to give full effect to the aforesaid Proposed Renewal of Share Buy-Back with full powers to assent to any condition, modification, variation and/or amendment (if any) as may be imposed by the relevant authorities."

By Order of the Board

LEONG OI WAH (MAICSA 7023802)
SSM Practicing Certificate No. 201908000717
Company Secretary

29 April 2022

Notes:

1. A member entitled to attend and vote at the 29th AGM is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead.
2. When a member appoints more than one proxy (subject always to a maximum of two proxies at each meeting), the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if such appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 9, Blok D, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.
5. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the 29th AGM 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.
6. Depositors who appear in the Record of Depositors as at 7 June 2022 shall be regarded as member of the Company entitled to attend the 29th AGM or appoint a proxy to attend and vote on his behalf.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes

1. Ordinary Resolutions No. 3 and 4

For the purpose of determining the eligibility of the Directors to stand for re-election at the 29th AGM, the Board through its Nomination and Remuneration Committee had assessed Mr Tan Eng Piow and Tan Sri' Dato' Seri Mohamad Noor Bin Abdul Rahim (collectively "the Retiring Directors"). The Retiring Directors were assessed on their performance and understanding of the Group's business. Their active participation at the Board meetings showed that they were prepared and were effective in the discharge of his responsibilities. No circumstances have arisen in the past year to impair the independent judgement of Tan Sri' Dato' Seri Mohamad Noor Bin Abdul Rahim on matters brought for Board discussion and he has always acted in the best interest of the Company as a whole.

Based on the wealth of experience of the Retiring Directors and the skills that they can bring to the Company, the Board views that their re-election would bring benefits to the Company.

Based on the above, the Board supports the re-election of the Retiring Directors.

2. Ordinary Resolutions No. 6, 7, 8 and 9

General Tan Sri Ismail Bin Hassan (R), Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim, Ir Zakaria Bin Nanyan and Roland Kenneth Selvanayagam have all served as Independent Non-Executive Directors for more than nine years.

The Board had assessed the independence of General Tan Sri Ismail Bin Hassan (R), Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim, Ir Zakaria Bin Nanyan and Roland Kenneth Selvanayagam at its meetings held on 25 February 2022 and has recommended that they be allowed to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

- a) They provide a check and balance and bring an element of objectivity to the Board of Directors.
- b) They continue to be scrupulously independent in their thinking and in their effectiveness as constructive challengers of the Managing Director and Executive Directors.
- c) They actively participated in board discussion and provided an independent voice on the Board.

3. Ordinary Resolution No. 10

MHB intends to seek its shareholders approval on the proposed Ordinary Resolution to give powers to the Directors to issue up to a maximum 20% of the issued shares of the Company (excluding treasury shares) for the time being for such purposes as the Directors would consider in the best interest of the Company ("20% General Mandate").

The emergence of the Covid-19 outbreak since early 2020 has brought significant economic uncertainties in the markets in which the MHB Group operates in. Whilst the MHB Group is unable to reasonably estimate the financial impact of Covid-19, the Board of Directors of MHB is of the view that it is in the best interest of the Company and its shareholders as the Company to have a higher general mandate to enable the Company to undertake a fund-raising exercise expediently and for larger amount of proceeds to be raised to meet any potential shortfalls in financing needs.

The 20% General Mandate is to provide flexibility to the Company to issue new shares without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund-raising exercises including but not limited to the placement of shares for purpose of funding of working capital, capital expenditures, settlement of trade and non-trade creditors, repayment of banking facilities or strategic investments.

The mandate obtained at the 28th AGM in 2021 for authority to allot shares of the Company up to 20% of the total number of issued shares of the Company was not utilized.

The Board of Directors take cognizance that the 20% General Mandate may be utilized until 31 December 2022. Should the Company decide to utilize this mandate after 31 December 2022, the Board will only issue up to 10% of the total number of issued shares.

4. Ordinary Resolution No. 11

Please refer to the Statement to Shareholders dated 29 April 2022.

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MITRAJAYA HOLDINGS BERHAD
Registration No. 199301013519 (268257-T)

FORM OF PROXY

I/We,.....(NRIC/ Co. No

of

being a *member/members of **MITRAJAYA HOLDINGS BERHAD** hereby appoint

.....(NRIC/ Co. No

of

and(NRIC/ Co. No

of

or the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-Ninth Annual General Meeting ("29th AGM") of the Company to be held at Mitrajaya Training Centre, B-04-10, Block B, Jalan Prima 5/5, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor Darul Ehsan on Wednesday, 15 June 2022 at 10.00 a.m. and at any adjournment thereof.

*My/Our proxy(ies) is/are to vote as indicated below:-

	Resolutions	For	Against
Ordinary Resolution 1	To approve the payment of Directors' Fees for the financial year ended 31 December 2021.		
Ordinary Resolution 2	To approve the payment of allowances for the period from July 2022 to June 2023.		
Ordinary Resolution 3	To re-elect Tan Eng Piow as Director.		
Ordinary Resolution 4	To re-elect Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim as Director.		
Ordinary Resolution 5	To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration.		
Ordinary Resolution 6	To approve the continuation in office of General Tan Sri Ismail Bin Hassan (R) as Independent Non-Executive Director.		
Ordinary Resolution 7	To approve the continuation in office of Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim as Independent Non-Executive Director.		
Ordinary Resolution 8	To approve the continuation in office of Ir Zakaria Bin Nanyan as Independent Non-Executive Director.		
Ordinary Resolution 9	To approve the continuation in office of Roland Kenneth Selvanayagam as Independent Non-Executive Director.		
Ordinary Resolution 10	To approve the authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
Ordinary Resolution 11	To approve the proposed renewal of authority for the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company.		

(Please indicate with "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion).

Dated this..... of.....2022

CDS Account No.	
Number of shares	

.....
[Signature/Common Seal of Shareholder(s)]

[*Delete if not applicable]



Notes:

1. A member entitled to attend and vote at the 29th AGM is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead.
2. When a member appoints more than one proxy (subject always to a maximum of two proxies at each meeting), the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if such appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 9, Blok D, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.
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6. Depositors who appear in the Record of Depositors as at 7 June 2022 shall be regarded as member of the Company entitled to attend the 29th AGM or appoint a proxy to attend and vote on his behalf.

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Postage

MITRAJAYA HOLDINGS BERHAD

Registration No. 199301013519 (268257-T)

No. 9, Blok D

Pusat Perdagangan Puchong Prima

Persiaran Prima Utama

Taman Puchong Prima

47150 Puchong

Selangor Darul Ehsan

Malaysia

2nd Fold Here

Fold This Flap For Sealing

MITRAJAYA HOLDINGS BERHAD

Registration No. 199301013519 (268257-T)

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