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CHAIRMAN'S STATEMENT



TO OUR ESTEEMED SHAREHOLDERS,

On behalf of the Board of Directors of Matrix Concepts Holdings Berhad (“Matrix” or “The Group”), I am pleased to present the annual report and audited financial statements for the financial year ended 31 March 2023 (“FY2023”).



DATO' HAJI MOHAMAD HASLAH BIN MOHAMAD AMIN

Non-Independent Non-Executive Chairman

ECONOMIC RECOVERY GAINING MOMENTUM

FY2023 presented itself as a year of transition. At the global front was the prevailing safety concerns of COVID-19, China's move to end its stringent pandemic lockdown, the ongoing Russia-Ukraine conflict and increased material pricing, all of which merged to provide a global backdrop of economic uncertainty.

Within Malaysia, following a tumultuous two years of living under the blanket of COVID-19, the nation is emerging, transitioning to an endemic phase and this has essentially changed the way we now conduct business. The nation's political stability has strengthened following the



general elections in 2022 and this has triggered expectancy of improved governance and policies, leading to economic growth.

The opening up of economic sectors had brought a positive impact on the property and construction industry, among others. On the onset of FY2023, the number of property transactions rose by 17.2% year-on-year to register 188,002 transactions. This was valued at RM42.0 billion, representing a 16.3% increase year-on-year. By the year end of 2022, the total number of transactions recorded was 389,107, representing a 29.5% growth year-on-year. This amounted to a total value of RM179.10 billion, a 23.6% rise year-on-year.

The continued recovery seen in the property industry is however not free from challenges. The ongoing increase in costs of raw materials used in construction such as steel and cement continue to impede industry growth. This is further compounded by the disruption to domestic and international supply chains, impacting adversely the supply and demand of various material, thus driving up prices significantly.

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The higher foreign labour costs, brought on by a freeze in intake due to pandemic containment measures, was still felt despite the lifting of restrictions in July 2022.

In efforts to stem the depreciation of the ringgit and to curb inflation, Bank Negara Malaysia had revised the overnight policy rate ("OPR") four times, each by 0.25 basis points within the Group's financial year FY2023. As at 31 March 2023, the OPR stood at 2.75%, compared to 1.75% OPR within the Group's financial year 2022. Consequently, banks and financial institutions revised their Base Lending Rate ("BLR") upwards, leading to higher loan interest rates and borrowing costs.

The property market is visibly recovering, given the implementation of various government stimulus such as the Malaysia Home Ownership Initiative (i-MILIKI) in providing stamp duty exemption for first-time home-buyers as well as the 100% stamp duty exemption for the memorandum of transfer for houses priced at RM500,000 and below. The residential overhang situation showed significant improvement in 2022, registering a decrease in overhang value of 19.2% over 2021.

This is reflective of Malaysia's strengthening economy which recorded an encouraging performance with 8.7% gross domestic product ("GDP") for 2022, far exceeding the 3.1% economic growth achieved in 2021.

ACCELERATING OUR GROWTH

Despite the challenges faced in FY2023, Matrix continued to harness its established and capable resources to navigate the

Our positive performance in FY2023 speaks volumes of our resilience in managing the challenges faced in the property sector.



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economic hurdles in pursuit of excellence. This is reflected in the Group's total revenue of RM1.1 billion in FY2023, representing a 24.7% increase over revenue in FY2022 of RM892.4 million. Our positive performance in FY2023 speaks volumes of our resilience in managing the challenges faced in the property sector and underpins the market confidence in us as reflected in our healthy valuations, being at par with book value.

In the financial period under review, Matrix continued to refine and implement business strategies towards strengthening its financial and operational performance. Such strategies include focusing on cost and operational efficiencies, strategic timing of product launches, continued digitalisation of business processes and a strategic focus on our selected property segments.

Prudent management of costs and cashflow was essential in preventing cost overruns and ensuring timely completion of projects. A strong working relationship with our supply chain proved instrumental in managing costs and progress of our projects. Higher construction material prices were mitigated by the Group's in-house construction arm, offering cost savings and efficiency.

Digital marketing campaigns was utilised heavily in the pandemic years and we continued this momentum, reaching out to potential buyers across targeted demographics to optimise our brand presence and product offerings. This shift in our marketing strategies towards digital platforms is also part of a larger drive to further enhance efficiency and to optimise operational expenditure.

Matrix stands firm on our business doctrine to meet the needs of the potential buyer and local community. We continue to offer



Bayu Sutera entrance statement

home ownership packages featuring right-priced, luxuriously-spacious homes and affordable financing, all encapsulated within a well-developed, vibrant township.

PROPERTY DEVELOPMENT

This doctrine has contributed to the Group's revenue gaining momentum despite continued challenges posed by labour supply shortage. Meanwhile, revenue contribution from commercial and industrial property segments reduced by 53.3% to RM57.4 million in FY2023 as the Group focuses on strong demand for landed residential properties.

FY2023 saw 15 new launches at Sendayan Developments worth RM1.2 billion in gross development value ("GDV"). The take-up rate for the Group's properties across all projects stood at 84.0% for FY2023, demonstrating strong demand for our affordable-premium homes.

This response is largely attributable to the increasing interest from property upgraders and first-time homebuyers from the Klang Valley. In addition, the growing inclination for Klang Valley residents to relocate outside of the city centre is made easier by remote and flexible working arrangements.

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The Group has in place a clear growth roadmap for the future to ensure its long-term role as a premier property developer and responsible community builder for the nation. This roadmap includes acquiring adequate landbank to ensure the sustainability and growth for the next 20 years. To further reinforce this long-term growth strategy, the Group has entered into a Sale & Purchase Agreement to acquire 1,382 acres in Negeri Sembilan with the completion expected in year 2024. As at 31 March 2023, the Group's total landbank stands at 2,203.7 acres.

INTERNATIONAL PROJECTS

The Group has broadened its horizons internationally and projected its established name further. The launch of the Group's third and latest Australian project, M333 St. Kilda in Melbourne, is a further testimony of its acceptance as a reputable property developer and construction company. The Group's earlier projects, M. Carnegie and M. Greenvale, launched in 2016 and 2019 respectively, has proven itself the successful trail blazer in the Group establishing its development footprint in Melbourne.

In Indonesia, Menara Syariah, a RM1 billion joint venture participation, has reached its 90% construction mark as of to date. Our presence in this grown market is attracted by its huge population, growing middle income group, rising purchasing power and commercially attractive property sector. The twin-tower, 29-storey Menara Syariah building is the company's first Indonesian joint-venture ("JV") project with local partners. Launched in 2019, it represents the first phase of our participation in developing the Islamic Financial District in PIK 2, which aims to attract leading international and domestic corporations to create a vibrant international commercial hub.

EDUCATION

On the education front, Matrix Global Schools ("MGS") is experiencing a positive upturn, with total student enrollment of 659 students in FY2023 over 611 in FY2022, representing an increase of 7.9%. This is in part supported by the nation's transition to the endemicity phase and growing assurance of public health and safety but more so, of the growing recognition of its high standards as an accredited teaching institution in Malaysia.

MGS steadfastly maintains its established credentials of being the Top 5 teaching institutions in the country in the category of Private International Schools and Private Schools. This is reinforced by its academic prowess with outstanding IGCSE results of 99% passes, of which 47% of its students achieved A*-A and a further 87% achieving A*-C.

The school believes in providing a holistic education beyond just academics and has incorporated various other aspects including a sporting curriculum and the performing arts. MGS has also re-established its English support centre to cater to the growing demand from the China and Korean market for a reputable teaching institution.

HEALTHCARE

Since the Group's acquisition of the management of operations of Mawar Medical Centre ("Mawar") in FY2020, it is now recognised as a healthcare centre of choice by the local community and its surrounding area. This is evident in the increased patient load with 56,089 patients in FY2023, representing an increase of 54.2% (FY2022: 36,378) year-on-year. Such is its demand that its current bed capacity of 48 beds has been increased to 57 beds in FY2023.



Nurturing young talents at Matrix Global Schools

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A surgical procedure in progress at Mawar

We will be expanding into other therapeutic fields to strengthen its capacity as a holistic medical center to meet the needs of the local community. In serving a humanitarian cause, Mawar has provided much needed dialysis and welfare subsidies to 116 deserving patients in FY2023.

TALENTED WORKFORCE

At the core of our operations lie our most valuable asset, our workforce, numbering 912 staff across the Group and Mawar. To meet their development needs and assist them reach their fullest potential, we have invested into various training programmes, totalling RM0.31 million in FY2023. Such capacity building programmes serve an intrinsic benefit – it strengthens succession planning and hence, minimises disruption to business operations in the event of staff movement.

Matrix remains one of the top dividend yielding companies listed on Bursa Malaysia Securities Berhad.



COMMITMENT TO SHAREHOLDER REWARD

The Group's healthy financial position and sound cashflow management is attributable to its strong focus on operational sustainability and financial prudence, all designed to bring about value creation for our stakeholders.

This financial approach has been instrumental in keeping the Group's 9-year tradition of issuing dividends on a quarterly basis, the first company in Malaysia to adopt such a policy. This is accompanied by quarterly analyst briefings to reinforce the Group's governance and transparency of disclosure.

The Group's total dividend payout for FY2023 was RM103.2 million, compared to RM104.3 million in FY2022. This represents a 50.9% payout of profit after tax, making Matrix one of the top dividend yielding companies listed on Bursa Malaysia Securities Berhad. This further aligns with our commitment to deliver sustainable returns to shareholders with consistent dividends.

ACCOLADES

I am pleased to share that the Group's commitment to firmly drive an ESG mindset throughout its operations has resulted in consistent award recognition from various esteemed bodies.

The ACES Awards Council and MORS Group has awarded Matrix the Sustainability Rising Star Award in recognition of the mindful corporate action and encompassing sustainable perspectives.

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In recognition of the Group's strong contribution to property development, Matrix was presented five prominent awards at The Star Property Awards 2022:

1. Neighbourhood Award
2. Family-Friendly Award
3. Cornerstone Award
4. Placemaker Award
5. Star Property All-Star Award

The Malaysia Development Award was bestowed upon Matrix for Market Capitalisation of RM1 billion and above, in recognition of developers' accomplishments with holistic and credible benchmarking.

Matrix also was awarded the coveted Top Property Developers Awards 2022 by The Edge. In addition to this, we also won The Edge Billion Ringgit Club (Below RM3 billion Market Capitalisation). This marks the sixth consecutive year Matrix has won this esteemed award.

In what is acknowledged as the pinnacle of property awards, the Outstanding Property CEO Award 2022 went to Mr. Ho Kong Soon, Group Managing Director at Matrix. This was presented at The Edge Malaysia Property Excellence Awards for his leadership and commitment to providing quality products and services.

FY2023 was an Award-winning year. Such awards are a testament to the strong commitment and passion of all our staff at Matrix in support of homeowners and the local community.

SUPPORTING OUR COMMUNITY

Matrix aligns itself with its philosophy of giving back to the community it operates and lives in. Over the years, this corporate social responsibility ("CSR") spirit has



Matrix - Proud winner of Malaysia Developer Award 2022

worked to embed itself as our way of life here at Matrix and is reflected in the initiatives organised by our philanthropic arm, the Matrix Concepts Foundation.

Managed by volunteers comprising of our employees with a passion for serving the local community, they organised CSR activities covering focus areas of education, community, sports and social, amounting to RM8.3 million in FY2023.

It is truly heart-warming to see smiles on the faces of the marginalised community, the elderly or the very young, upon receiving the much-needed assistance to lighten the burden they face.

STRENGTHENING CORPORATE GOVERNANCE

In FY2023, the Board has collectively placed greater focus on driving Matrix's corporate governance. This is a reflection of its firm belief of the importance of both the financial and non-financial compliance as a value driver for the long-term wellbeing of the company.

The Group's alignment with the global best practice framework of Integrated Reporting ("IR") follows its commitment to pursue enhanced integrated reporting disclosures. Into our fourth year of this reporting format, the IR provides more details of the Group's business model, strengths, strategies, risks and opportunities as well as value creation for stakeholders.

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We have taken steps to further align with Bursa's new Sustainability Reporting Guide (3rd Edition), in addition to strengthening of Policies and Frameworks.



Aligning with the Malaysian Code on Corporate Governance ("MCCG") 2021, we have reaffirmed our Board Refreshment Policy, limiting our Independent Directors to a maximum term of 9 years on the Board. In keeping with the Board's commitment to gender diversity and inclusivity, I am proud to affirm our 33.3% female representation on the Board, just ahead of MCCG's Practice 5.9 requirement of 30%.

This, and other existing measures, serve to embody the Group's strong view of governance. We are not content with merely complying with existing regulations but aim to continue strengthening this further and more importantly, to incorporate this into our DNA of operations at Matrix.



Blood donation drive at Mawar

ADDRESSING CLIMATE CHANGE AS A PRIORITY

Globally, we are uncertain how exactly climate change will alter the planet but one thing for sure is that its complex environmental impact will directly affect business, society and ecosystems. With this in mind, governments will seek to mitigate its effects with far-reaching regulations and Malaysia will be no different.

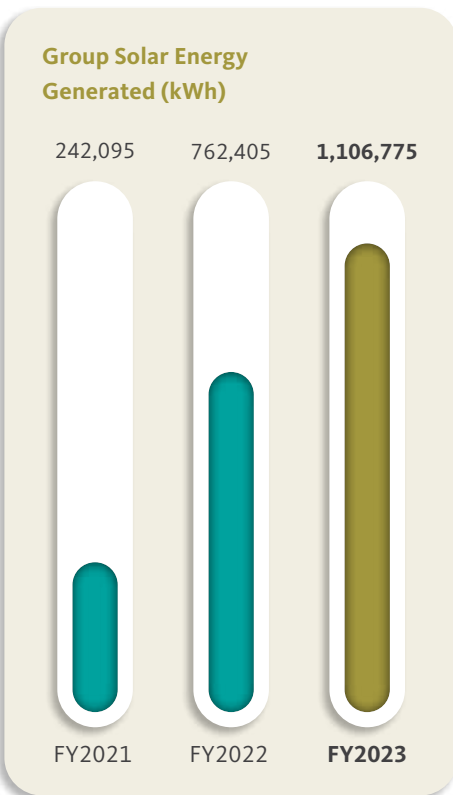
Companies will be faced with a steep price to pay for emissions, both monetary and social. Rather than opt to sit on the side-lines and be eventually subjected to regulatory impositions and restrictions, Matrix has already accepted this eventuality and is exploring strategies to reduce risk and find a competitive advantage in this warming, carbon-constrained environment.

One of our highlights is our increased pivot to using solar energy. In FY2023, Matrix generated more than 1.1 million kWh of clean energy from solar. This is a 45.2% increase year-on-year. In doing so, the Group has avoided 609.8 tonnes CO₂e of emissions.

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Aerial view of d'Tempat Club solar panels



Matrix reaffirms its commitment to climate change, as driven by the Board, as its highest governing authority and strives to push toward being carbon neutral by 2050. This is further endorsed at Management level, with a firm understanding on its responsibility to address ESG related risks and nurture continued value creation for its stakeholders.

The Group further reaffirms its commitment toward progressive adoption of TCFD recommendation for Climate Change to enable more effective disclosure of climate-related risks and opportunities.

This overall decrease can also be attributed to the Group's strengthened adoption of good environmental practices across the length and breadth of our organisation. In this endeavour, we are pleased to inform of our commencement of Scope 3 carbon emission reporting for employee commute.

Another avenue of our commitment to work towards net zero carbon emission is the Group's focus on renewable energy. Additional solar power panels were installed at d'Tempat Club. This is further to solar panels installed earlier at Mawar and MGS. We are pleased to note that power generated via this initiative was fully utilised.

The Group's effort to entrench environmental conservation is gaining traction, as seen in our overall increased recycling figures at project sites as well as at the office.

We are hopeful this mindset of environmental protection can be adopted in employee's homes and our local community for the good of our planet.

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LOOKING AHEAD

Matrix is set to continue to refine its strategies in response to the improving but highly challenging and volatile operating environment. As mentioned previously, the market remains impacted by rising material prices, geopolitical conflict and a labour supply crunch. Cumulatively, these led to inflationary pressures and rising construction and operational costs.

However, with unbilled sales of RM1.44 billion and RM1.73 billion GDV in new projects to be launched in the financial year ahead, we are confident of remaining competitive within the property segment we are operating in.

According to the National Property Information Centre ("NAPIC"), the overall activity of the real estate market would continue to be positive due to the higher volume record, which increased 34.1% to 357,000 units from January to November 2022, from 266,000 units during the same period in 2021. Similar sentiments are echoed by the Malaysian Institute of Estate Agents (MIEA), stating that the Malaysian property market is expected to improve in 2023 as long as the fundamentals and government's support through incentives are in check.

The National Budget 2023 presents itself a neutral budget for property and housing and not much different for real estate and property development compared with the previous year's budget. However, it focuses on economic initiatives that are expected to provide a multiplier effect to increase the people's incomes and this could lead to higher capacity for home ownership

for potential buyers. Additionally, the 2% reduction in the personal income tax rate for the majority of taxpayers will increase the cash flow in hand, easing the financial burden on individuals and allowing them to make long-term plans such as property purchases.

The prevailing policies, continuous government support and the proper implementation of strategies and initiatives outlined under the 12th Malaysia Plan is expected to augment continued growth in the property sector.

This would ultimately lead to increased shareholder reward via higher dividend payout, taking into account our strong cashflow, healthy growth prospects and sustained revenue base and profitability.

The Group will maintain its forward-looking strategy to capitalise and build upon the revitalising economy. We will not lose sight of our focus on driving operational efficiency and maintaining prudent financial management, nor our community developer philosophy of reaching out to the marginalised community via our CSR initiatives. Above all, we remain absolutely focused on our efforts to capitalise on opportunities in support of nation building.

Our learnings from the past two years managing the pandemic has fortified us with a deeper understanding of our capability and capacity to withstand challenges in the business environment. Having a resolute will to adapt with business agility, our level of preparedness will be instrumental in accelerating forward along with the strengthening economy.



Resort Villa at Bandar Sri Sendayan

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APPRECIATION AND ACKNOWLEDGEMENTS

On behalf of the Board, I take this opportunity to express our appreciation to our capable Senior Management and dedicated employees. Their perseverance and heartfelt contributions over the financial year was instrumental in bringing about another year of growth and success for the Group.

Likewise, we wish to extend our gratitude to our supportive shareholders, loyal customers, trusted bankers, government ministries and regulatory agencies and as well as our stalwart suppliers and business partners for their strong support in our growth over FY2023.

To my respected Board members, I extend my heartfelt appreciation for your hands-on approach, commendable resilience and invaluable support in working alongside to register yet another milestone financial year for the Group.

I look on with immense pride on the journey we have taken over the last 12 months and look forward to the continued support of all our stakeholders as we journey together towards greater heights and the creation of more value for all.

The future is challenging but it remains bright, with promising prospects and potential for the Group and our stakeholders.

**DATO' HAJI MOHAMAD HASLAH BIN
MOHAMAD AMIN**

Non-Independent Non-Executive Chairman

30 June 2023

