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Our Vision

To establish a construction company that values diversity and expands its operations to become the most esteemed in its field.

Our Mission

To deliver construction services of excellent quality, maintain a secure and ethical work environment, enhance shareholders' value, and contribute to the welfare of our community.

CORPORATE INFORMATION

Board of Directors

Chairman /
Independent Non-Executive Director

**Dato' Sri Hj. Wan Adnan
Bin Wan Mamat**

Executive Director

Law Ngia Meng

Independent Non-Executive Director

**Dato' Dr. Hj. Shamsul Anwar
Bin Sulaiman**

Independent Non-Executive Director

Chai Hann Lin

Non-Independent Non-Executive Director

Wong Kwai Wah

Independent Non-Executive Director

Noor Hazley Zuana Binti Mamat

Audit Committee

Noor Hazley Zuana Binti Mamat
(Chairperson)

**Dato' Dr. Hj. Shamsul Anwar Bin
Sulaiman**

Chai Hann Lin

Registered Office

B-3-9, 3rd Floor, Block B,
Megan Avenue II,
No. 12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur

Email: contact@datamet.com.my
Tel : 03 - 2715 5569
Fax : 03 - 2714 4412

Auditors

Russell Bedford LC PLT
(LLP0030621-LCA & AF1237)
Chartered Accountants
Suite 37, Level 21, Mercuri 3,
No. 3, Jalan Bangsar, KL Eco City,
59200 Kuala Lumpur

Email: mail@russellbedford.com.my
Tel : 03 - 2202 6666
Fax : 03 - 2202 6699

Nomination Committee

**Dato' Dr. Hj. Shamsul Anwar Bin
Sulaiman** (Chairman)

Chai Hann Lin

Noor Hazley Zuana Binti Mamat

Company Secretary

Ms. Chin Li Thing
(MAICSA 7044467)
(SSM PC No. 201908000022)

Stock Exchange Listing

**Main Market of Bursa Malaysia
Securities Berhad**

Stock Name : IHB / IHB-WA
Stock Code : 7240 / 7240WA

Remuneration Committee

Chai Hann Lin (Chairman)

**Dato' Dr. Hj. Shamsul Anwar Bin
Sulaiman**

Noor Hazley Zuana Binti Mamat

Share Registrar

ShareWorks Sdn. Bhd.
No. 2-1, Jalan Sri Hartamas 8,
Sri Hartamas,
50480 Kuala Lumpur

Email: ir@shareworks.com.my
Tel : 03 - 6201 1120
Fax : 03 - 6201 3121

Website

www.infracarta.com

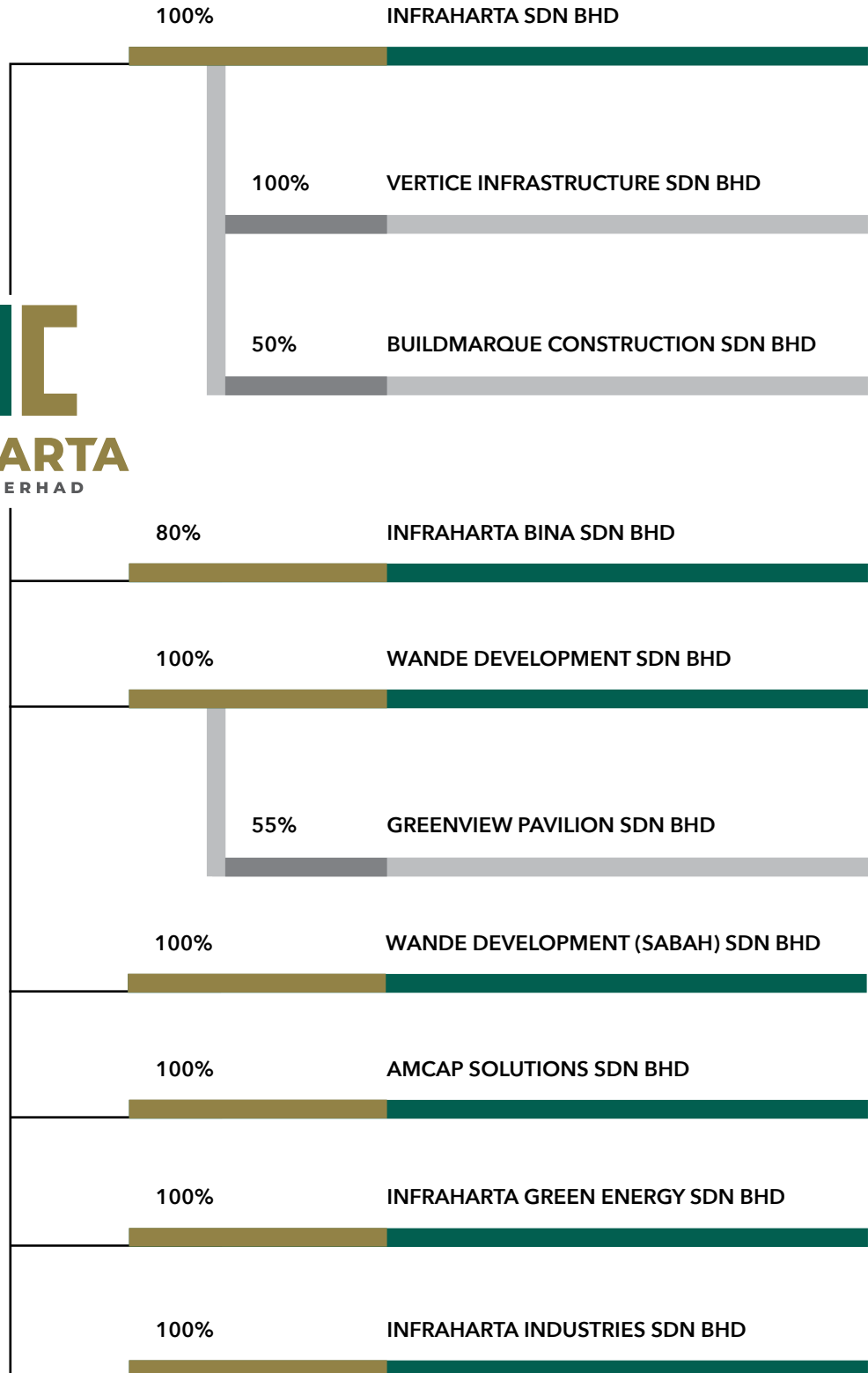
Risk Management Committee

Chai Hann Lin (Chairman)

**Dato' Dr. Hj. Shamsul Anwar Bin
Sulaiman**

Law Ngia Meng

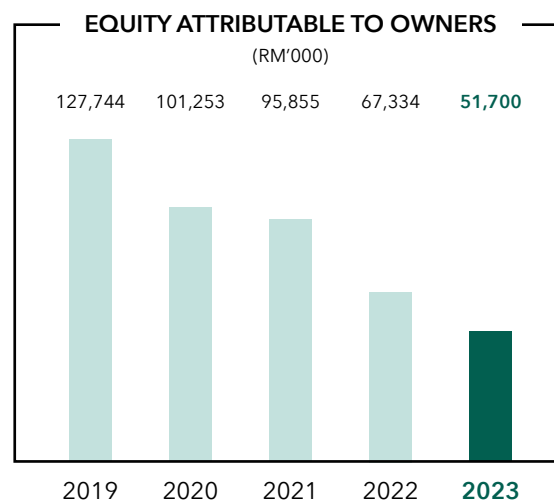
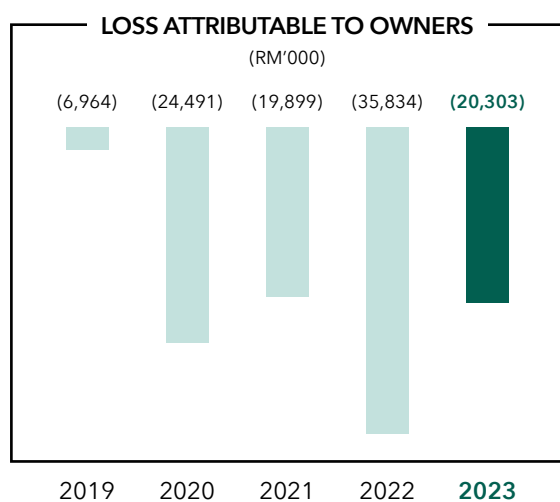
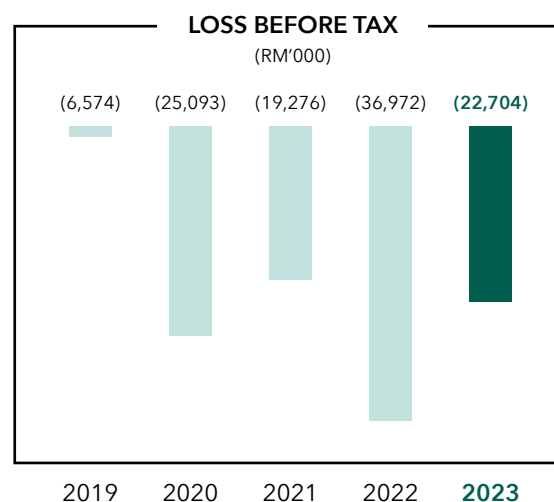
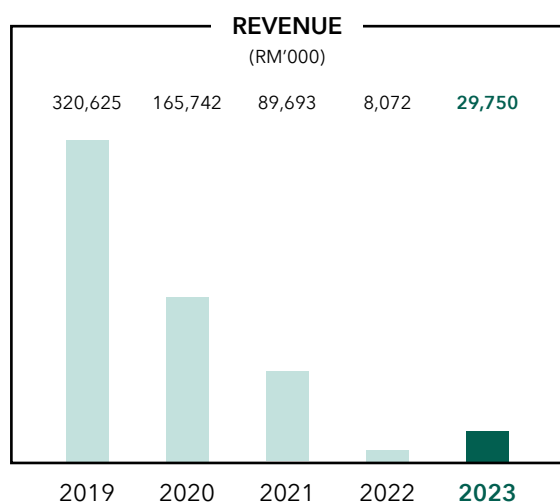
CORPORATE STRUCTURE



FINANCIAL HIGHLIGHTS

	Financial Year Ended 31 MARCH				
	AUDITED 2019 RM'000	AUDITED 2020 RM'000	AUDITED 2021 RM'000	AUDITED 2022 RM'000	AUDITED 2023 RM'000
Revenue	320,625	165,742	89,693	8,072	29,750
Loss Before Tax	(6,574)	(25,093)	(19,276)	(36,972)	(22,704)
Loss Attributable To Owners of the Company	(6,964)	(24,491)	(19,899)	(35,834)	(20,303)
Equity Attributable To Owners of the Company	127,744	101,253	95,855	67,334	51,700

Remark: Above financial highlights include Disposal Group, Kumpulan Voir Sdn Bhd from financial year ended 31 March 2019 to 2021.



BOARD OF DIRECTORS' PROFILE

DATO' SRI HJ. WAN ADNAN BIN WAN MAMAT

SSAP, SIMP, DSAP, DIMP

INDEPENDENT NON-EXECUTIVE
CHAIRMAN

Dato' Sri Hj. Wan Adnan Bin Wan Mamat, aged 63, Malaysian, was appointed to the Board as an Independent Non-Executive Deputy Chairman on 7 October 2021. On 25 August 2022, he was re-designated as an Independent Non-Executive Chairman of the Company. He holds a Bachelor degree in Business Administration from University of Kyoto, Japan.

He began his career as Corporate Manager of Ramada Beach Resort Kuantan from 1986 to 1993 before joining the Pahang Chief Ministers Office as Economic Advisor to the Chief Minister until 1996. From 1996 to 1999, he was appointed as Vice President of the Kuantan Municipal and from 1999 to 2004, was the Political Secretary to the Ministry of Information, Malaysia. During PRU11, he contested and won the P82 seat, Indera Mahkota, and was subsequently elected as a Member of Parliament for the term from 2004 to 2008. He was appointed as a board member of Inno Biologic Sdn Bhd from 2005 until 2012. During PRU12, he was also appointed as a State Executive Committee (EXCO) member, heading the Pahang State Youth and Sports Committee. During his tenure as EXCO Pahang, he had successfully led the State Government to organise Sukan Malaysia (SUKMA) in Kuantan in 2012.

After the 13th General Election, Dato' Sri Hj. Wan Adnan focused his path in the corporate world. He was appointed as Chairman for MMN Bina Sdn Bhd, a successful construction company in Pahang until 2015. He was also the chairman of the Malaysia Aviation Training Academy (MATA) which is in Kuantan. Apart from that, since 2014, he has been one of the directors to Sungei Wang Group, a company based in Kuala Lumpur which is involved in property development, amongst others. He was appointed to the Board of KNM Group Berhad, an Oil and Gas company listed in Bursa, as its Independent Non-Executive Director from 2014 to 2018. He is involved in property development through Casa Inspirasi Sdn Bhd, and in the Smart City and Energy Industry through Kiwi Group, where he was appointed as the Group Chairman in March 2020.

Dato' Sri sits on the board of a few private limited companies involved in property development, construction, agriculture, and trading. He is a director of a subsidiary of Royal Pahang Durian Group, having a joint venture with Pahang State Agriculture Development Corporation to restructure and develop the Musang King durians industry in Pahang. Also, he is an independent director of Magna Prima Berhad, an investment holding company which, through its subsidiaries, provides a diverse range of property development, building construction, trading, and management services.

Board of Directors' Profile

(CONT'D)

LAW NGIA MENG

EXECUTIVE DIRECTOR

Law Ngia Meng, aged 49, Malaysian, was appointed to the Board on 7 October 2021. He is a member of Risk Management Committee. He graduated with a bachelor's degree in Applied Computing from Lincoln University, Christchurch, New Zealand in 1999 and further obtained a Certificate in Horticulture that same year.

In 1999, he was appointed the General Manager at Syarikat Kai Nguong Nursery, one of the largest landscapes and plant nursery in Sabah. He was involved in many landscape beautification projects such as Sutera Harbour Resort, Shangri-La's Rasa Ria Resort, Kota Kinabalu International Airport, as well as the landscape maintenance of prominent buildings such as Dewan Undangan Negeri Sabah and Kementerian Kewangan. In 2003, he incorporated Garden Culture Sdn Bhd, a garden supplies retailer and wholesaler.

Thereafter, he diversified and ventured into the construction and property development industry. Currently, he is also involved in the strategic planning of LL Prospects Sdn Bhd, a company focused on the oil palm plantation industry.

DATO' DR. HJ. SHAMSUL ANWAR BIN SULAIMAN

DIMP, DPMP, AMS, PPT

INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Dr. Hj. Shamsul Anwar Bin Sulaiman, aged 62, Malaysian, was appointed to the Board on 25 January 2022. He is the Chairman of the Nomination Committee and a Member of Audit Committee, Risk Management Committee and Remuneration Committee. He holds a Bachelor Degree in Medicine from the University of Leuven, Belgium. Subsequently, he obtained his Master of Business Administration (Healthcare) from Universiti Teknologi Malaysia (UTM) Skudai, Johor. He is a registered member with the Malaysian Medical Council.

He currently also practices medicine at the Famili Clinic Group. During the COVID-19 pandemic, he was specially invited by Ministry of Health Malaysia (MOH) to serve as a volunteer doctor at the Putrajaya Hospital and Shah Alam Hospital, as well as a few quarantine hotels under MOH.

In the social sphere, he is involved with Lembaga Kooperasi Permodalan Felda 2 Berhad, Yayasan Pembangunan Generasi Felda Malaysia, Gabungan Wawasan Generasi Felda Malaysia, Majlis Belia Felda, Perak, to name a few. He is also the Managing Director of Liga Bolasepak Rakyat (LBR) and Kumpulan Klinik Famili.

He is currently the Executive Director of Executive Chairman Office of Puncak Niaga (M) Sdn Bhd, Director of Institute Teknologi Utama Felda and Felda Properties Sdn Bhd. He also sits on the Board of AWC Berhad since August 2022.

Board of Directors' Profile

(CONT'D)

CHAI HANN LIN

INDEPENDENT NON-EXECUTIVE
DIRECTOR

Chai Hann Lin, aged 47, Malaysian, was appointed to the Board on 7 October 2021. He is the Chairman of both Risk Management Committee, Remuneration Committee and a member of both Audit Committee and Nomination Committee. He obtained his Masters in E-Commerce and Information Technology from University of Central Oklahoma.

From 1999 to 2007, he was the Business Intelligence Software Developer for USA-based American Cancer Society. Subsequently, from 2008 to 2011, he was involved in Business Development of CIS Resources, a multi-national company with presence in China, Kazakhstan and Malaysia.

In 2011, he joined OOHM International Holdings Sdn Bhd as the Chief Technology Officer and in 2016, he was appointed the Chief Executive Officer. He is currently the IT Director of Borneo Smart Tech Sdn Bhd and Managing Director of Matrix Edge Venture Sdn Bhd. He also serves as the ICT Advisor / IT Consultant to Yayasan Sabah Group, a state sanctioned organisation that was developed to promote educational and economic opportunities for its people.

WONG KWAI WAH

NON-INDEPENDENT NON-EXECUTIVE
DIRECTOR

Wong Kwai Wah, aged 66, Malaysian, was appointed to the Board on 19 July 2016. He is a member of Chartered Accountants Australia and New Zealand, a member of Malaysian Institute of Accountants and a member of Chartered Tax Institute of Malaysia.

He began his career with Messrs Ernst & Young upon graduating with a Bachelor of Commerce from University of Canterbury, New Zealand. Geared with a proven ability to constantly challenge and improve existing processes and systems, he subsequently moved on to hold several key positions such as Finance Director in the Malaysia Subsidiary of Goodman Fielder Wattie Australia and Senior General Manager of Larut Consolidated Bhd, a company principally involved in the provision of property development and construction activities.

Having excellent communications skills and the ability to communicate professionally with clients and colleagues on detailed financial issues, he subsequently took on the position of Executive Director and Chief Executive Officer of Jackley Holdings Limited, a Hong Kong Public Listed Company.

Board of Directors' Profile

(CONT'D)

NOOR HAZLEY ZUANA BINTI MAMAT

**INDEPENDENT NON-EXECUTIVE
DIRECTOR**

Noor Hazley Zuana Binti Mamat, aged 36, Malaysian, was appointed to the Board on 21 February 2023. She is the Chairperson of Audit Committee and a member of both Remuneration Committee and Nomination Committee. She obtained her Bachelor of Accounting [Hons.] from Universiti Teknologi MARA (UiTM), Perlis. She was admitted as a Chartered Accountant and she is currently a member of the Malaysian Institute of Accountants (MIA).

She began her career as an Audit assistant in 2010 with PS Yap & Associates and she has over 13 years working experience in operational finance commencing from a medium sized audit firm and private limited companies specialising in construction and property management sector.

She is currently an Account Manager cum Human Resource Manager of Danau Lumayan Sdn. Bhd, a property developer and structural and general construction works and consultancy services.

None of the Directors has:-

- a) any family relationship with director and/or major shareholder of the Company;
- b) any conflict of interests that the person has with the Company;
- c) other than traffic offenses, any conviction for offenses within the past five (5) years; and
- d) any public sanction or penalty imposed by the relevant regulatory bodies during financial year.

KEY MANAGEMENT PROFILE

SEOW WEN JUN

GROUP HEAD OF
CORPORATE AFFAIRS

Seow Wen Jun, aged 38, Malaysian, was appointed as Head of Corporate Affairs on 1 October 2021. Having graduated from University of Melbourne, Australia with a Bachelor Degree in Commerce, he spent most of his career in the financial industry. He started off in the corporate finance department of Public Investment Bank, covering from scheme origination to preparation of submission to the Securities Commission and Bursa Malaysia.

In his career, he has also been exposed to various corporate exercises including Initial Public Offering, secondary fundraising, Mergers & Acquisition ("M&A") and Take-Overs. Working in a venture capital firm as a project manager, he mainly dealt with M&A and due-diligence work. Thereafter, he joined a boutique corporate advisory firm, servicing clients from Malaysia and China. His main job scope was scheme origination and liaison between clients and professionals such as bankers, legal counsels and auditors.

Subsequently, he joined an international financial trading platform, as a speaker exploring and servicing different markets. He was then promoted to the senior management and participated in strategizing the group's direction, branding and human resources. Currently, he is also an Independent Director of a US-OTC listed company, chairing the Audit Committee and Nominating Corporate Governance Committee.

He currently oversees all internal and external communications, business development, public affairs and investor relations, as well as strategizing and planning of corporate exercises of the Group.

TEH CHUI WEI

GROUP HEAD OF FINANCE

Teh Chui Wei, aged 39, Malaysian, was appointed as Head of Finance on 1 February 2023. She is a member of the Malaysian Institute of Chartered Accountants and Fellow of the Association of Chartered Certified Accountant, UK.

Prior to the role of Head of Finance in Infracarta Holdings Berhad, she was the group accountant of a listed company on the Main Board of Bursa Malaysia Securities Berhad. She was also an audit principal and technical manager in a large international accounting firms in which strong focus on statutory audit of listed companies from various industries. Apart from audit background, she has involved wide range of experiences such as special reporting to international companies, due diligent review, corporate exercises covering initial public offerings, reverse takeover and others.

She currently oversees all financial related matters of the Group, including funding requirements, audit, tax, budgeting, internal controls and risk management; while ensuring compliance with all the Bursa listing requirements and the financial reporting standards in respect of announcements and financial reporting.

Key Management Profile

(CONT'D)

CHANG CHEE HONG

HEAD OF CONTRACT

Chang Chee Hong, aged 63, Malaysian, was appointed as Deputy Project Director on 1 October 2021 and subsequently reappointed as Head of Contract on 1 April 2022. He holds a Diploma in Building Technology from Tunku Abdul Rahman College, Malaysia.

He started his career in 1988, initially involved with site works for 3 years. Ever since he diverted his career path towards contract administration, he was exposed to various types of works including building works, civil and structural works, slope stabilization, dredging and reclamation.

He was attached to Ken Grouting Sdn. Bhd., a subsidiary of Ken Holdings Bhd. for almost 21 years. Ken Holdings Bhd. is involved in development and construction. Apart from contract administration, he has exposure in facilities management and managing fit-out works.

Currently, he is also assigned to oversee projects in Sabah, monitoring of development projects, and pre & post contract, project budgeting and etc.

LEONARD LONG SEE HOW

SENIOR PROJECT MANAGER

Leonard Long See How, aged 58, Malaysian, was appointed as Senior Project Manager on 16 March 2023. He graduated from Chisholm Institute of Technology in Australia with a Bachelor's Degree in Engineering. He started his career in 1989 as a Project Engineer mainly involved in project and site management. He has over 30 years of experience and an extensive knowledge of the construction and property development industry.

He was the Senior General Manager of XP Builder Sdn. Bhd. for 7 years from 2015 to 2023, in which he was responsible for project and site management.

He is currently assigned to oversee construction projects.

LEN CUNG CHUNG

SENIOR MANAGER, PLANNING & CONTROL

Len Cung Chung, aged 41, Malaysian, was appointed as Senior Manager, Planning & Control on 6 June 2022. He obtained his Diploma in Building Technology from TAR College. He has over 18 years of working experience with various companies in the construction and property development industry.

He was the Project Manager for HYM Group Sdn. Bhd. for 5 years from 2018 to 2022, in which he was responsible for project management, project costing, project scheduling, testing, and commissioning.

He currently oversees all activities related to assigned projects, ensuring their completion to budget and time schedules.

None of the Key Management has:-

- a) any family relationship with director and/or major shareholder of the Company;
- b) any conflict of interests that the person has with the Company;
- c) other than traffic offenses, any conviction for offenses within the past five (5) years; and
- d) any public sanction or penalty imposed by the relevant regulatory bodies during financial year.

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW OF BUSINESS OPERATIONS

INFRAHARTA HOLDINGS BERHAD and its subsidiaries (“Infraharta”, “our”, “we” or “the Group”) principally involved in construction of buildings and other engineering projects, property development, investment properties and investment holding as well as money lending business.

In previous financial year 2022 (“FY 2022”), Infraharta facing an extraordinary difficult time for pandemic Covid-19 whereby the Penang Mega Infrastructure Project, namely the Major Roads from Bandar Baru Ayer Itam connecting to Lebuhraya Tun Dr. Lim Chong Eu worth RM815 million was mutually terminated in December 2021 and the Light Rail Transit Line 3 (LRT3) from Bandar Utama to Johan Setia on the supply of materials, labour, machineries and equipment for Precast Viaduct (U-Trough Girder) and other related works worth RM100 million was mutually terminated in November 2021.

Through it all, Infraharta marked of transition to endemic management of Covid-19 for the year 2023, heralding the beginning of Malaysia’s economic recovery as national governments will be eager to recuperate in infrastructure and construction to jump-start their recovery and business activities ramped back up due to the lifting of pandemic restrictions, massive shortage of labour, a surge in raw materials prices, a cost increase due to pandemic prevention, and difficulties in adhering to the project schedule.

For the financial year 2023 (“FY 2023”), our total order book for both construction and property development stand at approximately RM170 million of which RM125 million is outstanding. Notably, this entire order book came from new projects secured during the current financial year.

The Group had ventured into property development through its wholly owned subsidiary, Wande Development Sdn. Bhd., which holds 55% stake in Greenview Pavilion Sdn. Bhd. whose principal activities are property development and property investment holdings. Greenview Pavilion Sdn. Bhd. presence development of 1 tower with 26 storey, with only 4 units per floor high-rise residential known as Pavilion Residence strategically located in Seberang Perai Tengah, Penang, with a total gross development value of approximately RM49 million.



Management Discussion & Analysis

(CONT'D)

Amidst a challenging financial year of domestic and global uncertainties, we have continued to maintain our position as an upcoming company in construction activities.

The new construction projects secured during the current financial year include:

- (i) Slope repair works at Jalan Mesej Timpangoh, Penampang, Sabah worth RM11.01 million focusing on design and build elements.
- (ii) Slope repair works at Jalan Kiau Toburi Paka, Kota Belud, Sabah worth RM19.39 million on design and build including supply of materials, labour, machinery, equipment and fabrication works.



Management Discussion & Analysis

(CONT'D)

FINANCIAL PERFORMANCE

	FY 31 March 2023	FY 31 March 2022
	RM'000	RM'000
Revenue	29,750	8,072
Loss before tax	(22,704)	(36,972)
Loss attributable to the owners of the Company	20,303	(35,834)
Net assets per share attributable to owners of the Company (cent)	14	21

	Construction RM'000	Property Development RM'000	Investment Holdings and Others RM'000	Total RM'000
FY2023				
Revenue	23,562	6,149	39	29,750
Loss before tax	(16,630)	(2,340)	(3,734)	(22,704)
Segmental total assets	54,799	26,763	7,387	88,949
Segmental total liabilities	20,988	16,487	275	37,750
FY2022				
Revenue	8,070	-	2	8,072
Loss before tax	(18,382)	(33)	(18,557)	(36,972)
Segmental total assets	61,137	20,200	18,489	99,826
Segmental total liabilities	12,194	16,277	860	29,331

Revenue

Despite the increasingly challenging global economic environment, Infraharta has remained resilient and has even posted higher revenue of RM29.75 million in FY 2023 as compared to RM8.07 million in FY 2022, with construction and property sales backed by unbilled sales of RM125 million as of 31 March 2023.

The Group's construction revenue for FY 2023 was RM23.56 million compared to RM8.07 million in FY 2022. The lower Group's construction revenue reported in previous year mainly due to the prolonged Movement Control Order ("MCO") re-enforced from 1 June 2021 for approximately 3 months had significantly affected progress of most construction works in FY 2022 with rising costs of labour and material had resulted in feasibility issues to continue thus leading to contracts being ended prematurely albeit amicably. The bigger projects which came to their conclusion via mutual termination were Package 2 of the Penang Mega Infrastructure Project and LRT3 project. Both Package 2 and LRT3 projects had downward adjustments to revenue recognised totalling RM6.42 million as a result of final lower billings in FY 2022.

Despite the setback and challenges, the Group managed to secure several new construction projects during the second half of the current financial year and replenish its order book while being constantly on the lookout to acquire new contracts. As the property development segment is going to complete in October 2023, revenue from this segment will foresee higher in the next financial year ending 2024. With the current structure in place, we remain cautiously optimistic of our future performance with the expected gradual recovery in the overall economic climate.

Management Discussion & Analysis

(CONT'D)

FINANCIAL PERFORMANCE (CONT'D)

Loss Before Tax

The Group recorded loss before tax of RM22.70 million in the current financial year as compared to loss before tax of RM36.97 million in the preceding financial year. The Group's loss before tax mainly due to the non-recurring items recognised:

- impairment loss on goodwill on consolidation of RM1.30 million (FY 2022: Nil);
- downward adjustment on the revenue recognised in prior year of approximately RM8.72 million (FY 2022: RM2.24 million) due to the mutual termination in December 2021 on the Package 2 of the Penang Mega Infrastructure Project; and
- allowance for expected credit losses recognised of approximately RM9.01 million (FY 2022: RM14.91 million) due to the long outstanding trade receivables brought forward from terminated projects in prior years.

Liquidity and Capital Resources

As at 31 March 2023, the Group's cash and bank balances amounted to RM1.79 million, as compared to RM5.86 million as at the end of the preceding financial year. This together with existing tradeline and overdraft banking facilities totalling RM2.50 million enables the Group to sustain its operations at a comfortable level. As at 31 March 2023, the Group's overdraft and tradeline facilities utilised of approximately RM747,000 and RM124,000 respectively.

The Group's capital expenditure consists mainly of assets required in the ordinary course of business such as right of use assets on office and motor vehicles, since generally our projects are sub-contracted out.

As at 31 March 2023, the Group's share capital is RM144,743,637 comprising 371,679,719 number of shares with a net asset value per share of RM0.14.

ANTICIPATED OR KNOWN RISKS

The Group is generally exposed to risks associated with reducing works in construction and infrastructure projects under the operating economic environment and as always been mindful of the risk management practices that drive our performance. On the Group's venture into property development, market risk or support for the development project is identified as a critical factor for success and therefore proper due diligence and feasibility analysis would be mainly based on detailed market and location study. Risk management processes are embedded in our operating and business management processes as we actively identify major risks with the appropriate mitigating controls in place, and continuously monitor the effectiveness of such controls. The identified risks are classified by type and rating which is based on likelihood of occurrence and its corresponding impact on the financials in the event of occurrence. Those risks with higher likelihood and greater impact will be closely monitored together with their existing control in place. From the Enterprise Risk Management Report concluded in May 2022, a total of 23 risks were identified out of which the following 3 strategic risks were rated as high risk.

- Market risk. Our business is essentially project based and therefore, there must always be new projects coming on stream for sustainability. To mitigate this, the Group is encouraged to set up a marketing plan for next one year which will help to track and monitor the progress and the development of the marketing plan.
- Economic environmental risk. This relates to the unfavourable and challenging overall economic environment. To mitigate this, the Group may need to set up a core team from tender or business development and operations to track economies environment and updates in the market, and report to the Board of Directors. The management would monitor the milestone to ensure the roadmap has been realistically achieved and review the effectiveness of the plan constantly.
- Concentration risk. This relates to dependency on key projects or customers. To mitigate this, the Group needs to make best efforts to tender new projects to be established in the construction sector. There must be continuous effort to expand the customer base so that there is no key dependency on certain projects for future sustainability.

Besides strategic risk, the other risk categories are human resource risk, operational risk, financial risk and information technology risk, all of which were within manageable levels and having appropriate control measures. There were also no fundamental weaknesses which could not be rectified, and which have significant impact on the Group.

Management Discussion & Analysis

(CONT'D)

FORWARD LOOKING STATEMENT

We foresee ongoing opportunities for the Group and are confident on building an upward trajectory as the Malaysian economy grew by 5.6% in the 1st Quarter of 2023 (4Q 2022: 7.1%). The construction sector contracted at a smaller pace of 7.4% (4Q 2022: 10.1%). Progress in new and existing commercial and industrial projects continued to support activity in the non-residential subsector. Growth in the civil engineering and residential subsectors improved but remained subdued.

The Group has been actively and continuously looking out for new opportunities for both its construction and property development segments. On the construction segment, we are actively tendering and negotiating for projects also related to earthwork, drainage, roadworks and infrastructure estimated worth RM141 million located in West Malaysia, especially in Pahang and Selangor.

Buoyed by the success of our Pavilion Residence property development project in strategic location and with affordable price points, Infraharta's property development division plans to continue targeting

more projects in residential property. The National Property Information Centre ("NAPIC") announced the double digit growth of total property transactions in 2022 amounting to 389,000, an increase of 29.5% compared to 300,497 in 2021. With the recent positive data showed an increase in property transaction volume and value in the last year that is expected to carry through to the rest of 2023 and 2024. The incentives announced in the 2023 Budget, such as the 5-year stamp duty waiver for residential properties priced below RM500,000 for first homebuyers and a 75% stamp duty exemption for properties priced at RM500,000 to RM1 million, will continue to support property sales. With the government incentives and expected economic recovery, we are look forward to maintain positive outlook for residential property industry.

Based on the above, together with existing order book on hand, the Board and Management of Infraharta are cautiously optimistic on its future outlook and sustainability for both segments with the financial capacity to raise funds as and when required through corporate exercises.

ECONOMIC OUTLOOK OF MALAYSIA

The Malaysian economy further expanded in the 1st Quarter of 2023 by 5.6% (4Q 2022: 7.1%; 1Q 2011 - 4Q 2019 average: 5.1%), driven mainly by domestic demand. Further improvement in the labour market, with strong growth in employment and continued expansion in wages, have supported private consumption spending. Meanwhile, investment activity was underpinned by capacity expansion and continued implementation of multi-year projects. Inbound tourism continued to recover, lifting services exports and partially offsetting the slower goods export growth. On the supply side, the services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 0.9% (4Q 2022: -1.7%).

Headline inflation during the quarter trended lower to 3.6% (4Q 2022: 3.9%). This was due mainly to the moderation in core inflation and lower RON97 price. The decline in core inflation (1Q 2023: 3.9%; 4Q 2022: 4.2%) was largely contributed by selected services. These include telephone and telefax service, food away from home, and personal transport repair and maintenance. Even as cost pressures, particularly global commodity prices, continued to ease, core inflation remained elevated during the quarter amid continued strength in demand. Price pressures remained pervasive. The share of Consumer Price Index ("CPI") items recording monthly price increases rose to 56.0% during the quarter (4Q 2022: 51.2%). This in part reflected price adjustments by firms typically done at the beginning of the year (1Q average from 2011 - 2019: 52.2%; Overall average from 2011 - 2019: 45.6%), as well as continued price increases

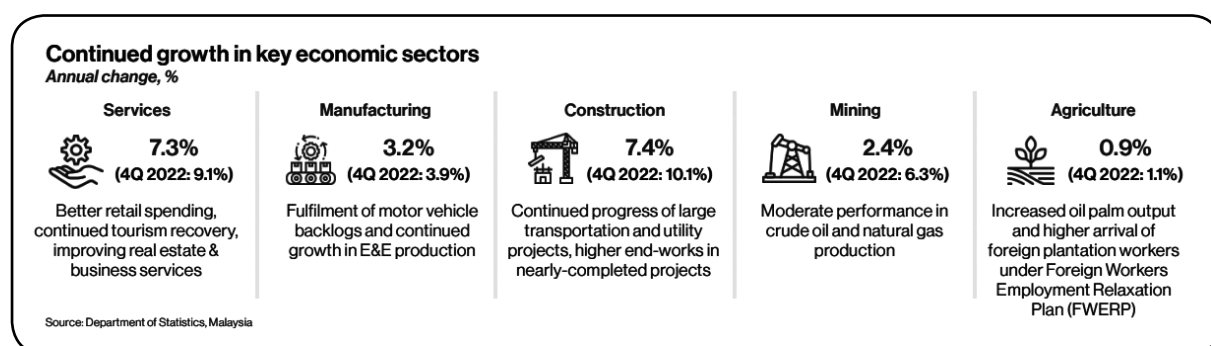
Management Discussion & Analysis

(CONT'D)

for some food-related items.

ECONOMIC OUTLOOK OF MALAYSIA (CONT'D)

In line with the recent global economic forecast by the International Monetary Fund ("IMF") and World Bank, the Malaysian Gross Domestic Product ("GDP") growth is expected to moderate in 2023 due to slower external demand as a result of weakening global trade. Geopolitical tensions, elevated price pressures and tighter financial conditions will also continue to affect world economic outlook.



Meanwhile, on the domestic front, extreme climate occurrences such as the current heat wave phenomena and the expected El Nino season starting in June 2023 are expected to weigh on economic activities to a certain extent, especially on the agriculture and construction sectors.

"Despite these global economic challenges and uncertainty, the Government is confident of achieving our growth forecast of 4.0% - 5.0% for 2023, supported by Malaysia's strong economic fundamentals and implementation of Belanjawan 2023 measures. The Government will continue to prioritise addressing the daily economic challenges faced by Malaysians while focusing on reducing wastage and tackling corruption," said YAB Dato Seri Anwar.

On May 3, Bank Negara Malaysia increased the Overnight Policy Rate ("OPR") by 25 bps to 3 per cent because it continued to believe that robust domestic demand was still the main driver of the world economy. The hike in the OPR by 25 basis points ("bps") to 3.0 per cent would not negatively impact the local real estate market, according to real estate specialists.

(Source 1 : www.bnm.gov.my/-/qb23q1_en_pr)

(Source 2 : www.mof.gov.my/portal/en/news/press-release/economy-achieves-growth-of-5-6-in-first-quarter-2023)

(Source 3 : www.nst.com.my/property/2023/05/909491/opr-increase-negligible)

SUSTAINABILITY STATEMENT

This Sustainability Statement presents information pertaining to the sustainability practices and policies of Infraharta Holdings Berhad (“Infraharta” or “the Company”) and its subsidiaries (collectively referred to as “the Group”).

This Sustainability Statement has been prepared in accordance with the Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad (“Bursa Malaysia”). This Sustainability Statement continuously embraces sustainability in its business operations through our commitments in delivering economic growth, conserving the environment, and contributing positively to the society covers the reporting period from 1 April 2022 to 31 March 2023.

Readers can view how Infraharta implements the numerous corporate governance practices denoted under the Malaysian Code of Corporate Governance (“MCCG”) in the financial year 2023 Corporate Governance Report (“CG Report”), which can be downloaded from <https://www.infraharta.com/index.php/investor-relations/corporate-governance>.

SUSTAINABILITY AT INFRAHARTA GROUP

We underwent a year of significant transition in 2022, along with the changes forthcoming in our corporate leadership and transformation of our organisational structure. The experience taught valuable lessons that helped us obtain a deeper understanding of how sustainability was perceived in the organisation, which sustainability practices were already being adopted and implemented, and what areas could be further improved.

We perceive sustainability as a never-ending quest that requires the participation of all stakeholders, internally and externally, at every level in efforts to contribute to global and national initiatives towards sustainable development. As we venture in the construction industry and property development industry, we strategize our business plans taking into consideration not only profitability and liquidity but also our responsibilities in terms of the impact relating to corporate governance, economic issues, environmental problem (for example, construction waste) and social responsibilities.



ECONOMIC



ENVIRONMENT



SOCIAL



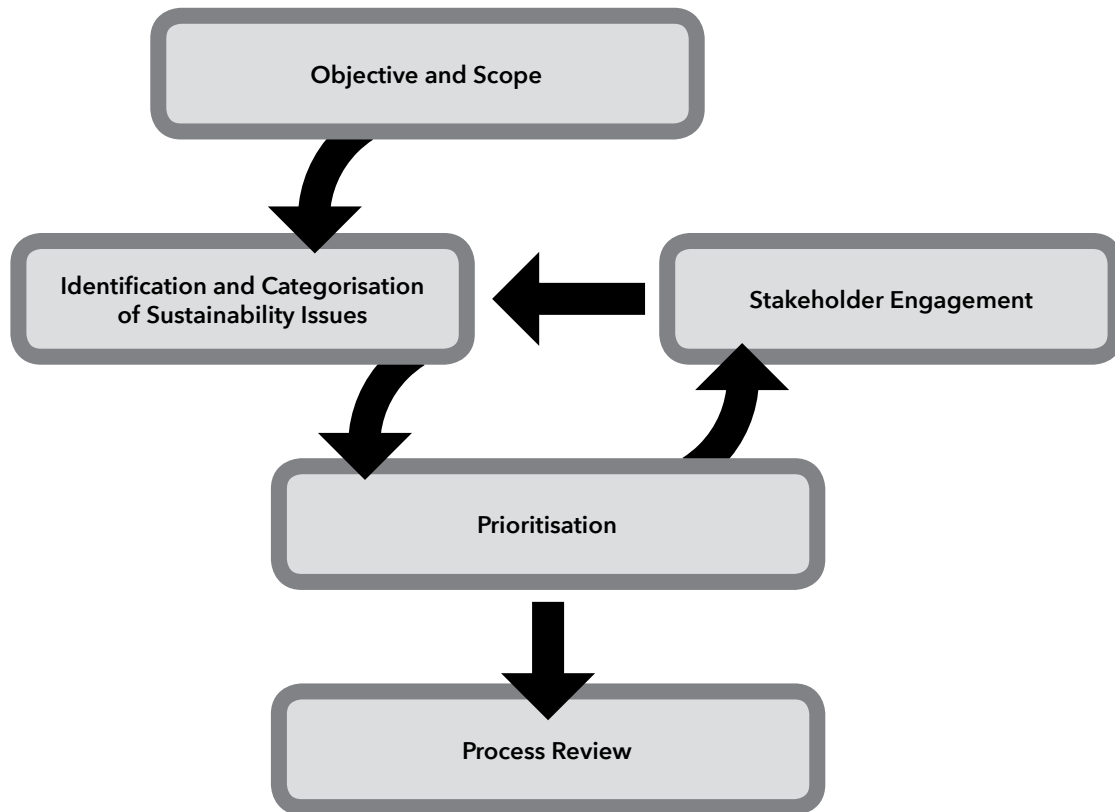
GOVERNANCE

Over the past years, we carried out the process of identifying, refining, and assessing material topics that could affect our businesses and stakeholders, such as:-

- (i) Financial Stability;
- (ii) Anti-Corruption and Corporate Governance;
- (iii) Compliance with Regulatory Authorities;
- (iv) Product Quality and Responsibility;
- (v) Local Community Development;
- (vi) Diversity and Equality Opportunity Workplace;
- (vii) Talent Retention and Development;
- (viii) Labour Practices and Human Rights;
- (ix) Occupational Health and Safety; and
- (x) Construction Waste Management.

Sustainability Statement

(CONT'D)



(Source: Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad)

The material topics are also aligned to the Group's selected United Nation Sustainable Development Goals ("UN SDGs"). While we acknowledge that certain materiality issues may be more important than others, we are equally concerned with each and every materiality issue. As a good corporate citizen, compliance with regulatory authorities is essential and also brings good corporate values. We support the initiatives taken by the regulatory authorities in improvising and supervising the reporting requirements as well as Anti-Corruption and Corporate Governance. We are identifies the financial stabilities because we believe adequate financial strength of a Company allows it to resolve all other materiality topics with precision, ease and without any financial hindrances.

Other materiality topics that relate directly to business processes are dealt with in an on-going basis and revisions are made as and when required.

Below are the qualitative comments which cover the three (3) main aspects:-



Sustainability Statement

(CONT'D)



ECONOMIC

Civil and construction works for basic infrastructure underpin the progress of society and are always high on any government agenda, even during period of economic uncertainty. Growth in the Malaysian construction/property development sectors is expected to rebound in 2023 following the reopening of the economy, underpinned by stronger domestic demand, continued expansion in external demand and improving labour market. Malaysia has also made important progress in enhancing measures to promote high quality investments through the adoption of National Investment Aspirations (NIA) into national strategies. At Infraharta, we aim to deliver on-time, on-budget infrastructure projects and property development project that ease the traffic congestion to create a highly liveable, economically vibrant and socially inclusive community. New roads, better infrastructure and other projects will alleviate the problems of rapid urbanization such as wastewater management, water supply and so on. The country's present transportation system can be improved by adopting a balanced approach in relation to the public transport and highway, which ultimately boost socio-economic growth.

1. Procurement practices

Integrity and transparency are essential to our procurement endeavours and we have strict protocols in place to safeguard critical information in the interests of fair play and competitiveness. In addition, our Code of Business Conduct & Ethics had sets out the principles to guide business conduct when employees deal with third party. This includes, but is not limited to all vendors, suppliers, service providers, contractors, subcontractors, consultants, agents, representatives and any other persons or entities who provide work, goods or services or act for or on behalf of the Group. We demand and enforce compliance with contractual standards and where possible, we favour local suppliers and sub-contractors.

Community investment

We have always taken the stand that success can only be measured in the context of creating a positive impact on our community. Infraharta believes strongly in 'giving back' and supporting charities events.

2. Indirect economic impact

We understand that commercial decisions we make, impact other players in the industry. We currently have a pool of sub-contractors and suppliers, and we endeavour to ensure our decisions have a positive flow on effect. We support our sub-contractors with credit lines, assistance with material purchases, machineries and etc to enable them to develop their capabilities and capacity. We work with suppliers to ensure timely project delivery and fair business dealings for mutual benefit.

Sustainability Statement

(CONT'D)



ENVIRONMENT

We are passionate about caring for our planet and preserving the environment for future generations. We are constantly striving to promote green practices and to lead the way in environmentally responsible practices which prevent or mitigate environmental impacts that occurs as a result of construction/property development projects.

1. Emissions

At Infraharta, we are vigilant with regard to any potentially polluting effects of our activities. The use of cars, lorries, heavy machinery and other plant and equipment that run on fossil fuel remains essential to our business. However, we do monitor the maintenance and efficiency of these. On site, we ensure dust control and proper disposal of oil, batteries, building material and other potential polluting items.

2. Waste and effluent

Hazardous waste is governed by local environmental regulations, i.e. the Environmental Quality (Scheduled Wastes) Regulations 2005 and non-hazardous waste includes general waste such as paper and plastic or effluent that is disposed as wastewater.

At Infraharta, we abide by all environmental regulations in relation to waste disposal. Our team, lead by the Environmental Officer will conduct routine inspections at project sites to ensure compliances and address environmental impact aspects of its operations along with our existing suppliers and sub-contractors.


In office and at project site, all employees are encouraged to promote the 'reduce, reuse, recycle' ethos.

3. Water/Energy

We are always looking for efficiency gains. Reducing consumption of utilities is a responsibility of all businesses and we support policies on renewables.

Sustainability Statement

(CONT'D)



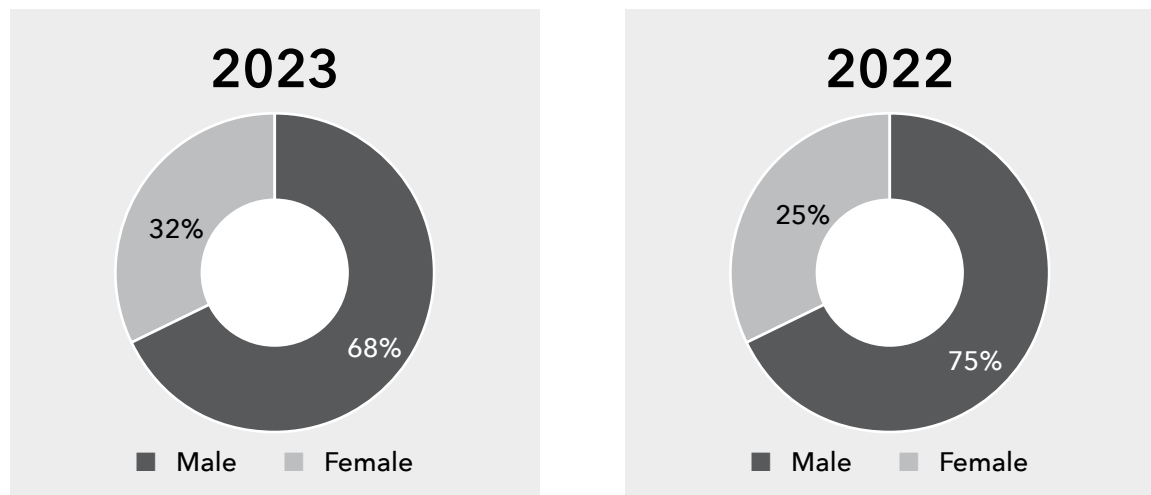
SOCIAL

We practise equality and do not discriminate based on creed, colour, or culture. The Group has zero tolerance on sex discrimination and sexual harassment. Our goal is providing a conducive, fair, and hazard-free working environment for all our employees. We believe our employees will thrive in such working environment as it breeds good corporate culture and values.

1. Diversity

Infraharta promotes diversity across all levels of operations. The Group also practices non-discrimination, providing equal opportunities and fair treatment to all employee regardless of gender, race, religion, or age. Our management strategy helps the find the right talent and ensure that our people excel both personally and professionally.

However, a gender balance on project/contract divisions is difficult to achieve and the construction/property development industries in general remains male dominated.



On the other hand, Infraharta had appointed a female Director on 21 Feb 2023, Noor Hazley Zuana Binti Mamat as an Independent Non-Executive Director constitute a 17% of women director of the Board. At Board level we have a fair diversity of ethnicities and ages but continue to lack gender diversity.

However, it is important to note that the Group does not discriminate against female candidates on Board. The Board constantly advocates fair and equal participation and opportunity for all individuals of the right calibre. In view of the nature of principal activities of Infraharta, in filling the vacancies that have arisen on the Board, the candidates with valuable background in the construction/property development industries were male.

The Board comprises Chinese and Malay members with age ranging from 36- to 66-year-old (2022: 46- to 71-year-old).

2. Health and Safety

Occupational Health and Safety is our most important sustainability issue due to the construction is a high hazard industry that comprises a wide range of activities involving construction, alteration, and/or repair. Construction workers engage in many activities that may expose them to serious hazards, such as falling from rooftops, unguarded machinery, being struck by heavy construction equipment, electrocutions, silica dust, and asbestos. We prioritise our employees' safety by providing training on health and safety standards to prevent accidents and injuries from occurring. As such, we pleased to report a zero-accident rate throughout our operational activities.