

MANAGEMENT DISCUSSION AND ANALYSIS

The strong sales achieved is further attestation of matrix's proven capabilities and track record as a property developer. Matrix continues to align with real market demand whilst providing strong value proposition of our properties and services, all with the aim of achieving the development aspirations of our discerning customers.

**FY2022
Dividend
Per Share**
12.5
sen

**Total Dividend
Pay-Out**
RM104.3
million

**Net Gearing
Ratio**
0.04X

ABOUT MATRIX

The principal business operations of Matrix Concepts Holdings Berhad ("Matrix" or "the Group") comprises property development and related services. The Group's other business divisions consist of Construction, Education, Hospitality and Healthcare operations, which cumulatively come together to create a unique business model that is sustainable and resilient for our competitive advantage. This is aligned with the Group's aspiration of "Nurturing Environments, Enriching Lives".

Further information on the Group's corporate profile and its business model is provided in the About Us and Strategic Review sections of this Integrated Annual Report ("IAR2022").

The Group's flagship property development is its township in Negeri Sembilan, which has now expanded beyond Bandar Sri Sendayan, to also include Ara Sendayan, Tiara Sendayan, Bayu Sutera, Irama Sendayan, Laman Sendayan and Eka Heights. Collectively known as Matrix's Sendayan Developments, it covers an area of approximately 7,000 acres. Another township, nestled in a 1,210-acre expanse is Bandar Seri Impian ("BSI"), situated in Kluang, Johor.

The Group's presence in property development is not limited to townships but is now encompassing a high-rise development as well, with the addition of the RM322.7 million GDV Chambers Residence, located in the heart of the nation's capital Kuala Lumpur.

With view to expanding its base internationally, the Group had embarked on stand-alone developments in M. Greenvale in Melbourne, Australia. This is the Group's successful second project, after M. Carnegie, located adjacent to the verdant 430-acre Greenvale Reservoir Park.

In Indonesia, via a 30% shareholding in a joint venture entity with an Indonesian conglomerate and a major private property developer, Matrix is collaborating in the development of Menara Syariah. This is an affirmation of the Group's growing presence in Indonesia, given its commencement with other developments.

Menara Syariah is a twin 29-storey, USD250 million (RM1.0 billion) iconic development located in the up-and-coming Islamic Financial District ("IFD") of Jakarta. Upon completion, it is poised to be a major landmark and high-profile, world-class commercial address.

Since FY2017, Matrix has delivered a compounded annual growth rate ("CAGR") of 2.9% and 2.1% respectively for revenue and after-tax profits. As at end financial year ended 31 March 2022, market capitalisation of the Group stood at RM1.98 billion.

The Group has consistently paid out quarterly dividends to shareholders since its listing on the Main Market of Bursa Malaysia Securities Berhad.



Over the past five years, Matrix has cumulatively developed and completed over 8,067 properties in Malaysia and Australia, bringing a total gross development value ("GDV") of RM5.3 billion. The Group's established profile and contribution as a leading township property developer is recognised in the multiple industry awards and accolades it has gained.

The Group's strategic intent is to diversify its business model and strengthen business sustainability and value creation for stakeholders. With this in mind, the Group has since broadened its scope to cover education, construction, hospitality and healthcare sectors. For specific performance related information of each division, please refer to the respective subsections within this report.

REVIEW OF THE OPERATING ENVIRONMENT

Operating amidst a compressed macro-economic environment, due to the Covid-19 pandemic, a sluggish property market, disruption of supply chains and below than expected economic growth in FY2022, Matrix looked to leverage on the strength of its business model to chart a steady path of continued value creation for stakeholders.

For 2021, GDP growth was stymied by global gross domestic product ("GDP") growth for 2021 only reached 6.4%, far lower than the initially projected 11.5%.

▲ HO KONG SOON
(Key Senior
Management)
Group Managing
Director

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Consistent with global trends, Malaysia also posted below par GDP growth of just 3.3%, significantly below predictions of 4.5%. Below par GDP growth was attributed to increased precautionary behaviour from investors and consumers, subdued labour market conditions and continued decline in private sector consumption.

Malaysia's property market has seen a decline over the last 5 years, exacerbated by a combination of factors, including an oversupply of property types, tight financing conditions, rising costs of living and sluggishness in expansion of the economy and high-value job creation. Compounding these factors are stagnant wages and increased cost of living, which further erode the buying power of prospective property buyers.

The Covid-19 pandemic over two years has had an unprecedented and tumultuous impact on the economy. The various lockdowns had arrested socio-economic activity with almost all industries and business sectors affected. With many industries unable to operate totally or not at fully capacity, the ensuing effect was loss of jobs and incomes, which impacted consumer buying power and resulted in the domestic economy losing its momentum of recovery.

Similarly, the property sector was also affected by the new normal conditions during the pandemic period. However, the property sector was supported by various incentives and government introduced measures.



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The further extension of the Home Ownership Campaign (HOC) to 31 December 2021 also

provided a degree of impetus in supporting buying sentiments. The HOC incentives included full stamp duty exemption on both the instrument of transfer and loan agreement for properties valued up to RM500,000 for first time buyers. In addition, the removal of the 70% margin of financing limit was maintained for the duration of the HOC period, for the third and subsequent housing loans for properties valued at RM600,000 and above.

Additional measures introduced under the National Budget 2022 also supported property sales. These included total exemption of real property gains tax (RPGT) for properties sold after the sixth year of ownership and various other incentives.

Throughout 2021, Bank Negara Malaysia ("BNM") maintained the Overnight Policy Rate ("OPR") at a low of 1.75% as part of its fiscal measures to stimulate economic activity, which has been severely impacted due to the Covid-19 pandemic. Consequently, interest rates on property loans had also dropped to historic lows, which was beneficial for those seeking financing for property purchases.

In 2021, total property sales stood at RM145 billion with more than 300,000 transactions concluded, a 1.5% and 21.7% increase in volume and value respectively year-on-year.

Specifically, the residential sector, in which represents a large majority of Matrix's properties, accounted for more than half of all transactions and RM76.9 billion of all properties transacted. This was a 3.9% and 16.7% increase in volume and value year-on-year. Terraced homes comprised the largest component of residential transactions at 43.0%, followed by high-rise units, which accounted for close to 15% of all residential property transactions.

In terms of new market supply, total number of new properties launched continued to decline with just 44,000 units brought on to market, a 6.74% dip year-on-year. This is consistent with prevailing market conditions, given the existing overhang of supply for certain property types, notably in urban epicentres and the general sluggish economic conditions.

MATRIX IN FY2022

Despite the turbulent operating conditions, Matrix's swiftly adopted various strategic measures to adjust to the new normal that have enabled continued progress on both business and operational fronts.

Among these business strategies were the adoption of business agility through increased digitalisation and technology, continued high level of SOP compliance to ensure speedy progress of construction and development works and ramping up of marketing and promotional activities to drive sales.

Leveraging on the strong Matrix brand confidence among customers, especially in the Sendayan and southern Greater Kuala Lumpur region, Matrix launched RM917.8 million worth of properties and registered total property sales of RM1.3 billion. In addition, as at 31 March 2022, Matrix has registered unbilled sales of RM1.3 billion, which provides clear revenue visibility for the Group going forward.

The strong sales achieved is further attestation of Matrix's proven capabilities and track record as a property developer. A property developer who continues to successfully meet real market demand and who consistently meets the lifestyle aspirations of customers, with appropriately priced products that offer quality, value for money properties.

Matrix continued to cater to the middle-income market segment, where demand for properties remained comparatively resilient. Of the properties launched in FY2022, 53.8% were priced RM500,000 and below.

Pricing aside, Matrix continued to strengthen the value proposition of its offerings by focussing on other core attributes, which included developing properties, in strategic, highly desired and proven locations such as in Sendayan Developments and continuing to focus on masterplanning developments that would provide community-oriented lifestyles.

FINANCIAL PERFORMANCE



DESPITE THE TURBULENT OPERATING CONDITIONS, MATRIX'S SWIFTLY ADOPTED VARIOUS STRATEGIC MEASURES TO ADJUST TO THE NEW NORMAL THAT HAVE ENABLED CONTINUED PROGRESS ON BOTH BUSINESS AND OPERATIONAL FRONTS.