

inta BINA

INTA BINA GROUP BERHAD

(Company No. 1134880-W)
(Incorporated in Malaysia under the Companies Act, 1965)

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) COMPRISING:

(I) PUBLIC ISSUE OF 107,051,800 NEW ORDINARY SHARES IN OUR COMPANY (“SHARES”) IN THE FOLLOWING MANNER:

- 26,763,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 20,013,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND BUSINESS ASSOCIATES/PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP;
- 53,526,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY; AND
- 6,749,800 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS

AND

(II) OFFER FOR SALE OF 26,763,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS

AT AN ISSUE/OFFER PRICE OF RM0.25 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

Adviser, Sponsor, Underwriter and Placement Agent



M&A SECURITIES SDN BHD (15017-H)
(A Wholly-Owned Subsidiary of Insas Berhad)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

YOU ARE ADVISED TO NOTE THAT COMPANIES LISTED ON THE ACE MARKET OF BURSA SECURITIES MAY BE OF HIGH INVESTMENT RISK.

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. PLEASE REFER TO “RISK FACTORS” AS SET OUT IN SECTION 4 HEREIN.

THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA.

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INTA BINA GROUP BERHAD (Company No: 1134880-W)
(Incorporated in Malaysia under the Companies Act, 1965)

No.15 & 17 (1st Floor), Jalan SS 15/8A
47500 Subang Jaya, Selangor, Malaysia

Tel : +6 03-5637 9093

Fax : +6 03-5631 8596

Website : <http://intabina.com>

Email : admin@intabina.com

Our Directors, Promoters and Offerors (as defined herein) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M&A Securities Sdn Bhd, being our Adviser, Sponsor, Underwriter and Placement Agent to our IPO (as defined herein), acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

A copy of this Prospectus has been registered with the Securities Commission Malaysia ("SC"). The registration of this Prospectus should not be taken to indicate that the SC recommends our IPO or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment.

The SC is not liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss that you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. A copy of this Prospectus, together with the Application Form (as defined herein), has also been lodged with the Companies Commission of Malaysia who takes no responsibility for its contents.

Companies listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") may have a limited operating history or may not have any profit track record prior to listing. Such companies may be of high investment risk. As with all investments, you should be aware of all potential risks in investing in such companies and should make the decision to invest after giving due and careful consideration by referring to, among others, this Prospectus, latest financial statements and corporate announcements. You are strongly recommended to seek advice from securities professional/adviser.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF OUR IPO AND YOUR INVESTMENT IN OUR SHARES. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

Our IPO is an exempt transaction under Section 212(8) of the Capital Markets and Services Act 2007 ("CMSA") and is therefore not subject to the approval of the SC.

You are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through Sections 248, 249 and 357 of the CMSA.

Approval has been obtained from Bursa Securities for the listing of and quotation for our IPO Shares (as defined herein) on 21 October 2016. Our admission to the Official List of the ACE Market of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares. Bursa Securities shall not be liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning our IPO for which any of the persons set out in Section 236 of the CMSA, e.g. Directors and Advisers, are responsible.

Our securities are classified as shariah-compliant by the Shariah Advisory Council of the SC based on the audited consolidated financial statements for the financial year ended 31 December 2015. This classification remains valid from the date of issue of this prospectus until the next shariah compliance review is undertaken by the Shariah Advisory Council of the SC. The new status will be released in the updated list of shariah-compliant Securities, on the last Friday of May and November.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether our IPO would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO as stated in our Prospectus and the Application Form and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither us nor our Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS

This Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

You may also obtain a copy of the Electronic Prospectus from the websites of Malayan Banking Berhad at www.maybank2u.com.my, RHB Bank Berhad at www.rhb.com.my, CIMB Investment Bank Berhad at www.eipocimb.com, CIMB Bank Berhad at www.cimbclicks.com.my, Affin Bank Berhad at www.affinonline.com and Public Bank Berhad at www.pbebank.com.

You are advised that the internet is not a fully secured medium, and that your Internet Share Application (as defined herein) may be subject to the risks of problems occurring during the data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt of the validity or integrity of an Electronic Prospectus, you should immediately request from us, the Adviser or issuing house, a paper printed copy of this Prospectus.

In the event of any discrepancy arising between the contents of the electronic and the contents of the paper printed copy of this Prospectus for any reason whatsoever, the contents of the paper printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the SC shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "Third Party Internet Sites"), whether by way of hyperlinks or by way of description of the third party internet sites, you acknowledge and agree that:

- (a) We and our Adviser do not endorse and is not affiliated in any way with the Third Party Internet Sites and is not responsible for the availability of, or the contents or any data, information, files or other material provided on the third party internet sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (b) We and our Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance of any data, information, files or other material provided by such parties; and
- (c) Any data, information, files or other material downloaded from Third Party Internet Sites is done at your own discretion and risk. We and our Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (a) The Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions and shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and
- (b) While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the internet participating financial institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMETABLE

All terms used are defined under "Definitions" commencing from page vii.

The indicative timing of events leading to the listing of and quotation for our entire enlarged share capital on the ACE Market of Bursa Securities is set out below:

Events	Tentative Dates
Issuance of this Prospectus/Opening of Application for our IPO	5 May 2017
Closing of Application for our IPO	15 May 2017
Balloting of the Application for our IPO Shares	17 May 2017
Allotment of our IPO Shares to successful applicants	23 May 2017
Date of Listing	25 May 2017

This timetable is indicative and is subject to changes which may be necessary to facilitate the implementation procedures. The application period for our IPO will close at the date stated above or such later date as our Directors, Promoters, Offerors and Underwriter in their absolute discretion may mutually decide.

In the event the closing date of the application is extended, we will advertise the notice of the extension in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia prior to the original closing date of the application. Following this, the dates for the balloting of the application for our IPO Shares, allotment of our IPO Shares and Listing would be extended accordingly.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All terms used are defined under "Definitions" commencing from page vii.

All references to "IBGB" and the "Company" in this Prospectus are to Inta Bina Group Berhad (1134880-W). Unless otherwise stated, references to "Group" are to our Company and our subsidiary taken as a whole; and references to "we", "us", "our" and "ourselves" are to our Company, and, save where the context otherwise requires, our subsidiary. Unless the context otherwise requires, references to "Management" are to our Directors and key management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest thousandth or 2 decimal places. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in "Definitions" appearing after this section. Words denoting the singular only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All reference to dates and times are references to dates and times in Malaysia.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by our management and various third parties and cites third party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is acknowledged, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Market Researcher. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate. However, neither we nor our advisers have independently verified these data. Neither we nor our advisers make any representation as to the correctness, accuracy or completeness of such data and accordingly, you should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third party projections, including the projections from the Independent Market Researcher, cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. Hence, you should not place undue reliance on the third-party projections cited in this Prospectus.

The information on our website, or any website directly or indirectly linked to such websites does not form part of this Prospectus and you should not rely on it.

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FORWARD LOOKING STATEMENTS

All terms used are defined under "Definitions" commencing from page vii.

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", "project" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitations, statements relating to:

- (a) Demand for our services;
- (b) Our business strategies;
- (c) Our future plans and objectives for future operations;
- (d) Our financial position;
- (e) Our future earnings, cash flows and liquidity; and
- (f) Our ability to pay future dividends.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (a) The economic, political and investment environment in Malaysia and globally; and
- (b) Government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 4-"Risk Factors" and Section 11-"Historical Financial Information" of this Prospectus. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward-looking statements that are contained herein.

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DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless otherwise defined or the context requires otherwise:

COMPANIES WITHIN OUR GROUP:

"IBGB" or "Company"	: Inta Bina Group Berhad (1134880-W)
"IBGB Group" or "Group"	: IBGB and its wholly-owned subsidiary IBSB, collectively
"IBSB"	: Inta Bina Sdn Bhd (166877-X), formerly known as Sungai Muhibah Sdn Bhd, Apexjaya Development Sdn Bhd and PJD Builders Sdn Bhd

GENERAL:

"10MP"	: Tenth (10 th) Malaysia Plan
"ACE Market"	: ACE Market of Bursa Securities
"Acquisition of IBSB"	: Acquisition by IBGB of the entire share capital of IBSB for a purchase consideration of RM42,820,710 which was wholly satisfied by the issuance of 428,207,100 new Shares at an issue price of RM0.10 per Share, which was completed on 17 March 2017
"Act"	: Companies Act, 2016, as amended from time to time, and any re-enactments thereof
"ADA"	: Authorised Depository Agent
"ADSB"	: Apexjaya Development Sdn Bhd (now known as IBSB)
"Apexjaya"	: Apexjaya Industries Sdn Bhd (170347-W)
"Application"	: The application for our IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
"Application Form(s)"	: The printed application form(s) for the application of our IPO Shares accompanying this Prospectus
"ASEAN"	: Association of Southeast Asian nations
"ATM(s)"	: Automated Teller Machine(s)
"Board"	: Board of Directors of IBGB
"Bursa Depository" or "Depository"	: Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	: Bursa Malaysia Securities Berhad (635998-W)

DEFINITIONS (Cont'd)

"CAGR"	:	Compounded annual growth rate
"CCM"	:	Companies Commission of Malaysia
"CDS"	:	Central Depository System
"CDS Account"	:	An account established by Bursa Depository for a depositor for the recording of securities and for dealing in such securities by the depositor
"CIDB"	:	The Construction Industry Development Board of Malaysia
"CIPAA"	:	Construction Industry Payment and Adjudication Act 2012, as amended from time to time, and any re-enactments thereof
"CITP"	:	Construction Industry Transformation Programme
"Closing Date"	:	The date adopted in the Prospectus as the last date for acceptance and receipt of application for the subscription to our IPO Shares or such other later date as our Board, our Offerors, our Promoters and our Underwriter may agree upon
"CMSA"	:	Capital Markets & Services Act 2007, as amended from time to time, and any re-enactments thereof
"Depository Rules"	:	The Rules of Bursa Depository and any appendices thereto as they may be amended from time to time
"Director"	:	Either an executive director or a non-executive director of our Company within the meaning of Section 2 of the Act
"EBIT"	:	Earnings before interest and taxation
"EBITDA"	:	Earnings before interest, taxation, depreciation and amortisation
"ECU"	:	Equity Compliance Unit of the SC
"Electronic Prospectus"	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium
"Electronic Share Application"	:	Application for our IPO Shares through a Participating Financial Institution's ATM
"EPS"	:	Earnings per share
"ETP"	:	Economic Transformation Programme
"FYE(s)"	:	Financial year(s) ended/ending 31 December, as the case may be
"GP"	:	Gross profit
"GST"	:	Goods and Services Tax
"HSE"	:	Health, Safety and Environmental

DEFINITIONS (Cont'd)

"IBSB Vendors"	: Apexjaya, Lim Ooi Joo, Teo Hock Choon, Ahmad Bin Awi, Yap Yoon Kong, Chau Yik Mun, Ong Tiau Siang and Foong Jyi Chyuan, collectively
"ICT"	: Information and communications technology
"IFRS"	: International Financial Reporting Standards
"IMR" or "Protégé"	: Protégé Associates Sdn Bhd (675767-H), our Independent Market Researcher
"IMR Report"	: Independent Market Research Report titled "Strategic Analysis of the Construction Industry in Malaysia"
"Inta Development"	: Inta Development Sdn Bhd (244470-D)
"Internet Share Application"	: Application for our IPO Shares through an online share application service provided by the Internet Participating Financial Institutions
"Internet Participating Financial Institutions"	: The participating financial institutions for Internet Share Application as listed in Section 16 of this Prospectus
"Initial Public Offering" or "IPO"	: Our initial public offering comprising our Public Issue and Offer for Sale
"IPO Price"	: Our issue/offer price of RM0.25 per Share pursuant to our Public Issue and Offer for Sale
"IPO Share(s)"	: The Issue Share(s) and Offer Share(s), collectively
"ISO"	: International Organization for Standardisation
"Issue Share(s)"	: The new Share(s) to be issued pursuant to our Public Issue and subject to the terms and conditions of this Prospectus
"Issuing House"	: Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
"IT"	: Information technology
"LPD"	: 15 April 2017, being the latest practicable date for ascertaining certain information contained in this Prospectus
"LPIP Act"	: Lembaga Pembangunan Industri Pembinaan Malaysia Act, 1994, as amended from time to time, and any re-enactments thereof
"Listing"	: Listing of and quotation for our entire enlarged share capital of RM53,525,900 comprising 535,259,000 Shares on the ACE Market of Bursa Securities
"Listing Requirements"	: ACE Market Listing Requirements of Bursa Securities, as amended from time to time
"Listing Scheme"	: Comprising our Public Issue, Offer for Sale and Listing, collectively
"m ² "	: Square metre

DEFINITIONS (Cont'd)

"M&A Securities"	:	M&A Securities Sdn Bhd (15017-H)
"Malaysian Public"	:	Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
"Market Day(s)"	:	Any day(s) between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities
"MBAM"	:	Master Builders Association Malaysia
"MFRS"	:	Malaysian Financial Reporting Standards
"Memorandum and Articles"	:	Memorandum and Articles of Association of our Company
"MITI"	:	Ministry of International Trade and Industry Malaysia
"NA"	:	Net assets
"NBV"	:	Net book value
"NL"	:	Net liabilities
"Offerors"	:	Collectively, Apexjaya and Yap Yoon Kong, being the offerors pursuant to our Offer for Sale
"Offer for Sale"	:	The offer for sale by our Offerors of 26,763,000 Offer Shares at our IPO Price by way of private placement to selected investors
"Offer Share(s)"	:	26,763,000 existing Share(s) to be offered pursuant to our Offer for Sale
"Official List"	:	The list specifying all securities which have been admitted for listing of Bursa Securities and not removed
"OHSAS"	:	Occupational, Health and Safety Management Systems
"Participating Financial Institution(s)"	:	Participating financial institution(s) for Electronic Share Application, as listed in Section 16 of this Prospectus
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"PE Multiple"	:	Price-to-earnings multiple
"Pink Form Allocations"	:	The allocation of 20,013,000 Issue Shares to our eligible Directors, employees and business associates/persons who have contributed to the success of our Group pursuant to the Public Issue
"PKK"	:	Pusat Khidmat Kontraktor
"Placement Agent"	:	M&A Securities
"Principal Adviser" "Sponsor"	or :	M&A Securities

DEFINITIONS (Cont'd)

"Promoters"	:	Collectively, Apexjaya, Lim Ooi Joo, Teo Hock Choon and Ahmad Bin Awi
"Prospectus"	:	This prospectus dated 5 May 2017 in relation to our IPO
"Public Issue"	:	The public issue of 107,051,800 Issue Shares at our IPO Price
"QMS"	:	Quality Management System
"R&D"	:	Research and development
"SC"	:	Securities Commission Malaysia
"Share(s)" or "IBGB Share(s)"	:	Ordinary share(s) in IBGB
"SICDA" or "Depository Act"	:	Securities Industry (Central Depositories) Act, 1991, as amended from time to time, and any re-enactments thereof
"sq ft"	:	Square feet
"Underwriter"	:	M&A Securities
"Underwriting Agreement"	:	The underwriting agreement dated 3 April 2017 entered into between our Company and M&A Securities pursuant to our IPO
"UK"	:	United Kingdom
"USA"	:	United States of America

Currencies

"HKD"	:	Hong Kong Dollar
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"USD"	:	United States Dollar

Technical Glossary

"Bills Of Quantities"	:	A bills of quantities is a document prepared by professional quantity surveyor on behalf of the client that provides project specific measured quantities of the items of work identified by the drawings and specifications in the tender documentation. The quantities may be measured in number, length, area, volume, weight or time. The bills of quantities is issued to tenderers for them to prepare a price for carrying out the works. The bills of quantities assists tenderers in the calculation of construction costs for their tender such that all tenderers will be pricing the same quantities for the said project
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DEFINITIONS (Cont'd)

"Certificate of Making Good Defects"	:	A Certificate of Making Good Defects is issued to the contractor by the architect that is appointed by the client at the expiry of the defects liability period when all the defects notified have been made good or have been dealt with. However, it shall not prejudice any other rights in regard to latent defects or other breaches of the contract involved
"Certificate of Practical Completion"	:	A Certificate of Practical Completion is issued to the contractor by the architect that is appointed by the client after the contractor has completed all the required contractual obligations and has given a written undertaking to complete any outstanding work during the defects liability period
"CONQUAS"	:	Construction Quality Assessment System, a workmanship assessment system developed by Building and Construction Authority Singapore for a quantitative measure of the overall quality of a building's workmanship
"Construction Industry Standard (CIS7: 2006)"	:	Construction industry standard on quality assessment system for building construction work developed by CIDB, as amended from time to time
"IBS"	:	Industrialised building system, a construction method that utilises structural components, or a building system that involves pre-fabricated components and on-site installation
"Liquidated damages"	:	Liquidated damages, are damages due to the client which are calculated based on the rate and terms stated in the contract when the contractor fails to deliver the completed work within the period stipulated in the contract
"Letter of Acceptance"	:	Letter of formal acceptance by the employer of the tender. Letter of Acceptance will also be appended in the contract executed between the employer and the contractor
"M&E"	:	Mechanical and electrical
"QLASSIC"	:	Quality Assessment System in Construction, a system or method to measure and evaluate the workmanship quality of a building construction work based on Construction Industry Standard (CIS7:2006). QLASSIC enables the quality of workmanship between construction projects to be objectively compared through a scoring system
"SHASSIC"	:	Safety and Health Assessment System in Construction, conducted by CIDB, is a new independent method to assess and evaluate the safety and health performance of a contractor in construction works/projects
"SOHO"	:	Small office or home office

DEFINITIONS (Cont'd)

- "Shop Drawing" : A set of drawings produced by the contractor, supplier, manufacturer or fabricator which provides details on how prefabricated components are expected to be manufactured, fabricated, assembled or installed. The shop drawings are developed based on the design intent drawings and specification as prepared by the manufacturer and fabricator
- "Tunnel Form System" : Tunnel form is a formwork system that allows the contractor to cast walls and slabs in one operation on a daily cycle. Each 24 hours, the formwork is moved so that another tunnel can be formed. The walls and slabs are cast in a single operation using specially designed half tunnel steel forms that come in different shapes, sizes and modules. Tunnel form system is part of IBS and is an effective way to construct buildings that have repetitive elements or layouts. The tunnel formwork can be reused more than 500 times

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Designation	Residential Address	Nationality/ Profession	Gender
Lim Pang Kiam	Independent Non-Executive Chairman	64, Jalan SS 22/27 Damansara Jaya 47400 Petaling Jaya Selangor	Malaysian/ Director	Male
Lim Ooi Joo	Managing Director	18, Lengkok Zaaba Satu Taman Tun Dr. Ismail 60000 Kuala Lumpur	Malaysian/ Director	Male
Teo Hock Choon	Deputy Managing Director	8, Jalan Kemuning Permai 33/42D Kemuning Utama 40400 Shah Alam Selangor	Malaysian/ Director	Male
Ahmad Bin Awi	Executive Director	8, Jalan Kenyalang 11/7 Bayu Damansara 47810 Kota Damansara Petaling Jaya Selangor	Malaysian/ Director	Male
Chau Yik Mun	Executive Director	89, Jalan LEP 4/15 Taman Lestari Putra 43300 Bandar Putra Permai Selangor	Malaysian/ Director	Male
Yap Yoon Kong	Senior Independent Non-Executive Director	22, Jalan Desa Residen 3 Levenue Desa Parkcity 52200 Kuala Lumpur	Malaysian/ Director	Male
Dato' Sia Thian Sang	Independent Non-Executive Director	28-03 Mont' Kiara Damai Jalan Mont' Kiara 2 50480 Kuala Lumpur	Malaysian/ Advocate & Solicitor	Male

1. CORPORATE DIRECTORY (Cont'd)**AUDIT COMMITTEE**

Name	Designation	Directorship
Yap Yoon Kong	Chairman	Senior Independent Non-Executive Director
Lim Pang Kiam	Member	Independent Non-Executive Chairman
Dato' Sia Thian Sang	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Yap Yoon Kong	Chairman	Senior Independent Non-Executive Director
Lim Pang Kiam	Member	Independent Non-Executive Chairman
Dato' Sia Thian Sang	Member	Independent Non-Executive Director
Lim Ooi Joo	Member	Managing Director
Teo Hock Choon	Member	Deputy Managing Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Dato' Sia Thian Sang	Chairman	Independent Non-Executive Director
Yap Yoon Kong	Member	Senior Independent Non-Executive Director
Lim Pang Kiam	Member	Independent Non-Executive Chairman

RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Lim Ooi Joo	Chairman	Managing Director
Lim Pang Kiam	Member	Independent Non-Executive Chairman
Yap Yoon Kong	Member	Senior Independent Non-Executive Director
Dato' Sia Thian Sang	Member	Independent Non-Executive Director
Teo Hock Choon	Member	Deputy Managing Director

REGISTERED OFFICE

: 5-9A, The Boulevard Offices
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Telephone number: +603-2282 6331

1. CORPORATE DIRECTORY (Cont'd)

- HEAD OFFICE** : 15 & 17, (1st floor)
Jalan SS15/8A
Subang Jaya
47500 Petaling Jaya
Selangor

Telephone number: +603-5637 9093
- EMAIL ADDRESS AND WEBSITE** : Email address: admin@intabina.com
Website: <http://www.intabina.com>
- COMPANY SECRETARY** : Siew Suet Wei (MAICSA 7011254)
5-9A, The Boulevard Offices
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Telephone number: +603-2282 6331
- AUDITORS AND REPORTING ACCOUNTANTS FOR OUR IPO** : Baker Tilly Monteiro Heng (AF0117)
Baker Tilly MH Tower
Level 10
Tower 1 Avenue 5
Bangsar South City
59200 Kuala Lumpur

Telephone number: +603-2297 1000
- SOLICITORS FOR OUR IPO** : Tay & Helen Wong
703, Block F
Phileo Damansara 1
9, Jalan 16/11
46350 Petaling Jaya
Selangor

Telephone number: +603-7960 1863
- PRINCIPAL BANKERS** : Malayan Banking Berhad (3813-K)
Subang Business Centre
2nd Floor
B-13, Jalan USJ 25/1
Garden Shoppe, One City
47650 Subang Jaya
Selangor

Telephone number: +603-5036 7252

AmBank (M) Berhad (8515-D)
Wholesale Banking
Level 18
Menara Dion
Jalan Sultan Ismail
50250 Kuala Lumpur

Telephone number: +603-2026 3939

1. CORPORATE DIRECTORY (Cont'd)

INDEPENDENT MARKET RESEARCHER	:	Protégé Associates Sdn Bhd (675767-H) Suite C-06-06, Plaza Mont' Kiara 2, Jalan Kiara Mont' Kiara 50480 Kuala Lumpur Telephone number: +603-6201 9301
ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT	:	M&A Securities Sdn Bhd (15017-H) 45-11, The Boulevard Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Telephone number: +603-2284 2911
ISSUING HOUSE AND SHARE REGISTRAR	:	Tricor Investor & Issuing House Services Sdn Bhd (11324-H) Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3 Bangsar South 8, Jalan Kerinchi 59200 Kuala Lumpur Telephone number: +603-2783 9299
LISTING SOUGHT	:	ACE Market of Bursa Securities
SHARIAH STATUS	:	Approved by the Shariah Advisory Council of the SC

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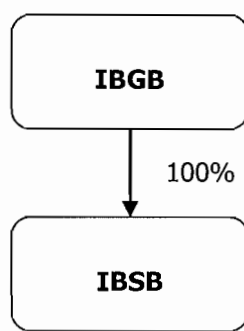
2. INFORMATION SUMMARY

THE INFORMATION CONTAINED IN THIS SECTION IS INTENDED ONLY TO BE A SUMMARY OF SOME SALIENT INFORMATION RELATING TO US AND OUR IPO, AND THE INFORMATION CONCERNED IS DERIVED FROM AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS. YOU SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER OR NOT TO INVEST IN OUR SHARES. YOU ARE ALSO ADVISED TO READ THE RISK FACTORS DESCRIBED IN SECTION 4 OF THIS PROSPECTUS FOR AN UNDERSTANDING OF THE RISKS ASSOCIATED WITH THE INVESTMENT IN OUR GROUP.

2.1 HISTORY AND BUSINESS

We were incorporated in Malaysia on 11 March 2015 under the Companies Act, 1965 as a public limited company under our present name.

We are an investment holding company. As at the LPD, we only have one subsidiary, IBSB. Through our subsidiary, we are principally involved in securing and carrying out construction contracts.



We have more than 25 years of operating history in the construction industry in Malaysia. We have since 2000 and 2012 been registered as a Grade 7 (or commonly known as G7) contractor with CIDB for the categories of B04 (Building General Works) and CE21 (General Civil Engineering Works) respectively. The G7 registration allows us to tender for construction projects in Malaysia that are of unlimited value.

As at the LPD, we have completed more than 110 building construction projects mainly in the Klang Valley and Johor. We are capable of building various types of building including residential, commercial, industrial and leisure properties. Our Group typically acts as the main contractor for our building construction projects.

Since 2005, we have participated in 51 building construction projects which CONQUAS scores have already been given. CONQUAS is a recognised and accepted benchmarking tool to measure the quality of building projects among the industry players in Malaysia. Building contractors under CONQUAS assessed building projects are typically given targets to achieve in terms of the quality of their completed building (that reflects their workmanship standard) assessed by the Building and Construction Authority Singapore. As at LPD, the projects undertaken by us have achieved an average CONQUAS scoring of 78.2% and the industry average for CONQUAS assessed projects in Malaysia is 76.0%. The industry average for CONQUAS assessed projects in Malaysia was computed based on the total of 541 projects assessed in Malaysia since 2001 as listed under the Building and Construction Authority Singapore's website as at the LPD, (<https://www.bca.gov.sg/Professionals/IQUAS>).

2. INFORMATION SUMMARY (Cont'd)

Our client portfolio includes a diversified pool of property developers. Our clients are subsidiaries of various property developers in Malaysia including public listed property developers such as Eco World Development Group Berhad, Engtex Group Berhad, Gamuda Berhad, Mah Sing Group Berhad, Paramount Corporation Berhad, Plenitude Berhad, Selangor Dredging Berhad, Tropicana Corporation Berhad, S P Setia Berhad (government linked property developer) and UEM Sunrise Berhad (government linked property developer), notable non-public listed property developers such as Perdana ParkCity Sdn Bhd and Mitraland Group Sdn Bhd as well as a public listed company in Singapore namely Lum Chang Holdings Limited.

The details of our Group as at the LPD are summarised as follows:

Company	Principal activities
IBGB	Investment holding
IBSB	Securing and carrying out construction contracts

As at the LPD, we do not have any associated company. Further details of our Group and our business overview are set out in Sections 5 and 6 of this Prospectus, respectively.

2.2 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

Our Promoters, substantial shareholders, Directors and key management are as follows:

Name	Designation
Promoters	
Apexjaya	-
Lim Ooi Joo	Managing Director
Teo Hock Choon	Deputy Managing Director
Ahmad Bin Awi	Executive Director
Substantial shareholders⁽¹⁾	
Apexjaya	-
Lim Ooi Joo	Managing Director
Teo Hock Choon	Deputy Managing Director
Ahmad Bin Awi	Executive Director
Kok Chin Seow	-
Lim Boon Han	-
Directors	
Lim Pang Kiam	Independent Non-Executive Chairman
Lim Ooi Joo	Managing Director
Teo Hock Choon	Deputy Managing Director
Ahmad Bin Awi	Executive Director
Chau Yik Mun	Executive Director
Yap Yoon Kong	Senior Independent Non-Executive Director
Dato' Sia Thian Sang	Independent Non-Executive Director

2. INFORMATION SUMMARY (Cont'd)

Name	Designation
Key Management	
Teo Koh You	Financial Controller
Foong Jyi Chyuan	Contract Manager
Low Mei Kew	Administration Manager
Gan Lay Khim	Purchasing Manager
Ong Tiau Siang	General Manager
Lee Kam Weng	Accountant

Note:

(1) After IPO.

Further details of the aforementioned persons are set out in Section 8 of this Prospectus.

2.3 COMPETITIVE STRENGTHS

Our Directors believe that our business sustainability and growth is built on the following competitive strengths:

- (a) Established track record, with more than 25 years of operating history and participation in more than 110 building construction projects of various sizes, building types and contract values;
- (b) Commitment to quality, which has enabled us to attain the MS ISO 9001:2008 certification, and which is further underscored by our past and continuing participation in CONQUAS and QLASSIC assessed projects;
- (c) Established relationship with clients, which has enabled us to secure recurring projects from existing clients as well as new clients through recommendations and referrals of existing clients; and
- (d) Experienced key management team, led by our Managing Director and Deputy Managing Director, Lim Ooi Joo and Teo Hock Choon respectively, who each has more than 30 years of working experience in the construction industry.

Further details of our competitive strengths are set out in Section 6.2 of this Prospectus.

2.4 FUTURE PLANS

Our business objectives are to maintain sustainable growth in our business and create long-term shareholder value. To achieve our business objectives, we will implement the following future plans over a period of 12 to 24 months from the date of our Listing:

- (a) To improve our profile by tendering for more building construction projects, as the utilisation of proceeds from our IPO is to satisfy the various working capital requirements associated with undertaking contract works which will enable us to tender for more building construction projects of higher contract values; and

2. INFORMATION SUMMARY (Cont'd)

- (b) To enhance our capability via the capital expenditure spending on aluminium system formwork and various machinery and equipment.

Further details of our future plans are set out in Section 6.3 of this Prospectus.

2.5 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risks factors as set out in Section 4 of this Prospectus, which are summarised below:

2.5.1 Risks relating to our business and our operations

- (a) Our operations require us to obtain and hold CIDB certificate of registration and the loss of this certificate could significantly hinder our business;
- (b) The continuity of our order book is not assured and any significant decline in our order book will adversely affect our long term sustainability and growth;
- (c) Any unanticipated increases in costs associated with our construction projects may impair our financial performance;
- (d) Our failure to complete our projects within the stipulated contract period could result in liquidated damages;
- (e) Our operations depend on the availability of an adequate supply of construction materials at competitive prices;
- (f) We are dependent on the services of our subcontractors to complete our contracts;
- (g) Our operations are dependent on our ability to obtain adequate financing at competitive rates;
- (h) We are subject to potential liability and warranty claims;
- (i) We are subject to workplace hazards and potential workmen's compensation claims and loss and damage to our machinery and equipment;
- (j) Our continued success requires us to hire and retain qualified personnel;
- (k) We may be exposed to the risks in property investment as a result of contra payment in the form of properties; and
- (l) We are dependent on certain major clients.

2.5.2 Risks relating to our industry

- (a) We are dependent on the property development industry in Malaysia;
- (b) We face competition in the construction industry, which could adversely affect our business;
- (c) We are dependent on foreign workers to undertake our construction activities; and
- (d) We are subject to the political, regulatory and economic risks in Malaysia.

2. INFORMATION SUMMARY *(Cont'd)*

2.5.3 Risks relating to the investment in our Shares

- (a) There has been no prior market for our Shares;
- (b) Our Listing is exposed to the risk that it may be aborted or delayed;
- (c) Our ability to pay dividends is largely dependent on the performance of our subsidiary(ies); and
- (d) The trading price and volume of our Shares following our Listing may be volatile.

2.5.4 Other risks

- (a) Our Promoters will be able to exert significant influence over our Company;
- (b) Our future fund raising exercise may result in dilution of your shareholdings; and
- (c) Forward-looking/prospective statements in this Prospectus may not be achievable.

2.6 PRINCIPAL STATISTICS RELATING TO OUR IPO

The following statistics relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text:

No. of Shares to be issued under the Public Issue	107,051,800
No. of Shares to be offered under the Offer for Sale	26,763,000
Enlarged no. of Shares upon Listing	535,259,000
IPO Price per Share (RM)	0.25
Market capitalisation (RM) ⁽¹⁾	133,814,750

Note:

⁽¹⁾ Based on our IPO Price and enlarged number of Shares upon Listing.

Further details on our IPO are set out in Section 3 of this Prospectus.

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2. INFORMATION SUMMARY (Cont'd)**2.7 UTILISATION OF PROCEEDS**

The gross proceeds arising from the Public Issue of approximately RM26.76 million shall accrue entirely to us and will be utilised in the following manner:

Utilisation of proceeds	⁽¹⁾Estimated timeframe for utilisation	RM'000	%
Capital expenditure	Within 12 to 24 months	5,000	18.68
Repayment of bank borrowings	6 months	9,000	33.63
General working capital	12 months	9,563	35.73
Estimated listing expenses	1 month	3,200	11.96
Total		26,763	100.00

Note:

⁽¹⁾ From the date of listing of our Shares.

There is no minimum subscription to be raised from our IPO.

Detailed information on our utilisation of proceeds is set out in Section 3.10 of this Prospectus.

The gross proceeds arising from the Offer for Sale of approximately RM6.69 million shall accrue entirely to the Offerors.

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2. INFORMATION SUMMARY (Cont'd)

2.8 FINANCIAL HIGHLIGHTS

IBSB is our sole operating subsidiary throughout the financial years under review. IBGB was incorporated on 1 March 2015 to facilitate the Listing and its assets and liabilities as at 31 December 2015 and 31 December 2016 are insignificant relative to those of IBSB as at that date. As such, the historical financial information of our Group for FYEs 2014 and 2016 is presented based on the audited financial statements of IBSB only.

2.8.1 Historical statements of comprehensive income

The following table sets out a summary of the historical audited statements of comprehensive income of IBSB for the FYEs 2014 to 2016 which have been extracted from the Accountants' Report set out in Section 12 of this Prospectus. The following summary should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" set out in Section 11.2 of this Prospectus and the Accountants' Report set out in Section 12 of this Prospectus.

The selected historical financial information included in this Prospectus does not purport to predict our Group's financial position, results and cash flows.

	Audited		
	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000
Revenue	245,821	271,939	257,136
Cost of sales	(222,680)	(245,575)	(229,411)
GP	23,141	26,364	27,725
Other income	3,296	2,931	4,259
Administrative expenses	(9,688)	(9,854)	(11,415)
Other operating expenses	(149)	(262)	(48)
Profit from operations	16,600	19,179	20,521
Finance costs	(2,590)	(2,399)	(2,710)
PBT	14,010	16,780	17,811
Taxation	(3,419)	(5,270)	(5,085)
PAT	10,591	11,510	12,726
EBIT ⁽¹⁾	16,152	18,764	19,951
EBITDA ⁽¹⁾	18,397	21,371	23,380
GP margin (%)	9.41	9.69	10.78
PBT margin (%)	5.70	6.17	6.93
PAT margin (%)	4.31	4.23	4.95
Effective tax rate (%)	24.40	31.41	28.55
EPS (sen) ⁽²⁾	2.47	2.69	2.97
Diluted EPS (sen) ⁽³⁾	1.98	2.15	2.38

2. INFORMATION SUMMARY (Cont'd)**Notes:**

(1) Calculated as follows:

	Audited		
	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000
PAT	10,591	11,510	12,726
Less:			
Interest income	(448)	(415)	(570)
Add:			
Finance costs	2,590	2,399	2,710
Taxation	3,419	5,270	5,085
EBIT	16,152	18,764	19,951
Add:			
Depreciation and amortisation	2,245	2,607	3,429
EBITDA	18,397	21,371	23,380

(2) Calculated based on our PAT divided by the share capital of 428,207,200 Shares before our IPO.

(3) Calculated based on our PAT divided by the enlarged share capital of 535,259,000 Shares after our IPO.

There were no exceptional or extraordinary items during the financial years under review. Our audited financial statements for the financial years under review were not subject to any audit qualifications.

2.8.2 Pro forma consolidated statements of financial position

The following table sets out a summary of the pro forma consolidated statements of financial position of our Group based on our audited statements of financial position as at 31 December 2016 to show the effects of the Acquisition of IBSB and Public Issue.

The pro forma consolidated statements of financial position is presented for illustrative purposes only and should be read in conjunction with the Pro forma Consolidated Financial Information set out in Section 13 of this Prospectus.

	IBGB	I	II	III
	As at 31 December 2016	After Acquisition of IBSB	After I and Public Issue	After II and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	-	15,660	15,660	20,660
Investment properties	-	18,924	18,924	18,924
Trade receivables	-	29,128	29,128	29,128
Total non-current assets	-	63,712	63,712	68,712

2. INFORMATION SUMMARY (Cont'd)

	IBGB	I	II	III
	As at 31 December 2016	After Acquisition of IBSB	After I and Public Issue	After II and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000
Current assets				
Trade and other receivables	-	97,744	97,744	97,744
Contract assets	-	21,979	21,979	21,979
Cash and short-term deposits	(1)-	30,384	53,947	39,947
	(1)-	150,107	173,670	159,670
Non-current assets held for sale	-	1,398	1,398	1,398
Total current assets	(1)-	151,505	175,068	161,068
TOTAL ASSETS	(1)-	215,217	238,780	229,780
EQUITY AND LIABILITIES				
Equity attributable to owners of IBGB				
Share capital/ Contributed share capital	(1)-	42,821	68,623	68,623
Reorganisation reserve (Accumulated Losses)/ Retained earnings	-	(34,773)	(34,773)	(34,773)
	(152)	47,347	45,108	45,108
Total equity	(152)	55,395	78,958	78,958
Non-current liabilities				
Deferred tax liabilities	-	106	106	106
Loans and borrowings	-	9,382	9,382	9,382
Trade payables	-	4,415	4,415	4,415
Total non-current liabilities	-	13,903	13,903	13,903
Current liabilities				
Loans and borrowings	-	23,507	23,507	14,507
Trade and other payables	152	94,026	94,026	94,026
Contract liabilities	-	25,438	25,438	25,438
Current tax liabilities	-	2,948	2,948	2,948
Total current liabilities	152	145,919	145,919	136,919
TOTAL LIABILITIES	152	159,822	159,822	150,822
TOTAL EQUITY AND LIABILITIES	(1)-	215,217	238,780	229,780
Number of Shares in issue ('000)				
	(2)-	428,207	535,259	535,259
NA	(152)	55,395	78,958	78,958
NA/(NL) per Share (RM)	(1,519.90)	0.13	0.15	0.15
Borrowings (All interest bearing debts)				
	-	32,889	32,889	23,889
Gearing (times) ⁽³⁾	-	0.59	0.42	0.30
Current ratio (times) ⁽⁴⁾	-	1.04	1.20	1.18

2. INFORMATION SUMMARY (Cont'd)

Notes:

- (1) Representing RM10.00 only.
- (2) Representing 100 shares only.
- (3) Calculated based on the total borrowings (i.e. finance lease payables and bank borrowings) of our Group divided by the total equity of our Group.
- (4) Calculated based on total current assets divided by total current liabilities of our Group.

2.8.3 Dividend policy

Our Company presently does not have any formal dividend policy. Upon Listing, our Board intends to adopt a dividend policy to allow our shareholders to participate in the profits of our Group while ensuring sufficient funds for our continuing operations and future growth.

Further details of our dividend policy are set out in Section 11.14 of this Prospectus.

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3. PARTICULARS OF OUR IPO

3.1 INTRODUCTION

This Prospectus is dated 5 May 2017. Our IPO is subject to the terms and conditions of this Prospectus.

We have registered a copy of this Prospectus with the SC. We have also lodged a copy of this Prospectus, together with the Application Forms with the CCM. Neither the SC nor the CCM takes any responsibility for its contents.

We have obtained the approval from Bursa Securities vide its letter dated 21 October 2016, for, *inter-alia*, our admission to the Official List of the ACE Market of Bursa Securities and for the permission to deal in and for the listing of and quotation for all our entire enlarged share capital on the ACE Market of Bursa Securities.

Our Shares will be admitted to the Official List of the ACE Market of Bursa Securities and an official quotation will commence after, *inter-alia*, the receipt of confirmation from Bursa Depository that all of our IPO Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all the successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA and Depository Rules. We will not issue any share certificates to successful applicants.

Pursuant to the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum number of 200 public shareholders, each holding not less than 100 Shares each upon admission to the ACE Market of Bursa Securities. We expect to meet the public shareholding requirement at the point of our Listing. In the event we fail to meet the said requirement pursuant to our IPO, we may not be allowed to proceed with our Listing on the ACE Market of Bursa Securities. In such an event, we will return in full, without interest, all monies paid in respect of all applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

You should rely only on the information contained in this Prospectus or any applicable Prospectus supplement. Neither we nor our advisers have authorised anyone to provide you with information that is different and not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of our Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

3. PARTICULARS OF OUR IPO (Cont'd)

We are not making any invitation to subscribe for our IPO Shares in any jurisdiction and in any circumstances in which such offer or invitation is not authorised or unlawful, or to any person to whom it is unlawful to make such an offer or invitation. As the distribution of this Prospectus and the sale of our IPO Shares in certain other jurisdictions may be restricted by law, persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions. The distribution of this Prospectus and the making of our IPO in certain jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of our IPO Shares are subject to the Malaysian laws and we, together with M&A Securities as our Adviser, Sponsor, Underwriter and Placement Agent, take no responsibility for the distribution of this Prospectus and the offer of any part of our IPO Shares outside Malaysia, which may be restricted by law in certain other jurisdictions.

You must have a CDS Account when applying for our IPO Shares. In the case of an application by way of Application Form, you must state your CDS Account number in the space provided in the Application Form. If you do not presently have a CDS Account, you should open a CDS Account at an ADA prior to making an application for our IPO Shares. Please refer to Section 16 of this Prospectus for further details on the procedures for application for our IPO Shares.

In the case of an application by way of Electronic Share Application, only an applicant who is an individual and has a CDS Account can make an Electronic Share Application and the applicant shall furnish your CDS Account number to the Participating Financial Institution by way of keying in your CDS Account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so. A corporation or institution cannot apply for our IPO Shares by way of Electronic Share Application.

In the case of an Application by way of Internet Share Application, only an applicant who has a CDS Account and an existing account to their internet financial services with the Internet Participating Financial Institutions can make an Internet Share Application. You shall furnish your CDS Account number to the Internet Participating Financial Institutions by keying your CDS Account number into the online application form. A corporation or institution cannot apply for our IPO Shares by way of Internet Share Application.

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, our IPO Shares are expected to be allocated in the manner described below.

The SC and Bursa Securities assume no responsibility for the correctness of any statement made or of any opinion or report expressed in this Prospectus. Our admission to the Official List of the ACE Market of Bursa Securities shall not be taken as an indication of the merits of our Group, our Shares and/or our IPO exercise. This Prospectus can also be viewed or downloaded from the website of Bursa Securities at www.bursamalaysia.com.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR ANY OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

3. PARTICULARS OF OUR IPO (Cont'd)

3.2 OPENING AND CLOSING OF APPLICATION

The period for Application will open at 10.00 a.m. on 5 May 2017 and will remain open until at 5.00 p.m. on 15 May 2017 or such further period or periods as our Directors, Promoters, Offerors and Underwriter may in their absolute discretion mutually decide. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

3.3 IMPORTANT TENTATIVE DATES

Events	Tentative Dates
Issuance of this Prospectus/Opening of Application for our IPO	5 May 2017
Closing of Application for our IPO	15 May 2017
Balloting of the Application for our IPO Shares	17 May 2017
Allotment of our IPO Shares to successful applicants	23 May 2017
Date of Listing	25 May 2017

These dates are tentative and are subject to changes which may be necessary to facilitate the implementation procedures. Our Directors, Promoters, Offerors and Underwriter may, in their absolute discretion, mutually decide to extend the closing date of the Application to a further date or dates. Should the closing date of the Application be extended, the dates for the balloting, allotment of our IPO Shares and the listing of and quotation for our entire enlarged share capital on the ACE Market of Bursa Securities would be extended accordingly. Any changes to the closing date of the Application will be advertised in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia prior to the original closing date of the Application.

3.4 DETAILS OF OUR IPO

3.4.1 Public Issue

A total of 107,051,800 Issue Shares representing 20.00% of our enlarged share capital are offered at our IPO Price. Our Public Issue is subject to the terms and conditions of this Prospectus. The Issue Shares shall be allocated in the following manner:

(a) Malaysian Public

26,763,000 Shares, representing 5.00% of our enlarged share capital, will be made available for application by the Malaysian Public, to be allocated via balloting process as follows:

- (i) 13,381,500 Shares made available to public investors; and
- (ii) 13,381,500 Shares made available to Bumiputera public investors.

3. PARTICULARS OF OUR IPO (Cont'd)

(b) Eligible Directors, employees and business associates/persons who have contributed to the success of our Group

20,013,000 Shares, representing 3.74% of our enlarged share capital, will be reserved for our eligible Directors, employees and business associates/persons who have contributed to the success of our Group under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 3.4.3 of this Prospectus.

(c) Private placement to Bumiputera investors approved by MITI

53,526,000 Shares, representing 10.00% of our enlarged share capital, have been reserved for private placement to selected Bumiputera investors approved by MITI.

(d) Private placement to identified investors

6,749,800 Shares, representing 1.26% of our enlarged share capital, have been reserved for private placement to selected investors.

The basis of allocation for the Issue Shares shall take into account our Board's intention to distribute the Issue Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements, and to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors. There is no over-allotment or 'greenshoe' option that will result in an increase in the number of our IPO Shares.

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3. PARTICULARS OF OUR IPO (Cont'd)**3.4.2 Offer for Sale**

26,763,000 Offer Shares, representing 5.00% of our enlarged share capital, are offered by our Offerors to selected investors by way of private placement at our IPO Price. Our Offer for Sale is subject to the terms and conditions of this Prospectus.

The details of our Offerors and their relationship with our Group are as follows:

Name and registered/ residential address	Material relationship with our Group	⁽¹⁾ Before IPO		Offer Shares offered		⁽³⁾ After IPO	
		No. of Shares	%	No. of Shares	⁽²⁾ %	No. of Shares	⁽²⁾ %
Apexjaya 53, Jalan SS15/4 47500 Subang Jaya Selangor	Promoter and substantial shareholder	194,834,200	45.50	13,462,800	2.52	181,371,400	33.88
Yap Yoon Kong 22, Jalan Desa Residen 3 Levenue Desa Parkcity 52200 Kuala Lumpur	Senior Independent Non- Executive Director and substantial shareholder ⁽⁴⁾	37,468,100	8.75	13,300,200	2.48	24,167,900	4.52

Notes:

- ⁽¹⁾ After completion of the Acquisition of IBSB but before the Public Issue and Offer for Sale.
- ⁽²⁾ Based on our enlarged share capital of 535,259,000 Shares after the IPO.
- ⁽³⁾ After the Public Issue and Offer for Sale.
- ⁽⁴⁾ After the Offer for Sale, Yap Yoon Kong will cease to be our substantial shareholder.

3. PARTICULARS OF OUR IPO (Cont'd)

The Offerors shall bear all expenses such as placement fee, share transfer fee and miscellaneous fees estimated at approximately RM0.25 million relating to the Offer Shares. The Offer Shares are not underwritten by our Underwriter.

Further details of our Offerors, who are also our substantial shareholders can be found in Section 8.1 of this Prospectus.

3.4.3 Pink Form Allocations

We have allocated 20,013,000 Issue Shares to our eligible Directors, employees and business associates/persons who have contributed to the success of our Group under the Pink Form Allocations as follows:

Category	No. of eligible persons/corporations	Aggregate no. of Issue Shares allocated
Eligible Directors	4	5,000,000
Eligible employees	88	8,509,000
Business associates/persons who have contributed to the success of our Group	11	6,504,000
Total	103	20,013,000

The criteria for allocation to our eligible Directors are based on amongst others, the length of their service and their anticipated contributions to our Group. Lim Ooi Joo, Teo Hock Choon and Yap Yoon Kong, who are our Directors, have opted out of the Pink Form Allocations. Details of the proposed allocation to our other Directors are as follows:

Name	Designation	No. of Issue Shares allocated
Lim Pang Kiam	Independent Non-Executive Chairman	2,000,000
Dato' Sia Thian Sang	Independent Non-Executive Director	2,000,000
Ahmad Bin Awi	Executive Director	400,000
Chau Yik Mun	Executive Director	600,000
Total		5,000,000

The criteria of allocation to our eligible employees (as approved by our Board) are based on, *inter-alia*, the following factors:

- (a) The employee must be at least 18 years of age;
- (b) The employee must have his/her employment confirmed in writing; and
- (c) The employees' seniority, position, length of service and contribution to our Group.

The number of Issue Shares to be allotted to those business associates/persons who have contributed to the success of our Group shall be based on amongst others, the nature and terms of their business relationship with us, length of their relationship with us and the level of contribution and support to our Group.

3. PARTICULARS OF OUR IPO (Cont'd)

3.4.4 Underwriting arrangement

Our Underwriter will underwrite 46,776,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. The balance 60,275,800 Issue Shares from the Public Issue and 26,763,000 Offer Shares available for application by selected investors and Bumiputera investors approved by MITI will not be underwritten and shall be placed out by our Placement Agent.

Any of our Issue Shares which are not subscribed for under Sections 3.4.1(a) and 3.4.1(b) will be made available to selected investors via private placement. Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Underwriter based on the terms of the Underwriting Agreement. However, in the event that all of our Issue Shares under Section 3.4.1(a) are oversubscribed, shares not subscribed for under Sections 3.4.1(b), 3.4.1(c), 3.4.1 (d) and 3.4.2, if any, will be made available for application by the Malaysian Public.

3.5 SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS

Upon completion of our IPO, our share capital would be as follows:

Details	No. of Shares	RM
Share capital		
As at the date of this Prospectus	428,207,200	42,820,720
To be issued pursuant to our Public Issue	107,051,800	26,762,950
Enlarged share capital upon our Listing	535,259,000	69,583,670
Offer for Sale⁽¹⁾	26,763,000	6,690,750
Market capitalisation⁽²⁾		133,814,750

Notes:

(1) Our Offer for Sale will not have any effect on our share capital.

(2) Based on our IPO Price and our enlarged number of shares upon Listing.

As at the date of this Prospectus, we have only 1 class of shares, being ordinary shares, all of which rank *pari passu* amongst one another.

The Issue Shares will, upon allotment and issue, rank *pari passu* in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of the Issue Shares.

The Offer Shares rank *pari passu* in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of transfer of the Offer Shares.

3. PARTICULARS OF OUR IPO (Cont'd)

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and any surplus in the event of the liquidation of our Group, in accordance with our Memorandum and Articles of Association.

Each of our shareholders shall be entitled to vote at any of our general meeting in person, or by proxy or by attorney or by other duly authorised representative. Every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have 1 vote for each ordinary share held.

3.6 OBJECTIVES OF OUR IPO

The objectives of our IPO are as follows:

- (a) To provide an opportunity for the Malaysian Public, our eligible Directors, our employees and business associates to participate in our equity;
- (b) To enable our Group to raise funds for the purposes specified in Section 3.10 herein;
- (c) To enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as when they arise; and
- (d) To gain recognition through our listing status which will enhance our Group's reputation in the marketing of our construction services to expand our customer base in Malaysia, and to retain and attract new, skilled employees in the construction industry.

3.7 BASIS OF ARRIVING AT OUR IPO PRICE

Our IPO Price was determined and agreed upon by us and M&A Securities, as our Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration the following factors:

- (a) The PE Multiple of approximately 10.6 times based on our pro forma EPS of 2.35 sen for the FYE 2016 calculated based on our pro forma PAT of RM12.58 million and our enlarged share capital of 535,259,000 Shares upon Listing;
- (b) Our pro forma consolidated NA per Share as at 31 December 2016 after our IPO of RM0.15 based on our pro forma audited consolidated NA as at 31 December 2016 of RM78.96 million and our enlarged share capital of 535,259,000 Shares upon Listing;

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3. PARTICULARS OF OUR IPO (Cont'd)

- (c) Our historical financial track record for the past FYEs 2014 to 2016 summarised as follows:

	FYE2014	FYE2015	FYE2016
	RM'000	RM'000	RM'000
Revenue	245,821	271,939	257,136
GP	23,141	26,364	27,725
PAT	10,591	11,510	12,726
EPS (sen) ⁽¹⁾	2.47	2.69	2.97

Note:

⁽¹⁾ Based on our share capital of 428,207,200 Shares before our IPO.

- (d) Our order book value (i.e. total value of unbilled contracts already secured) of RM555.23 million and RM486.16 million as at 31 December 2016 and as at 31 March 2017 respectively, details of which are set out in Section 11.11 of this Prospectus;
- (e) Our competitive strengths as set out in Section 6.2 of this Prospectus; and
- (f) Our Group's future plans and prospects as further described in Section 6.3 of this Prospectus.

You should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our IPO Shares before deciding to invest in them. You are reminded to carefully consider the risk factors as set out in Section 4 of this Prospectus before deciding to invest in our Shares.

3.8 TOTAL MARKET CAPITALISATION UPON LISTING

Based on our IPO Price and our enlarged share capital of 535,259,000 Shares upon Listing, our total market capitalisation is estimated to be RM133,814,750 upon Listing.

3.9 DILUTION

Dilution is the amount by which our IPO Price exceeds the pro forma consolidated NA per Share immediately after our IPO.

Our pro forma consolidated NA per Share as at 31 December 2016 is RM0.13. After giving effect to the Acquisition of IBSB and Public Issue including adjustments for the estimated listing expenses, our pro forma consolidated NA per Share as at 31 December 2016 is RM0.15.

This represents an immediate increase in the pro forma consolidated NA per Share to our existing shareholders of RM0.02, and an immediate dilution in the pro forma consolidated NA per Share of RM0.10 to our new public investors. The following table illustrates such dilution on a per Share basis:

3. PARTICULARS OF OUR IPO (Cont'd)

	RM
Pro forma consolidated NA per Share as at 31 December 2016	0.13
Pro forma consolidated NA per Share as at 31 December 2016 after taking into account the Acquisition of IBSB and Public Issue	0.15
Increase in the pro forma consolidated NA per Share attributable to existing shareholders	0.02
IPO Price	0.25
Pro forma consolidated NA per Share as at 31 December 2016 after taking into account the Acquisition of IBSB and Public Issue	0.15
Dilution in the pro forma consolidated NA per Share to our new public investors	0.10
Dilution in the pro forma consolidated NA per Share as a percentage of our IPO Price	40.0%

Further details of our pro forma consolidated NA per Share as at 31 December 2016 is set out in Section 13 of this Prospectus.

The following table shows the average effective cost per Share paid by our existing shareholders for our Shares since our incorporation up to the date of this Prospectus:

Shareholders	⁽¹⁾No. of Shares	Total consideration	Average effective cost per Share
		RM	RM
Apexjaya	194,834,200	19,483,420	0.10
Ahmad bin Awi	67,442,600	6,744,260	0.10
Lim Ooi Joo	⁽²⁾ 47,638,050	4,763,805	0.10
Teo Hock Choon	⁽²⁾ 47,102,850	4,710,285	0.10
Yap Yoon Kong	37,468,100	3,746,810	0.10
Chau Yik Mun	12,311,000	1,231,100	0.10
Ong Tiau Siang	10,705,200	1,070,520	0.10
Foong Jyi Chyuan	10,705,200	1,070,520	0.10
Total	428,207,200	42,820,720	0.10

Notes:

⁽¹⁾ Issued pursuant to the Acquisition of IBSB.

⁽²⁾ Including the subscription of 40 Shares by him and transfer of 10 subscriber shares to him.

Save for the:

(a) Shares received by our Offerors/Directors/shareholders pursuant to the Acquisition of IBSB;

(b) the transfer of a total of 20 subscriber shares in IBGB to Lim Ooi Joo and Teo Hock Choon; and

3. PARTICULARS OF OUR IPO (Cont'd)

(c) the subscription of a total of 80 Shares by Lim Ooi Joo and Teo Hock Choon,

there has been no acquisition or subscription of any of our Shares by our Directors or key management, substantial shareholders or persons connected to them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past 3 years up to the LPD.

There is no minimum subscription to be raised from our IPO. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of IPO Shares will be the number of IPO Shares required to be held by public shareholders to comply with the public spread requirements as per the Listing Requirements or as approved by Bursa Securities.

3.10 UTILISATION OF PROCEEDS**3.10.1 Public Issue**

The estimated gross proceeds arising from the Public Issue of approximately RM26.76 million shall accrue entirely to us and will be utilised in the following manner:

Utilisation of proceeds	Reference	⁽¹⁾Estimated timeframe for utilisation	RM'000	%
Capital expenditure	(a)	Within 12 to 24 months	5,000	18.68
Repayment of bank borrowings	(b)	6 months	9,000	33.63
General working capital	(c)	12 months	9,563	35.73
Estimated listing expenses	(d)	1 month	3,200	11.96
Total			26,763	100.00

Note:

⁽¹⁾ From the date of listing of our Shares.

Pending the deployment of the proceeds raised from our Public Issue as aforementioned, the funds will be placed in short-terms deposits with financial institutions, used to invest in short-term money market instruments and/or used for working capital requirements as our Directors may deem appropriate.

3. PARTICULARS OF OUR IPO (Cont'd)**(a) Capital expenditure**

We intend to utilise RM5.00 million of the proceeds to purchase various machineries and equipment to support our business expansion and to replace the fully-depreciated equipment. All the following machineries and equipment will be purchased from local suppliers.

Items	Usage	⁽⁵⁾Estimated timeframe for utilisation	Purchase quantity	Total cost RM'000
Aluminium system formwork ⁽¹⁾	Aluminium formwork, a temporary mould into which concrete is poured	24 months	3,000m ²	1,500
Telehandler ⁽²⁾	Mainly used for loading and unloading of construction materials for up to 4-storey building height	24 months	2 units	1,000
Backhoe ⁽³⁾	Mainly used for light transportation of construction materials, loading and unloading of construction materials for up to 1-storey building height and digging holes/excavation, heaping of sand and aggregates, site clearing	24 months	2 units	500
Scaffolding and its related accessories ⁽⁴⁾	Temporary metal framework used as a working platform for external wall during the construction of buildings	Within 12 to 24 months	N/A ⁽⁴⁾	2,000
				<u>5,000</u>

3. PARTICULARS OF OUR IPO (Cont'd)

Notes:

(1) As at the LPD, we own 11,421m² of aluminium system formwork which were purchased in 2016 and 2017 at a total cost of RM5.93 million. We have been utilising 7,228m² of aluminium system formwork in the on-going construction of 2 blocks medium-cost apartments comprising 750 units, car parks, shops, management office and facilities at Eco Majestic, Semenyih, Mukim Beranang, Daerah Hulu Langat, Selangor as at the LPD. Approximately 50.0% to 70.0% of the remaining 4,193m² aluminium system formwork will be utilised for the construction of 2 blocks apartments (with 30-storey and 31-storey for each block), car parks, shops and facilities at Gravit8, Mukim Klang, Daerah Klang. This represents the standard sized formwork such as wall panels and slab panels which are usually the bigger pieces of the formwork where the structure is similar (ie. same wall height and length). The balance 30.0% to 50.0% which were used in our earlier project, are miscellaneous sized formwork which are not of standardised specification and cannot be reused. These will be sold to the formwork suppliers.

The expected useful life of the aluminium system formwork is approximately 300 cycles or between 4 to 5 years. The aluminium system formwork is also expected to be used in at least 2 projects. The landed construction projects generally require not more than 2 years to complete whereas projects involving at least 10-storey high generally require between 2 to 3 years to complete. The aluminium system formwork will be capitalised as property, plant and equipment and depreciated based on 4 years. The acquisition of additional aluminium system formwork will support our business expansion especially on our plans to penetrate the affordable housing segment. We believe that the use of aluminium system formwork will improve our cost competitiveness in the long run as the use of aluminium system formwork will reduce the project labour cost and shortens the construction period. Please refer to further discussions on the use of aluminium system formwork in Section 6.3.2 of this Prospectus.

(2) As at the LPD, we have 11 units of telehandlers which were purchased between 2002 to 2014. The current NBVs of our existing telehandlers as at 31 December 2016 amounted to RM0.41 million. The acquisition of new telehandlers will replace 2 of our fully-depreciated telehandlers. The new telehandlers will be capitalised as property, plant and equipment and depreciated based on its expected useful life of 5 years.

(3) As at the LPD, we have 9 units of backhoes which were purchased between 2008 to 2014. The current NBVs of our existing backhoes as at 31 December 2016 amounted to RM0.51 million. The acquisition of new backhoes will replace 2 of our fully-depreciated backhoes. The new backhoes will be capitalised as property, plant and equipment and depreciated based on its expected useful life of 5 years.

(4) We currently incur approximately RM500,000 per annum to purchase new scaffolding and its related accessories to support our construction activities and for replacement purposes. The amount of scaffolding and its related accessories that we intend to purchase from the allocated proceeds of RM2.00 million can cover approximately 40,000m² of external wall space at any one time. The new scaffolding and its related accessories will be capitalised as property, plant and equipment and depreciated based on their expected useful life of 5 years.

(5) From the date of listing of our Shares.

3. PARTICULARS OF OUR IPO (Cont'd)**(b) Repayment of bank borrowings**

We have historically relied on bank overdrafts and other trade facilities such as bankers' acceptance and revolving credit to supplement our working capital requirements given the timing difference between our trade collections and trade payables. We intend to utilise RM9.00 million of the proceeds to reduce our bank borrowings in the following priority:

- (i) To repay our bank overdrafts based on the amount outstanding at the point of repayment, up to a maximum of RM9.00 million. As at LPD, the outstanding bank overdrafts amounts to RM9.12 million; and
- (ii) Any balance thereon (if repayment of bank overdrafts is less than RM9.00 million) will be used to reduce the usage of other trade facilities. As at LPD, our total outstanding trade facilities amounts to RM13.65 million.

Based on the assumption that the entire RM9.00 million is utilised to reduce our bank borrowings, the expected annual interest savings is RM0.44 million per annum assuming the average interest rate of 4.89% per annum. However, the actual interest savings may vary depending on the then applicable interest rate. We will repay the bank overdrafts within 6 months from the date of Listing.

The increase in our total equity from issuance of new Shares under the Public Issue coupled with the proposed repayment will reduce our overall gearing level from 0.59 times to 0.30 times based on the pro forma consolidated statements of financial position as at 31 December 2016 as set out in Section 11.1.2 of this Prospectus.

(c) General working capital requirements

Approximately RM9.56 million of the proceeds raised from our Public Issue has been earmarked to supplement the working capital requirements of our Group. The proceeds shall be used to finance our day-to-day operations including the working capital requirements for our Group's future projects. The details of the utilisation are as follows:

General working capital	RM'000
Payment of administration and operating expenses such as salaries and office overheads	1,000
Payment to subcontractors and suppliers	7,563
Maintenance costs and purchase of spare parts for construction machinery and equipment	1,000
Total	9,563

Raw materials and subcontractor costs are our largest cost of sales item (collectively contributing 66.95%, 70.98% and 69.82% in FYE 2014, FYE 2015 and FYE 2016 respectively) and as such we have allocated more than half of the proceeds raised earmarked for working capital requirements to pay our subcontractors and suppliers.

3. PARTICULARS OF OUR IPO (Cont'd)**(d) Estimated listing expenses**

The amount of RM3.20 million is allocated to meet the estimated cost for our Listing. If our actual listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for our general working capital requirements. Conversely, if our actual listing expenses are lower than the amount budgeted, the excess will be utilised for our general working capital requirements. The following summarises the estimated expenses incidental to our Listing to be borne by us:

Estimated listing expenses	RM'000
Fees payable to authorities	59
Printing and advertising fees	125
Professional fees ⁽¹⁾	2,090
Underwriting, placement and brokerage fees	738
Issuing house expenses	60
Miscellaneous ⁽²⁾	128
Total	3,200

Notes:

- (1) Includes advisory fees for, amongst others, our Principal Adviser, Solicitors, Reporting Accountants and IMR.
- (2) Other incidental or related expenses in connection with our IPO.

3.10.2 Offer for Sale

The Offer for Sale is expected to raise gross proceeds of approximately RM6.69 million which will accrue entirely to our Offerors and we will not receive any of the proceeds.

The Offerors shall bear all of the expenses such as stamp duty, placement fee, registration and share transfer fee relating to the Offer Shares, the aggregate of which is estimated to be approximately RM0.25 million.

3.10.3 Financial impact from utilisation of proceeds**(a) Interest savings**

The proposed reduction in our bank borrowings will reduce our overall gearing level and result in an annual interest savings of approximately RM0.44 million per annum, assuming the average interest rate of 4.89% per annum. However, the actual interest savings may vary depending on the then applicable interest rate.

(b) Enhancement of our operating capability

We intend to utilise RM5.00 million and RM9.56 million from our IPO proceeds to finance our capital expenditure and general working capital requirements respectively.

We believe that such utilisation of proceeds to purchase additional machineries and equipment will increase our operational capacity whilst the utilisation for our working capital will increase our financial resources. With increased operational capacity and financial resources, we will be able to seize more business opportunities by tendering for more building construction projects which will provide us with more business growth.

3. PARTICULARS OF OUR IPO (Cont'd)

3.11 BROKERAGE, PLACEMENT AND UNDERWRITING COMMISSION

Underwriting commission

Our Underwriter has agreed to underwrite 46,776,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. We are obliged to pay our Underwriter an underwriting commission of 3.00% of the total value of the underwritten Shares at our IPO Price. The underwriting commission is subject to GST.

Placement fees

Our Placement Agent has agreed to place out the balance 60,275,800 Issue Shares from the Public Issue and 26,763,000 Offer Shares to be offered to selected investors and Bumiputera investors approved by MITI. We are obliged to pay our Placement Agent a placement fee of 2.50% of the value of those Issue Shares to be placed out to Bumiputera investors approved by MITI and investors selected by our Placement Agent at our IPO Price.

The placement fee of 2.50% of the value of those Offer Shares to be placed out to investors selected by our Placement Agent will be borne entirely by the Offerors. The placement fee is subject to GST.

Brokerage fees

Brokerage is payable in respect of the Issue Shares at the rate of 1.0% of our IPO Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysia Investment Banking Association in Malaysia or Issuing House. The brokerage fees are subject to GST.

3.12 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into the Underwriting Agreement with M&A Securities, to underwrite 46,776,000 Issue Shares ("Underwritten Shares") as set out in Section 3.4 of this Prospectus.

The following are the salient terms contained in the Underwriting Agreement. The capitalised terms used in this section shall have the respective meanings as ascribed thereto in the Underwriting Agreement:

- 1.1 Our Company irrevocably appoints the Underwriter as the underwriter of the Underwritten Shares and the Underwriter accepts its appointment on the terms and conditions in the Underwriting Agreement.
- 1.2 The obligations of the Underwriter under the Underwriting Agreement shall further be conditional upon ("Conditions Precedent"):
 - (a) The Underwriter being provided with such reports or confirmation and being satisfied on the Closing Date that:
 - (i) no material change or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of our Group from that subsequent to the date of the Underwriting Agreement; or

3. PARTICULARS OF OUR IPO (Cont'd)

- (ii) there has not occurred any event or the discovery of any facts or circumstances which would render any representations, warranties or undertakings as set out in the Underwriting Agreement materially untrue or inaccurate or result in a material breach of the Underwriting Agreement by our Company;
- (b) The Underwriter receiving a certificate in the form or substantially in the form contained in Second Schedule (Certificate) of the Underwriting Agreement dated the Closing Date signed by the duly authorised officers of our Company stating inter alia that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence to the warranties and undertakings as set out in the Underwriting Agreement;
- (c) The Underwriter receiving copies certified by a director of our Company or secretary of our Company to be a true and accurate copy and in full force and effect of a resolution of the directors:
 - (i) approving the Prospectus and the application forms, the Underwriting Agreement and the transactions contemplated by it;
 - (ii) authorising a person to sign and deliver the Underwriting Agreement on behalf of our Company;
- (d) The Underwriting Agreement being duly signed by all parties and stamped;
- (e) The Shares not being prohibited or impeded by any statute, order, rule, directive, guideline (whether or not having a force of law) or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia or any condition imposed by the regulators in approving the Issue Shares and all consents, approvals, authorisations or other orders required by our Company under such laws for or in connection with the Shares and/or the Listing have been obtained and are in force on the Closing Date or the Underwriter being reasonably satisfied that the same will be in force on the Closing Date;
- (f) The Underwriter being satisfied that our Company has complied with and that the Shares are in compliance with the policies, guidelines and requirements of the SC and Bursa Securities and all revisions, amendments and/or supplements to it;
- (g) The FTSE Bursa Malaysia Kuala Lumpur Composite Index ("Index") being not lower than 90% of the level of the Index for at least 3 consecutive Market Days between the date of the Underwriting Agreement and the Closing Date, both dates inclusive;
- (h) There being no breach of and/or failure to perform any of the terms and/or the undertakings contained in the Underwriting Agreement by our Company;
- (i) SC having registered the Prospectus;

3. PARTICULARS OF OUR IPO (Cont'd)

- (j) The offering of the Shares having been approved by Bursa Securities and any other relevant authority or authorities and remaining in full force and effect and that all Conditions Precedent to the approvals (except for any which can only be complied with after the IPO has been completed) have been complied with;
 - (k) The Underwriting Agreement having become unconditional in all respects (save for any condition requiring the Underwriting Agreement to be unconditional) and not having been terminated or rescinded pursuant to the provisions thereof and upon the Underwriter's (in this regard, in its capacity as the Placement Agent for the Placement Shares) receipt of the full subscription monies for the Placement Shares on or before the last date for payment of the Placement Shares;
 - (l) the delivery to the CCM of the Prospectus for registration in accordance with the requirements of Sections 154 and 155 of the Act; and
 - (m) the launching of Prospectus taking place within 3 months from the date of the Underwriting Agreement or such other later date as the Underwriter and our Company may from time to time agree in writing.
- 1.3 If after the Conditions Precedent have been complied with and our Company decides not to proceed with the IPO, the Underwriter may treat itself as so released or discharged from its obligations and the provisions set out in item 1.7 below relating to the Underwriter's rights in the event of termination by Underwriter shall apply.
- 1.4 The Underwriter may waive all or any of the conditions except for any required by a mandatory rule of law or a mandatory requirement of governmental, public or regulatory authorities in connection with the Underwriting Agreement.
- 1.5 If any of the conditions set out in item 1.2(c), (d), (l) and / or (m) above are not satisfied within 3 months from the date of the Underwriting Agreement or such other later date as the Underwriter and our Company may from time to time agree in writing and / or if any of the conditions set out in item 1.2(a), (b), (e) to (j) above to the extent not waived are not satisfied by the Closing Date, the Underwriter after consultation with our Company shall be entitled to terminate the Underwriting Agreement pursuant to item 1.6 below and thereafter the parties shall be released and discharged from their obligations hereunder but without prejudice to the rights of the Underwriter under item 1.7 below.
- 1.6 Notwithstanding anything contained in the Underwriting Agreement, the Underwriter may at any time on or before the Closing Date, terminate its obligations under the Underwriting Agreement if:
- (a) in the reasonable opinion of the Underwriter, there shall have been such a change in national or international monetary, financial, political or economic conditions or exchange control or currency exchange rates that would materially prejudice the success of the IPO; or

3. PARTICULARS OF OUR IPO (Cont'd)

- (b) there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Underwriter (including but not limited to, acts of government, strikes, national disorder, declaration of a state of emergency, lockouts, fire, explosion, flooding, landslide, civil commotion, hurricanes/typhoons, tsunami, widespread diseases, acts of war, sabotage, acts of God etc) which would have, or can reasonably be expected to have, a material adverse effect on the business or the operations of our Company or the success of the IPO, or which is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or
- (c) there shall be the imposition of any moratorium, suspension or material restriction on trading in all securities generally on Bursa Securities which would materially prejudice the success of the IPO; or
- (d) there shall be any development, occurrence or any change or prospective change in or any introduction or prospective introduction of any legislation, regulation, policy, directive, guideline, ruling or any request or interpretation by the SC, or any other regulatory authority, whether or not having the force of law, or occurrence of any other nature, which will materially and adversely affect our Company and the success of the IPO, the business and/or prospects of our Company and/or our Group, or which is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or
- (e) there is any government requisition or occurrence of any other nature which materially and adversely affects or will materially and adversely affect the business and/or financial position of our Company and/or our Group; or
- (f) the Index is, at the close of normal trading on Bursa Securities, on any Market Day:
 - (1) on or after the date of this Agreement; and
 - (2) prior to the allotment of the IPO Shares,

lower than 90% of the level of the Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to such date and remains at or below that level for at least 3 Market Days; or
- (g) there is any breach by our Company of any of the representations, warranties and undertakings set forth in the Underwriting Agreement which materially and adversely affects the success of the IPO, or which is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or
- (h) there is any failure on the part of our Company to perform any of its obligations under the Underwriting Agreement; or
- (i) there is any withholding by our Company of any information of a material nature from the Underwriter which will have or may reasonably be expected to have a material and adverse effect on the success of the IPO, the business and/or prospects of our Company and/or our Group, or which is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or

3. PARTICULARS OF OUR IPO (Cont'd)

- (j) there is any material and adverse change to the business and/or financial position of our Company and/or our Group.
- 1.7 If the Underwriter terminates its obligation pursuant to item 1.6 above, the parties shall be released and discharged from their respective obligations hereunder save for the Underwriter's rights to the following:
- (a) full payment of the Underwriting Commission;
 - (b) costs and expenses incurred by the Underwriter in connection with the underwriting of the Underwritten Shares (including marketing costs) (including late interest payment, if applicable); and
 - (c) right to be indemnified by our Company.

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4. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

4.1 RISKS RELATING TO OUR BUSINESS AND OUR OPERATIONS

4.1.1 Our operations require us to obtain and hold CIDB certificate of registration and the loss of this certificate could significantly hinder our business

We are required to obtain and hold valid certificate of registration issued by CIDB in order to operate our businesses. We must comply with the restrictions and conditions imposed by the government authorities in order to keep such registration. If we fail to comply with the applicable requirements or any required conditions to keep the registration, then our registration may be downgraded, suspended or cancelled. Delay or refusal may also occur when renewing such registration upon their expiry.

Under the LPIP Act, no person shall undertake any construction works in Malaysia unless he is registered and holds a valid certificate of registration issued by CIDB. There are 7 specified registration grades for each category and a contractor is not permitted to tender for any construction project which exceeds the value of the construction works specified in the registration grade.

Our subsidiary, IBSB is currently a Grade 7 contractor registered with CIDB for the categories of B04 (Building General Works) and CE21 (General Civil Engineering Works). As Grade 7 contractor, IBSB is able to tender for construction projects in Malaysia without any limit to the value of the construction works.

Failure to keep or renew the registration could result in suspension of our business operations, restriction or prohibition of our business activities, thereby materially and adversely affecting our business, financial position, results of operations and prospects. As at LPD, we have not faced any failure in keeping or renewing our CIDB certificates of registration.

4.1.2 The continuity of our order book is not assured and any significant decline in our order book will adversely affect our long term sustainability and growth

Our principal business is in the construction of residential and non-residential buildings. We are normally awarded contracts on a project-to-project basis. There is no assurance of continuity from one project to the next project. In our industry, it is common for jobs to be awarded based on competitive bidding, and as such, we have to bid competitively for every contract that we wish to secure. There is a risk that we may not be able to secure every contract that we tender for. Any significant decline in our order book from the current level will adversely affect our long term sustainability and business growth.

As at 31 March 2017, our order book comprised unbilled contracts amounting to a total of RM486.16 million. However, there can be no assurance that we will be able to maintain at least such level of order in the future. In addition, our order book is subject to unexpected project cancellations or scope adjustments which may occur from time to time, and which could reduce the value of our order book.

4. RISK FACTORS (Cont'd)

Our unbilled order book as at 31 March 2017 which amounts to RM486.16 million includes RM40.25 million from a project awarded by Fabulous Range Sdn Bhd (a subsidiary of Lum Chang Holdings Limited group). If this project which is held in abeyance is not resumed, our order book will reduce to RM445.91 million. This project represents 8.28% of our unbilled contract value as at 31 March 2017.

4.1.3 Any unanticipated increases in costs associated with our construction projects may impair our financial performance

There are 2 types of construction contracts, lump-sum with quantity and lump-sum without quantity. Lump-sum with quantity contracts allows us to claim for additional costs arising from variations in the estimated quantity whilst lump-sum without quantity contracts prevents us from claiming additional costs arising from variations in the estimated quantity. Nonetheless, both types of lump-sum contracts do not provide for fluctuations in prices. As such, our failure to accurately estimate the resources and time required for a project or our failure to complete our contractual obligations within the timeframe and costs committed could have a material adverse effect on our financial performance.

Although a substantial portion of our revenue were derived from lump-sum with quantity construction contracts (99.36% in FYE 2014, 97.50% in FYE 2015 and 77.08% in FYE 2016), we are still exposed to the risks of fluctuations in the prices and we assume the risk that the actual costs associated with our performance may be greater than anticipated. Furthermore, any variation works are usually carried out before the finalisation of the variation orders and therefore, we are exposed to the risks that we may not be able to claim the full amount of variation orders from our client. However, there have been situations where clients have paid partial payment for the variation order pending finalisation. Our cash flows and profitability will be reduced if the actual costs to complete a contract exceed original estimates.

Our cash flows and profitability are therefore dependent upon our ability to accurately estimate the costs associated with our construction projects. These costs may be affected by a variety of factors, such as lower than anticipated productivity, conditions at the work sites differing materially from what was anticipated at the time we bid for the contract, higher costs of materials and labour, delay in the availability of financing and political or social disruptions, amongst others.

These variations in costs may cause actual gross profit for a project to differ from those originally estimated and, as a result, certain contracts or projects could have lower margins than anticipated, or losses if actual costs for our contracts exceed its estimates, which could reduce our profitability, cash flows and liquidity and impact our financial condition.

4.1.4 Our failure to complete our projects within the stipulated contract period could result in liquidated damages

The timely completion of projects undertaken by our Group is dependent on many external factors inherent in the construction industry including, inter alia, the timely receipt of requisite licences, permits or regulatory approvals, availability of construction materials, equipment and labour, availability of financing and satisfactory performance of any subcontractors appointed.

Any adverse developments in respect of these factors can lead to interruptions or delays in completing a project, which may result in our clients imposing liquidated damages on us that could affect our profitability and cash flows.

4. RISK FACTORS (Cont'd)

We had in the past only encountered two experiences where our clients imposed liquidated damages amounting to RM0.21 million and RM0.18 million respectively on us as a result of delay in the completion of the projects. The contract sum for the said projects was RM45.50 million and RM56.89 million respectively and as such the liquidated damages of RM0.39 million did not have any material adverse financial impact on our Group. We are still maintaining good relationship with these clients.

4.1.5 Our operations depend on the availability of an adequate supply of construction materials at competitive prices

We utilise various construction materials such as steel bars, ready-mixed concrete, tiles, timber and plywood, bricks, reinforced mesh, cement, sand and sanitary items in our construction activities, and are thus dependent on the continuous supply of such materials which we source from a number of suppliers in Malaysia.

Our construction materials are price sensitive, and we face the risk of obtaining sufficient quantities of construction materials at competitive prices. Some of our construction materials such as steel bars are commodities and their prices are subjected to the fluctuation in global market prices. As we have been in the construction industry for more than a decade, we have experienced construction materials price fluctuation over the years. However, none of such price fluctuations had a material adverse impact on our financial performance. Further, any fluctuation in construction materials prices will affect the entire construction industry as a whole. Nonetheless, any price fluctuations in construction materials caused by shortages and price volatility of construction materials, which are beyond our control, could result in increased costs and material adverse effect on our future financial performance.

4.1.6 We are dependent on the services of our subcontractors to complete our contracts

We usually engage subcontractors to carry out different parts of our construction activities particularly those requiring specialised licences such as plumbing, sewerage, fire protection and prevention system as well as specialised trade work such as painting, mild steel works and water proofing. In addition, we also engage labour only subcontractors such as bricklayer, plasterer and tiler with the objective to reduce the need for our Group to employ a large workforce to lower our operating costs.

Subcontractors are appointed following the shortlisting of candidates based on the project requirements, assessment of tenders submitted by the candidates, as well as our past working experiences and relationship with the candidates. Upon negotiation of pricing and scope of works or bills of quantities, we will enter into formal contracts with the subcontractors.

As our subcontractors have no direct contractual relationship with our clients, we are subject to risks associated with non-performance, late performance or poor performance by our subcontractors. While we may attempt to seek compensation from the relevant subcontractors, we may from time to time, be required to compensate our clients prior to receiving the said compensation. If no corresponding claim can be asserted against a subcontractor, or the amounts of the claim cannot be recovered in full or at all from the subcontractor, we may be required to bear some or all the costs of the claims, in which case our financial performance could be materially and adversely affected.

Subcontractor failures are generally a result of lack of financial resources, quality workforce, quality management team, or they generally produce poor quality work or use substandard materials that does not meet the contract's specifications.

4. RISK FACTORS (Cont'd)

4.1.7 Our operations are dependent on our ability to obtain adequate financing at competitive rates

We rely on overdraft and trade financing such as bankers' acceptances and revolving credit facilities to partially finance our working capital. Such credit facilities are callable on demand or have short term repayment tenure.

We also rely on bank guarantees for tender bonds and performance bonds. A tender bond is submitted as part of the tender documents to provide assurance to our client that we will proceed with the contract (as per the tender) upon the acceptance of the tender. Upon the acceptance of the Letter of Acceptance, we will then replace the tender bond with a performance bond. A performance bond, on the other hand, will provide assurance to the client on the satisfactory completion of a project by us. The tender bond amount is usually specified in the tender document as determined by the client, while the performance bond is generally 5.0% of the total contract sum awarded. The validity of the tender bond is dependent on the tender validity period of 3 to 4 months, whereas the performance bond will only expire after the issuance of the practical certificate of completion. Both the tender bonds and performance bonds are issued to the client in the form of bank guarantees.

Such bank guarantees are used for all aspects of the project construction contract life cycle from the start of the tender process to the expiration of our liability towards the client in accordance with the terms of each respective contract. Tenure requirements for these bank guarantees are structured to match the underlying construction contracts with the respective counterparties.

If we are unable to secure adequate credit facilities at competitive rates for the abovementioned requirements, our cash flows, operations, growth and expansion plans will be adversely affected. There is also a risk of (a) simultaneous demand for immediate repayment on our outstanding credit facilities; and (b) calling on the tender bonds and performance bonds by our clients should we fail to meet our contractual obligations.

If any significant calls take place simultaneously, this would have a material adverse effect on our working capital and in turn, have a material effect on our business, financial position, results of operations and/or prospects. Nevertheless, we have not experienced any calls in the past.

Our total bank borrowings as at 31 December 2016 amounted to approximately RM32.89 million. As at 31 December 2016, bank guarantees issued for contract works being carried out by us amounted to RM18.27 million. Any increase in interest rates on our borrowings and fees on our bank guarantees will adversely affect our profitability and cash flows.

4.1.8 We are subject to potential liability and warranty claims

We warrant the work that we perform including the work of our subcontractors. Our warranty comprises specific performance warranty such as external paint work and water proofing work which may run for up to 5 and 10 years respectively and defects liability which generally covers a period of between 24 to 36 months. Our warranty period commences from the date of certified practical completion of the project.

The costs associated with any warranty claims shall be borne by us and charged as our costs of sales for the respective projects. Any material warranty claims on our work could have a material adverse effect on our results of operations and cash flows. During the FYEs 2014 to 2016, we have not experienced any warranty claims which has materially affected our financial performance.

4. RISK FACTORS (Cont'd)

4.1.9 We are subject to workplace hazards and potential workmen's compensation claims and loss and damage to our machinery and equipment

Our employees and subcontractors are exposed to potential hazards such as bodily injuries and loss of life due to workplace accidents. We have in the past 3 financial years and up to the LPD encountered 2 cases of accidents resulting in loss of life at the construction sites, all of which were related to our foreign workers and covered by our foreign workers' compensation insurance. There was no material adverse impact on our operations resulting from these accidents. We have also taken up workmen compensation insurance which provides insurance coverage to our local workers involved in the projects at the construction sites. In addition, we are also exposed to risk of loss and damage to our machinery and equipment arising from amongst others theft, improper usage, fire and explosion. We have not experienced any loss or damage to our machinery and equipment which had a material adverse effect on our operations or financial performance. Furthermore, we have taken up contractors' all risk insurance to manage any losses which may arise.

Nonetheless, the occurrence of workplace accidents and damage to our machinery and equipment could result in significant increase in project costs, or affect our ability to perform our contractual obligations, which could materially and adversely affect our financial performance.

There can be no assurance that our existing insurance coverage is sufficient to compensate for the claims. Further, there can be no assurance that such insurance policies will continue to be available on terms acceptable to us.

4.1.10 Our continued success requires us to hire and retain qualified personnel

We believe that our continued and future success largely depends on our continued ability to hire, develop, motivate and retain qualified personnel needed to support our existing range of services and provision of quality services to our clients. Having an experienced key management team is vital to maintain the quality of our Group's services whilst retaining the business confidence of our clients. The loss of significant key management (simultaneously or within a short span of time) without timely replacement may create an unfavourable or material impact on our Group's operations.

4.1.11 We may be exposed to the risks in property investment as a result of contra payment in the form of properties

It is common practice in the construction industry for our clients to impose 'contra' payment with the properties under their development up to a specified percentage of the awarded contract value. Please refer to Section 5.7.1 for further details on the 'contra' payment with properties. Separately, our clients may also seek our support for their property development projects, in which, we may on a case to case basis, as a measure of building good client relationship, undertake an outright purchase of those properties. As at LPD, we have total 12 properties which were received by us via 'contra' and purchased outright from our client's property development projects, which details are set out below:

4. RISK FACTORS (Cont'd)

	Properties received via 'contra' payment		Properties purchased from our clients	
	Audited NBV as at 31 December 2016		Audited NBV as at 31 December 2016	
	No.	RM'000	No.	RM'000
	units		units	
Properties that are currently vacant	7	13,712	1	653
Properties that are used by our Group	1	917	-	-
Properties that are rented out	2	272	1	2,589
Total	10	14,901	2	3,242

As a result of the above, we may be subject to certain risks inherent in property investment. These include amongst others, fluctuation in property prices and rental rates, changes in the general economy and conditions in the property market.

4.1.12 We are dependent on certain major clients

Certain of our major clients had contributed substantially to our revenue for the FYEs 2014 to 2016, details as follows:

Major client ⁽¹⁾	FYE 2014	FYE 2015	FYE 2016
	% revenue contribution		
Horizon Hills Development Sdn Bhd (a joint venture between UEM Sunrise Berhad and Gamuda Berhad)	23.87	16.48	4.55
Engtex Group Berhad	18.97	7.52	9.91
UEM Sunrise Berhad	8.62	15.77	12.78
Lum Chang Holdings Limited	20.27	15.23	3.89
Mitraland Group Sdn Bhd	15.96	12.04	-
Gamuda Group	5.71	13.59	7.49
Tropicana Corporation Berhad	-	8.74	16.07
Eco World Development Group Berhad	-	-	20.39
Plenitude Berhad	-	5.82	12.80
	93.40	95.19	87.88

Note:

⁽¹⁾ Being major clients which have contributed 10.0% or more of our revenue for any one of the financial years under review. Further details of such major clients, the projects undertaken and their respective revenue contribution are set out in Section 6.8 of this Prospectus.

Moving forward and based on our order book as at LPD, we will continue to be dependent on certain of our major clients as 66.13% of our total unbilled contract value as at 31 March 2017 is expected to be derived from 2 major clients, details as follows:

Major client ⁽¹⁾	Unbilled contract value as at 31 March 2017	⁽²⁾ % revenue contribution
	RM'000	
Mitraland Group Sdn Bhd	188,088	38.69
Eco World Development Group Berhad	⁽³⁾ 133,426	27.44
	321,514	66.13

4. RISK FACTORS (Cont'd)

Notes:

- (1) Being major clients which are expected to contribute 10.0% or more of our unbilled contract value as at 31 March 2017. Further details of such major clients, the projects undertaken and their respective unbilled contract value are set out in Section 6.5.2(b) of this Prospectus.
- (2) Calculated based on the unbilled contract value to be derived by each major client divided by our total unbilled order book of RM486.16 million as at 31 March 2017. Please refer to Section 11.11 of this Prospectus for details of our order book.
- (3) Comprises various projects under Eco World Development Group Berhad.

Based on the table above, Mitraland Group Sdn Bhd and Eco World Development Group Berhad are expected to be significant contributors to our future revenue, accounting for 66.13% of our unbilled contract value as at 31 March 2017. Notwithstanding this, the proportion of our contract revenue from the major clients may differ for each financial year depending on the duration and progress of the project undertaken with each of the major client.

As a result of our continuing dependency on certain of our major clients, we are exposed to the risks that such clients may cease to contract with us in the future or non-performance by such major clients. Our financial performance may be materially and adversely affected if we were to lose one or more of our major clients (or reduce the level of services provided to them) without capturing new clients to replace the loss of business, or if we were to encounter difficulties in collecting payments from these major clients, or if the development projects undertaken by our major clients are delayed or terminated.

Although our client portfolio includes a diversified pool of property developers and we have not encountered any major disputes with our clients, there is no assurance that the current working relationship with our major clients will not deteriorate or that such major clients will continue to contract with us in the future or that we will be able to maintain a diversified pool of property developers clients.

4.2 RISKS RELATING TO OUR INDUSTRY

4.2.1 We are dependent on the property development industry in Malaysia

The majority of our clients are local property developers and any adverse changes in the property development industry in Malaysia will affect us. The Malaysian property development industry is susceptible to the political and economic stability of Malaysia, inflation, financing costs and in recent years, various cooling and tightening measures imposed by the Federal Government to soften speculative activities in the property sector such as maximum loan-to-value ratio of 70% for the third mortgage and above taken out by a borrower and the use of net income calculation method instead of gross income when computing the debt service ratio for potential borrowers. Such measures imposed by the Federal Government may dampen the growth prospects of the Malaysian property sector.

In 2015, the Malaysian property market registered a total transaction volume of 362,105, reflecting a decline in total transaction volume as compared to 384,060 in 2014. Similarly, the value of transactions also declined, registering a 8.0% drop from RM163.0 billion in 2014 to RM149.9 billion in 2015.

4. RISK FACTORS (Cont'd)

In 2016, the total transaction volume registered in the first three quarters ("First Q3") amounted to 240,001 transactions with a value of RM95.67 billion. Residential properties dominated market activity in the First Q3 of 2016 which consists of 63.2% and 50.8% of transaction volume and value respectively during that period.

Slowdowns in the property development industry and decreased demand by end-customers for real estate could also affect our clients and their property development plans. Such cancellations or deferrals of our clients' property development projects could result in decreased demand for our services or reduced the profitability of those services and could materially adversely affect our financial performance and prospects.

Todate, we have not experienced any cancellations of projects but we have experienced deferrals of projects where our clients lengthen the contract period. Such deferrals however have not materially adversely affected our financial performance.

4.2.2 We face competition in the construction industry, which could adversely affect our business

The construction industry is highly fragmented, and we compete with other companies ranging from small independent firms to larger firms. Our competitors may have greater resources than us or have specialised expertise in certain segments.

Due to the nature of our business, we are actively involved in tendering for building construction projects. We compete on pricing, availability of financial and manpower resources, technical expertise, operating track record and quality of workmanship. Our bidding success rate for FYE 2014, FYE 2015 and FYE 2016 were 31.58%, 22.22% and 8.89% respectively. Although the bidding success rate for FYE 2016 was 8.89%, the value of new projects secured was approximately RM296.52 million as compared to RM236.17 million secured in FYE 2015.

As a result of the various cooling and tightening measures imposed by the Federal Government in recent years as mentioned in Section 4.2.1 above, the growth of the property market was somewhat dampened. As such, competition amongst building contractors for construction projects increased which resulted in our decreasing bidding success rate. However, our order book as at the 31 March 2017 stood at RM486.16 million which will be recognised progressively over the next 2 financial years. We have also been actively participating in tenders and have tendered for projects in Klang Valley and Johor with total tendered sum of RM434.05 million since January 2017 up to the LPD.

Nonetheless, if we are unsuccessful in bidding for these projects, or if there is intense price competition, then our financial performance and prospects could be adversely affected.

4.2.3 We are dependent on foreign workers to undertake our construction activities

Construction activities are labour intensive and given the shortage of local workers, the construction industry in Malaysia relies heavily on foreign labour.

Our operations are highly dependent on foreign workers which are either under our employment or our subcontractors' employment. As at the LPD, we employed a total of 359 foreign workers which represents 69.71% of our total employees. All of our foreign workers are solely utilised for our own projects. In addition, we also depend on foreign workers from our subcontractors, the number of which will depend on each project requirement which may change from time to time.

4. RISK FACTORS (Cont'd)

Hiring of foreign workers in the construction industry is allowed by the Government, subject to certain conditions, which may change from time to time. As a result of restriction imposed on the hiring of foreign workers such as the freezing of hiring foreign workers of a certain nationality, the construction industry is facing a shortage in the supply of foreign workers. Nevertheless, we have not experienced any material adverse impact on our business operations arising from such shortages of foreign workers in the past.

At this juncture, we obtain work permits for our foreign workers, which may be renewed on a yearly basis up to 10 years. Any adverse changes to the policies relating to the employment of foreign workers in the construction industry between Malaysia and the countries from which our foreign workers are sourced or any significant increase in labour wages, may adversely affect our operations, financial performance and prospects. As at LPD, there are no past occurrences whereby our Group had breached the regulatory requirements/conditions relating to foreign worker employment and working permits which had material adverse operational and financial impact on our Group.

4.2.4 We are subject to the political, regulatory and economic risks in Malaysia

We operate in Malaysia and our clients' projects are also based in Malaysia. As such, the financial performance and business prospects of our Group will depend on the political, economic and regulatory conditions in Malaysia. Any adverse developments in the political, economic and regulatory conditions in Malaysia could unfavourably affect our financial performance and business prospects.

Amongst the political, economic and regulatory uncertainties that may affect our operations includes changes in the political leadership leading to unstable political situation, terrorism activities, changes in interest rates, fluctuation in currency exchange rates and unfavourable changes in government policies such as introduction of new regulations, import duties and tariffs. Notwithstanding that we have not experienced any adverse political, economic and regulatory changes which have materially adversely affected our operations and financial performance, there can be no assurance that any adverse political, economic and regulatory changes, which are beyond our control, will not unfavourably affect our future financial performance.

4.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES**4.3.1 There has been no prior market for our Shares**

Prior to our Listing, there was no public trading for our Shares. Accordingly, there can be no assurance that an active market for our Shares will develop upon our Listing or, if developed, that such market will be sustained. Our IPO Price was determined after taking into consideration a number of factors including but not limited to our historical earnings, prospects and future plans and our financial and operating history. There can be no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market of Bursa Securities upon or subsequent to our Listing or that an active market for our Shares will develop and continue upon or subsequent to our Listing.

The price at which our Shares will trade on the ACE Market of Bursa Securities may be influenced by a number of factors including, amongst others, the depth and liquidity of the market for our Shares, investors' individual perceptions of our Group, market and economic conditions.

4. RISK FACTORS (Cont'd)

4.3.2 Our Listing is exposed to the risk that it may be aborted or delayed

Our Listing is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:

- (a) The identified investors fail to subscribe for the portion of our IPO Shares;
- (b) Our Underwriter in exercising its rights pursuant to the Underwriting Agreement discharges itself from its obligations therein; and
- (c) We are unable to meet the public shareholding spread requirement as determined by Bursa Securities, whereby at least 25.00% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing.

In this respect, we will exercise our best endeavour to comply with the various regulatory requirements, including, *inter-alia*, the public shareholding spreads requirement in paragraph (c) above for our successful Listing. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or non-implementation of our Listing.

Upon the occurrence of any of these events, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of any application for our Shares within 14 days, failing which the provisions of sub-sections 243(2) and 243(6) of the CMSA will apply accordingly and we will be liable to repay the monies with interest at the rate of 10.00% per annum or such other rate as may be prescribed by the SC upon expiration of that period until full refund is made.

In the event our Listing is aborted and/or terminated, and our Shares have been allotted to the shareholders, a return of monies to all holders of our Shares could only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation requires the sanction of our shareholders by special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be recovered within a short period of time or at all in such circumstances.

4.3.3 Our ability to pay dividends is largely dependent on the performance of our subsidiary(ies)

Our Company, an investment holding company, derives its income mainly from dividends received from our subsidiary(ies). Hence, our ability to pay future dividend and our ability to sustain our dividend policy in the future are largely dependent on the performance of our subsidiary(ies). In determining the size of any dividend recommendation, we will also take into consideration a number of factors, including but not limited to our financial performance, cash flow requirements, debt servicing and financing commitments, availability of distributable reserves, future expansion plans, loan covenants and compliance with regulatory requirements.

4. RISK FACTORS (Cont'd)

4.3.4 The trading price and volume of our Shares following our Listing may be volatile

The trading price and volume of our Shares could be subject to fluctuations in response to various factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

In addition, the performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our listed shares.

4.4 OTHER RISKS

4.4.1 Our Promoters will be able to exert significant influence over our Company

Our Promoters will collectively hold 64.26% of our enlarged share capital upon Listing. Because of the size of their shareholdings, our Promoters will have significant influence on the outcome of certain matters requiring the vote of our shareholders unless they are required to abstain from voting by law and/or as required by the relevant authorities.

4.4.2 Our future fund raising exercise may result in dilution of your shareholdings

Our capital requirements are dependent on, amongst others, our business, the availability of our resources for attracting, maintaining and enlarging our client base and the need to maintain and expand our service offering. Thus, we may need additional capital expenditure for future expansions and/or investments. An issue of new Shares or other securities to raise funds will dilute shareholders' equity interest and may, in case of a rights issue, require additional investment by shareholders.

4.4.3 Forward-looking/prospective statements in this Prospectus may not be achievable

Certain statements in this Prospectus are based on historical data which may not be reflective of future results and others are forward-looking in nature that are based on assumptions and subject to uncertainties and contingencies which may or may not be achievable. Whether such statements would ultimately prove to be accurate depends upon a variety of factors that may affect our businesses and operations, and such forward-looking statements also involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance and achievements, or industry results, to be materially different from any future results, plans, performances and achievements, expressed or implied, by such prospective statements. Although we believe that the expectations reflected in such future statements are reasonable at this time, there can be no assurance that such prospective statements or expectations will prove to be correct in the future. Any deviation from the expectations may have a material adverse effect on our business and financial performance.

The above is not an exhaustive list of challenges we are currently facing or that may develop in the future. Additional risks whether known or unknown, may in the future have a material adverse effect on us and/or our Shares.

5. GENERAL INFORMATION ON OUR GROUP

5.1 INCORPORATION AND HISTORY

We were incorporated in Malaysia on 11 March 2015 under the Companies Act, 1965 as a public limited company under our present name.

We are an investment holding company. As at the LPD, we only have one subsidiary, IBSB. Through our subsidiary, we are principally involved in securing and carrying out construction contracts.

There has been no material change in the manner in which our Company conducts its business or activities since our incorporation up to the LPD.

Please refer to Section 6.1 of this Prospectus for detailed information of our Group's history.

5.2 SHARE CAPITAL

As at LPD, our share capital is RM42,820,720 comprising 428,207,200 Shares, all of which have been issued and fully paid-up. The movements in our share capital since the date of our incorporation are set out below:

Date of allotment	No. of Shares allotted	Consideration/ Types of issue	Cumulative share capital RM
11 March 2015	2	RM2/Subscribers' shares	2
31 May 2016	20	⁽¹⁾ N/A/Subdivision of shares	2
31 May 2016	80	⁽²⁾ RM8/Issue for cash	10
17 March 2017	428,207,100	RM42,820,710/Acquisition of IBSB	42,820,720

Notes:

- (1) Not applicable as the subdivision of the then par value of our shares from RM1.00 to RM0.10 does not involve any consideration.
- (2) The issuance of 40 new Shares each to Lim Ooi Joo and Teo Hock Choon respectively.

As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

Upon completion of our IPO, our enlarged share capital will be increased to RM69,583,670 comprising 535,259,000 Shares from the issuance of 107,051,800 Issue Shares.

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**5.3 ACQUISITION OF IBSB**

In preparation for our Listing, we have undertaken the Acquisition of IBSB. On 23 June 2016, we entered into a conditional share sale agreement with the IBSB Vendors to acquire the entire equity interest in IBSB comprising 8,000,000 ordinary shares for a total purchase consideration of RM42,820,710. The purchase consideration for the Acquisition of IBSB was satisfied by the issuance of 428,207,100 new Shares to the IBSB Vendors at an issue price of RM0.10 each.

The details of the IBSB Vendors and the number of Shares issued to them pursuant to the Acquisition of IBSB are as follows:

IBSB Vendor	No. of IBSB shares acquired	% of share capital in IBSB	Purchase consideration	No. of Shares issued
			RM	
Apexjaya	3,640,000	45.50	19,483,420	194,834,200
Ahmad bin Awi	1,260,000	15.75	6,744,260	67,442,600
Lim Ooi Joo	890,000	11.12	4,763,800	47,638,000
Teo Hock Choon	880,000	11.00	4,710,280	47,102,800
Yap Yoon Kong ⁽¹⁾	700,000	8.75	3,746,810	37,468,100
Chau Yik Mun ⁽²⁾	230,000	2.88	1,231,100	12,311,000
Ong Tiau Siang ⁽²⁾	200,000	2.50	1,070,520	10,705,200
Foong Jyi Chyuan ⁽²⁾	200,000	2.50	1,070,520	10,705,200
Total	8,000,000	100.00	42,820,710	428,207,100

Notes:

⁽¹⁾ Yap Yoon Kong acquired the 700,000 IBSB shares from Ooi Poh See, a person connected to him pursuant to Section 197 of the Act on 30 March 2016. Ooi Poh See had invested in IBSB since 2007 and as such the consideration was based on the then par value of RM1.00 per IBSB share. The consideration was settled by cash. Ooi Poh See is the sister-in-law of Yap Yoon Kong and both of them have no family relationship or associations with our Promoters.

⁽²⁾ Chau Yik Mun, Ong Tiau Siang and Foong Jyi Chyuan subscribed for their respective number of IBSB shares disclosed in the table above on 29 October 2013. The subscription price of RM1.20 per IBSB share was derived after taking into consideration the par value of RM1.00 per IBSB shares. The subscription price was settled by cash.

The Acquisition of IBSB was completed on 17 March 2017. Thereafter, IBSB became our wholly-owned subsidiary. The total purchase consideration of RM42,820,710 for the Acquisition of IBSB was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of IBSB as at 31 December 2015 of RM42,820,709.

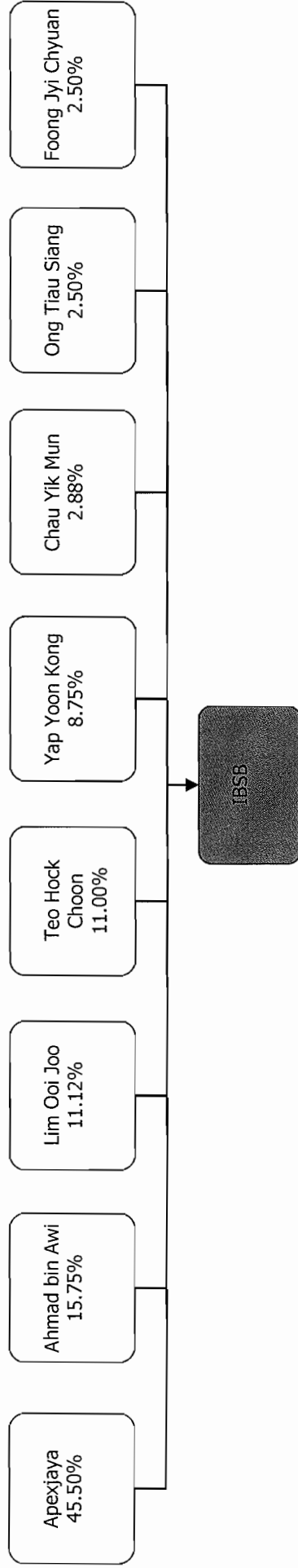
The new Shares issued pursuant to the Acquisition of IBSB rank *pari passu* in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of issuance of the new Shares.

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

Our Group structure before and after the Acquisition of IBSB is as follows:

Before the Acquisition of IBSB

IBSB

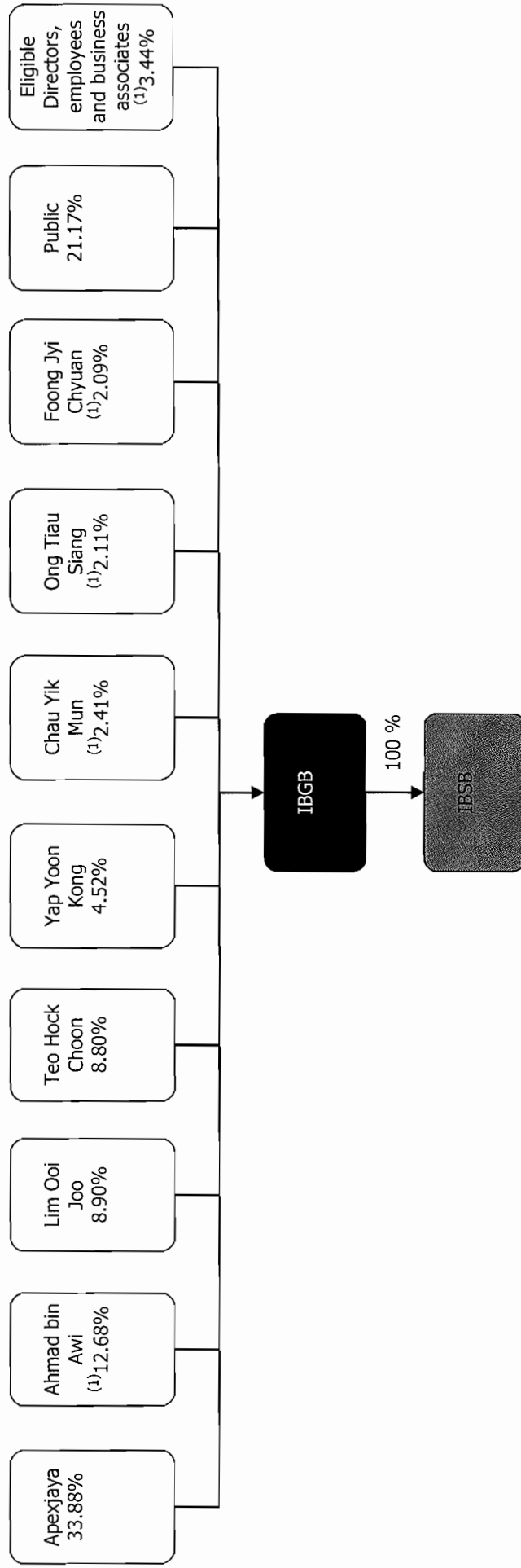


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5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

After the Acquisition of IBSB, Public Issue and Offer for Sale

IBGB



Note:

(1) Assuming that they will fully subscribe for their entitlement under the Pink Form Allocations.

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

5.4 LISTING SCHEME

In conjunction with, and as an integral part of our Listing, the details of our Listing Scheme are as follows:

(a) Public Issue

Pursuant to our Public Issue, we shall issue 107,051,800 Issue Shares at our IPO Price to be allocated in the following manner:

- (i) 26,763,000 Issue Shares will be made available for application by the Malaysian Public, to be allocated via balloting;
- (ii) 20,013,000 Issue Shares will be made available to our eligible Directors, employees and business associates/persons who have contributed to the success of our Group;
- (iii) 53,526,000 Issue Shares will be made available for private placement to Bumiputera investors approved by the MITI; and
- (iv) 6,749,800 Issue Shares will be made available for private placement to selected investors.

Upon completion of our Public Issue, our share capital will increase from RM42,820,720 comprising 428,207,200 Shares to RM69,583,670 comprising 535,259,000 Shares.

(b) Offer for Sale

Concurrent with our Listing, the Offerors will undertake an offer for sale of 26,763,000 Offer Shares at our IPO Price by way of private placement to selected investors.

(c) Listing

Upon completion of our IPO, our Company's entire enlarged share capital of RM69,583,670 comprising 535,259,000 Shares shall be listed on the ACE Market of Bursa Securities.

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5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**5.5 SUBSIDIARY**

As at the LPD, we only have one subsidiary, IBSB and we do not have any associated companies. Details of IBSB are set out below.

IBSB was incorporated as a private limited company in Malaysia on 10 December 1987 under the Companies Act, 1965 and under the name Sungai Muhibah Sdn Bhd; and commenced its business in 1988. On 14 July 1992, the name of Sungai Muhibah Sdn Bhd was changed to ADSB, which was further changed to PJD Builders Sdn Bhd on 12 March 1997. Subsequently, IBSB adopted its present name on 2 November 2000.

IBSB is principally involved in securing and carrying out construction contracts. There has been no material change in the manner in which IBSB conducts its business or activities since the last 3 years prior to the LPD. As at the LPD, IBSB does not have any subsidiary or associated company.

As at the LPD, IBSB's share capital is RM8,000,000 comprising 8,000,000 ordinary shares.

The changes in the share capital of IBSB since its incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Types of issue	Cumulative share capital RM
10 December 1987	2	RM2/Subscribers' shares	2
22 August 1988	200,000	RM200,000/Capitalisation of properties	200,002
16 November 1992	40,000	RM40,000/Rights issue	240,002
18 November 1992	72,000	RM72,000/Issue for cash	312,002
11 February 1993	48,000	RM48,000/Issue for cash	360,002
5 November 1996	639,998	RM639,998/Issue for cash	1,000,000
19 May 2004	1,000,000	RM1,000,000/Bonus issue	2,000,000
6 November 2007	1,000,000	RM1,000,000/Bonus issue	3,000,000
22 March 2011	2,000,000	RM2,000,000/Bonus issue	5,000,000
5 November 2012	1,000,000	RM1,000,000/Bonus issue	6,000,000
18 October 2013	1,000,000	RM1,000,000/Bonus issue	7,000,000
29 October 2013	1,000,000	RM1,000,000/ Issue for cash	8,000,000

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in IBSB. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

As at the LPD, the Directors of IBSB are Lim Ooi Joo, Teo Hock Choon and Ahmad Bin Awi.

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**5.6 MAJOR APPROVALS AND LICENCES**

Save for the general business licences possessed by our Group as disclosed below, as at the LPD there are no other major approvals, major licences and permits issued to our Group in order for us to carry out our operations other than those pertaining to the general business requirements.

As at the LPD, details of our general business licences and approvals are as follows:

No.	Licencee	Issuing authority / Registration no.	Date of issue	Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
(a)	IBSB	Majlis Perbandaran Subang Jaya / 2120130600163	5 August 2016	21 August 2017	Advertising and Business Licence	Nil	Complied
(b)	IBSB	CIDB Certificate No.: 210790 A Registration No.: 1961010-WP008444	1 March 2016	9 October 2018	Certificate of Registration pursuant to Part VI of Akta Lembaga Pembangunan Industri Pembinaan Malaysia 1994 in respect of: (a) Grade G7 Category B; (b) Grade G7 Category CE.	<ol style="list-style-type: none"> 1. <u>General Conditions</u> (i) This certificate is non-transferable. (ii) CIDB reserves the right to review the registration grade of the contractor from time to time. 2. <u>Responsibilities and Obligations of the Contractor</u> 	Noted Noted
						(i) The contractor shall comply with the provisions of the LPIP Act, the regulations made thereunder and any term, conditions or restriction imposed by CIDB from time to time.	Complied
						(ii) The contractor shall not participate any tender or execute any construction after the expiry of this certificate and until such time this certificate has been renewed.	Complied

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

No. Licencee	Issuing authority / Registration no.	Date of issue	Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
					(iii) The contractor shall not undertake any construction project which exceeds the value of the construction project specified under the registration grade and shall not execute any construction project which is outside its registered category.	Complied
					(iv) The contractor shall submit information in relation to any new construction work or project within one month from the award of construction work or project.	Complied
					(v) The contractor shall submit any information required by CIDB from time to time.	Complied
					(vi) The contractor shall display the original or the certified true copy of the certificate of registration issued by CIDB at its place of business.	Complied
					(vii) The contractor shall display its registration number on the signboard at each construction site.	Complied
					(viii) The contractor shall apply for renewal of registration within 60 days prior to the expiry date as specified in this certificate. Any application received by CIDB later than 30 days prior to the expiry of this certificate of registration shall be imposed with a fee of RM200 for late renewal.	Complied
					(ix) The contractor shall comply with all the requirements and provisions of the Code of Ethics for Contractors.	Complied

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority / Registration no.	Date of issue	Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
(x)						The contractor shall appoint skilled construction workers and site supervisors who are accredited and certified by CIDB.	Complied
(xi)						All the workers at the construction site must have a valid CIDB Green Card.	Complied
3.						<u>Disciplinary Actions</u>	
						The registration of the contractor shall be cancelled, suspended or revoked if:	
(i)						The contractor fails to comply with the requirement of any written law;	Noted
(ii)						The contractor has been adjudicated a bankrupt;	Noted
(iii)						A winding-up petition in relation to the contractor has been presented;	Noted
(iv)						The contractor contravenes or fails to comply with any provisions of the LPIP Act;	Noted
(v)						The contractor has obtained this certificate by making or causing to be made any false or fraudulent declaration, certification or representation either in writing or otherwise;	Noted
(vi)						The contractor has abandoned any construction work undertaken without any good reason;	Noted

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority / Registration no.	Date of issue	Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
(c)	IBSB	Jabatan Keselamatan dan Kesihatan Pekerjaan Wilayah Persekutuan	14 January 2016	14 March 2017 ⁽¹⁾	Certificate of Fitness and Inspections (Mesin Angkat) – Tower Crane	(vii) The contractor is found negligent by the Court or by any board of enquiry established under any written law in connection with any constructions works undertaken; (viii) The contractor contravenes any of the terms and conditions of the Responsibilities and Obligations of the Contractor as specified under paragraph 2 above.	Noted Noted N/A
		<u>Certificate No.:</u> PMA – WP 161508					
		<u>Registration No.:</u> WP PMA 20943 (QD160)					
(d)	IBSB	Jabatan Keselamatan dan Kesihatan Pekerjaan Negeri Perak	25 August 2016	8 November 2017	Certificate of Fitness and Inspections (Pengandung Tekanan Tak Berapi) – Oil Separator	Nil	N/A
		<u>Certificate No.:</u> PMT – PK 58614					
		<u>Registration No.:</u> PK PMT 8497					

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority / Registration no.	Date of issue	Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
(e)	IBSB	Jabatan Keselamatan dan Kesihatan Pekerjaan Selangor Certificate No.: PMA – SL 241966 <u>Registration No.:</u> SL PMA 33505	1 July 2016	17 August 2017	Certificate of Fitness and Inspections (Mesin Angkat) - Passenger Hoist	Nil	N/A
(f)	IBSB	Jabatan Keselamatan dan Kesihatan Pekerjaan Selangor Certificate No.: PMA – SL 241965 <u>Registration No.:</u> SL PMA 33506	1 July 2016	17 August 2017	Certificate of Fitness and Inspections (Mesin Angkat) – Passenger Hoist	Nil	N/A
(g)	IBSB	Jabatan Keselamatan dan Kesihatan Pekerjaan Selangor Certificate No.: PMA – SL 255607 <u>Registration No.:</u> SL PMA 33411	3 February 2017	28 February 2018	Certificate of Fitness and Inspections (Mesin Angkat) – Passenger Hoist	Nil	N/A

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority / Registration no.	Date of issue	Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
(h)	IBSB	Jabatan Keselamatan dan Kesihatan Pekerjaan Selangor Certificate No.: PMA – SL 1709149 <u>Registration No.:</u> SL PMA 44596	3 February 2017	1 May 2018	Certificate of Fitness and Inspections (Mesin Angkat) – Tower Crane	Nil	N/A
(i)	IBSB	Jabatan Keselamatan dan Kesihatan Pekerjaan Selangor Certificate No.: PMA – SL 252516 <u>Registration No.:</u> SL PMA 42662 (QTZ6024)	2 December 2016	26 January 2018	Certificate of Fitness and Inspections (Mesin Angkat) – Tower Crane	Nil	N/A
(j)	IBSB	Jabatan Keselamatan dan Kesihatan Negeri Perak Certificate No.: PMT – PK 58615 <u>Registration No.:</u> PK PMT 8498	25 August 2016	8 November 2017	Certificate of Fitness and Inspections (Pengandung Tekanan Tak Berapi) – Oil Separator	Nil	N/A
(k)	IBSB & IBGB	UKAS Systems Management Certificate No.: QEC 85399678/13/O	10 January 2017	9 January 2018	Certificate of Approval for Occupational Health & Safety Management System	Nil	N/A

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

Note:

(1) This Certificate of Fitness and Inspections has been renewed by IBSB, pending the issuance of the new certificate.

As at the LPD, we have 359 foreign workers, all of which have valid working permits. Our Group's foreign workers have been individually issued with temporary employment visit passes (Pas Lawatan Kerja Sementara, "PLKS") with a condition stated therein that the holder of the pass must not remain in West Malaysia longer than the period stipulated therein. Such period usually does not exceed 1 year. Each PLKS issued is in the form of a sticker and stuck onto the respective foreign workers' passports. Our Group constantly monitors the validity period of the PLKS to ensure that our foreign workers' permit is valid. It is also stated in the PLKS that such workers are employed as construction workers with IBSB. There is no express condition imposed in the PLKS stating that these workers must work only for IBSB. Nonetheless, it is generally stated in the employment contract between IBSB and the respective worker that they can only work for IBSB and is prohibited to work for any other companies.

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5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**5.7 PROPERTIES OF OUR GROUP****5.7.1 Properties owned by our Group**

Our property portfolio can be classified as shop offices, non-landed residential and landed residential.

While we do not generally acquire properties for investment purposes, it is common practice in the construction industry for our clients to impose as a term in their Letter of Acceptance, 'contra' payment with the properties under their development up to a specified percentage of the awarded contract value. A 'contra' does not reduce the payment from which our client is liable to pay us under the contract, but is merely a payment method employed by our client. We generally accept 'contra' payment with properties valuing not more than 5% of the total contract sum. Nonetheless, depending on the value of the project and on a case to case basis, the value of the 'contra' payment may vary. Most of our clients impose upfront in the tender documents and Letter of Acceptance the terms of 'contra' payment, however, there are also cases where the 'contra' payment is agreed after the commencement of the project. Nonetheless, we endeavour to limit the acceptance of 'contra' payment to not more than 5% of the total contract sum. The value of the 'contra' properties is generally based on the selling price of the properties under their development. Settlement by way of 'contra' is common not only for contractors such as our Group but also for other consultants involved in the project. As at LPD, we have 10 properties which were received by us via 'contra'. The audited NBV of such properties as at 31 December 2016 is RM14.90 million, representing 6.92% of our pro forma consolidated total assets of RM215.22 million as at the same date. The total rental income from those properties received via 'contra' for the 3 financial years under review amounted to RM0.13 million, RM0.19 million and RM0.07 million for FYE 2014, FYE 2015 and FYE 2016 respectively. As at LPD, 2 properties received via 'contra' are rented out, 1 properties are used by our Group and the remaining 7 properties are vacant and thus not generating any income.

In some instances, our clients may also seek our support for their property development projects, in which, we may on a case to case basis, as a measure of building good client relationship, undertake an outright purchase of those properties under our clients' property development projects. Depending on the type of properties, we will finance such purchase through our internally generated funds and/or bank borrowings. As at LPD, we have 2 properties which we have purchased outright from our clients' property development projects. The audited NBV of such properties as at 31 December 2016 is RM3.24 million, representing 1.51% of our pro forma consolidated total assets of RM215.22 million as at the same date.

Our strategy for investment properties received by us via 'contra' and/or purchased by us as show of support for our clients' property development projects is to dispose them in the secondary market within 3 to 5 years from the handover of those completed properties to us or to deploy them for our own use such as for staff accommodation, if suitable. Our disposal strategy was arrived at after taking into consideration the impact of real properties gain tax and serves as a guidance for our management. The actual timing for the disposal of these properties will depend on whether we are able to identify suitable purchasers for these properties. Pending the disposal of such properties, we may rent those properties out to suitable tenants. The total gain on disposal of investment properties we received via 'contra' amounted to RM0.41 million, RM0.32 million and RM1.17 million for FYE 2014, FYE 2015 and FYE 2016 respectively. The number of properties that the Group has disposed off in the financial years under review were 2 properties (both received via 'contra' payment) for FYE 2014 and 2 properties (both received via 'contra' payment) for FYE 2015 and 5 properties for FYE 2016 (all 5 received via 'contra' payment).

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

Details of the properties owned by us as at the LPD are set out below. The registered owner of these properties is IBSB.

(a) Shop offices

No.	Postal address	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)	Land area/ Built-up area sq ft	Date of purchase	Date of issuance of certificate of fitness for occupation	Encumbrance	Audited NBV as at 31 December 2016 RM'000
(i)	No. 21, Jalan SS15/8A, 47500 Subang Jaya, Selangor ⁽⁴⁾	4-storey shop office/ Ground floor - Rented out 1st floor - Rented out to Apexjaya 2nd floor - Own use as IBSB's staff gym 3rd floor - Own use as IBSB's filling room/ Freehold/ Building	1,760/ 6,424	2 June 1993	26 November 1986	Charged to Malayan Banking Berhad	564

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

No.	Postal address	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)	Land area/ Built-up area sq ft	Date of purchase	Date of issuance of certificate of fitness for occupation	Encumbrance	Audited NBV as at 31 December 2016 RM'000
(ii)	No. 15, Jalan SS15/8A, 47500 Subang Jaya, Selangor ⁽⁴⁾	4-storey shop office/ Ground floor - Rented out 1st to 3rd floors - Own use as IBGB's operational headquarters/ Freehold/ Building	1,760/ 6,424	20 March 2012	1 April 2016	Charged to Malayan Banking Berhad	5,042
(iii)	No. 17, Jalan SS15/8A, 47500 Subang Jaya, Selangor ⁽⁴⁾	4-storey shop office/ Ground floor - Rented out 1st to 3rd floors - Own use as IBGB's operational headquarters/ Freehold/ Building	1,760/ 6,424	20 March 2012	1 April 2016	Charged to Malayan Banking Berhad	
(iv)	No. 15, 15-1, 15-2, Jalan Radin Bagus 9, Bandar Baru Sri Petaling, 57000 Kuala Lumpur ⁽¹⁾	3-storey shop office/ Rented out/ Leasehold of 99 years expiring on 5 April 2110/ Building	2,045/ 5,596	29 July 2011	29 May 2014	Charged to Hong Leong Islamic Bank Berhad	2,627
(v)	A-01-08 to A-03-08, Pusat Komersial Setapak, No. 68, Jalan Taman Ibu Kota, Setapak, 53300 Kuala Lumpur ^{(2) (3)}	3-storey shop office/ Rented out/ Freehold/ Building	1,487/ 5,444	30 April 2012	9 July 2012	Assigned to Malayan Banking Berhad	2,589

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

Notes:

- (1) We are currently seeking purchasers for this property as it was purchased for investment purposes.
- (2) This property was acquired in 2012 at the purchase price of RM2.63 million. Notwithstanding our Group's disposal strategy to dispose the investment properties in the secondary market within 3 to 5 years from the handover of the completed properties to us, we will actively seek purchasers for this property after the holding period of 5 years to minimise the impact of real properties gain tax.
- (3) This property was purchased from our clients' property development projects to show our support in their property development project.
- (4) These properties were purchased for our own use.

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5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

(b) Non-landed residential

No.	Postal address	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)	Land area/ Built-up area sq ft	Date of purchase	Date of issuance of certificate of fitness for occupation	Encumbrance	Audited NBV as at 31 December 2016 RM'000	Amount of 'contra' value over total original contract value %
(i)	Block A-PH-3A, Casa Villa Condominium, Jalan Berjaya Baru, Taman Berjaya Baru (R/P), 43000 Kajang, Selangor ^{(1) (5)}	Penthouse/ Vacant/ Freehold/ Building	N/A/ 1,963	14 August 2001	17 September 2001	Assigned to Malayan Banking Berhad	252	4.40
(ii)	1-4-26, Pangsapuri Randa, No. 3, Jalan Anggerik Tainia 31/112, Seksyen 31, 40460 Shah Alam, Selangor ^{(1) (3) (5)}	Apartment unit on 5th floor/ Vacant/ Freehold/ Building	N/A/ 814	5 November 2004	26 January 2006	Assigned to Malayan Banking Berhad	82	0.80
(iii)	2-4-27, Pangsapuri Randa, No. 3, Jalan Anggerik Tainia 31/112, Seksyen 31, 40460 Shah Alam, Selangor ^{(3) (5)}	Apartment unit on 5th floor/ Rented out ⁽²⁾ / Freehold/ Building	N/A/ 814	5 November 2004	26 January 2006	Assigned to Malayan Banking Berhad	82	0.79
(iv)	A4-2, No. 6, Amarin Wickham, Jalan Wickham, 55000 Kuala Lumpur ⁽⁵⁾	Condominium unit on ground floor/ Vacant / Freehold/ Building	N/A/ 3,538	25 May 2010	24 December 2012	Assigned to Hong Leong Islamic Bank Berhad	2,749	10.70
(v)	A1-2, No. 6, Amarin Wickham, Jalan Wickham, 55000 Kuala Lumpur ⁽⁵⁾	Condominium unit on ground floor/ Vacant / Freehold/ Building	N/A/ 3,538	9 October 2012	24 December 2012	Assigned to Malayan Banking Berhad	3,758	7.83

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

No.	Postal address	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)	Land area/ Built-up area sq ft	Date of purchase	Date of issuance of certificate of fitness for occupation	Encumbrance	Audited NBV as at 31 December 2016 RM'000	Amount of 'contra' value over total original contract value %
(vi)	B-28-1, Setia Sky Residences, No. 76, Jalan Raja Muda Abdul Aziz, Kampung Baru, 50300 Kuala Lumpur (A)(4)(6)	Condominium unit on 28th floor/ Vacant/ Freehold/ Building	N/A/ 936	8 June 2009	4 February 2013	Assigned to Malayan Banking Berhad	653	This is not a 'contra' property

Notes:

N/A Not applicable

(1) We have identified purchasers for these properties. As at the LPD, we are in the midst of executing the relevant sale and purchase agreements with the identified purchasers.

(2) Currently on a month-to-month tenancy, we may terminate this tenancy and retain this property for our own use as staff accommodation.

(3) The issue document of title of these properties has been issued by the relevant authority, pending registration of IBSB as owner.

(4) The issue document of title of this property has not been issued by the relevant authority.

(5) These properties were received by us via 'contra' payment.

(6) This property was purchased from our clients' property development projects to show our support in their property development project.

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**(c) Landed residential**

No.	Postal address	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)	Land area/ Built-up area sq ft	Date of purchase	Date of issuance of certificate of fitness for occupation	Encumbrance	Audited NBV as at 31 December 2016 RM'000	Amount of 'contra' value over total original contract value %
(i)	No. 2, Jalan Sejahtera 17, Taman Nusa Damai, 81700 Pasir Gudang, Johor (3)	Single-storey terrace house/ Rented out ⁽⁴⁾ / Freehold/ Building	3,369/ 1,288	20 January 1998	20 October 1999	Charged to Malayan Banking Berhad	190	2.40
(ii)	No. 27, Jalan Pinggiran 2, Bukit Horizon Nusajaya, 81300 Skudai, Johor ⁽³⁾	2½-storey semi-detached/ Own use as staff accommodation/ Freehold/ Building	2,799/ 3,609	3 April 2011	7 January 2013	Nil	917	5.82
(iii)	No. 27, Jalan 3/9, Taman Residen Tiara, Bandar Baru Selayang, 68100 Batu Caves, Selangor ^{(2) (3)}	4-storey terrace house/ Vacant/ Leasehold of 99 years expiring on 1 October 2111/ Building	2,067/ 5,068	30 June 2014	16 January 2014	Nil	1,729	4.57
(iv)	No. 12, Jalan Palma 1A, Bukit Palma Kemensah, 53100 Hulu Kelang, Selangor ^{(1) (3)}	3-storey bungalow/ Vacant/ Freehold/ Building	7,705/ 5,725	28 February 2014	3 May 2012	Nil	2,431	5.81

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

No.	Postal address	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)	Land area/ Built-up area sq ft	Date of purchase	Date of issuance of certificate of fitness for occupation	Encumbrance	Audited NBV as at 31 December 2016 RM'000	Amount of 'contra' value over total original contract value %
(v)	No. 61, Kuarza 16, Jalan Melawati 7B, Taman Kuarza 16, 53100 Gombak, Kuala Lumpur ⁽³⁾	Zero lot villa/ Vacant/ Leasehold of 99 years expiring on 25 July 2111/ Building	2,888/ 5,367	1 July 2013	14 August 2015	Assigned to Alliance Bank Malaysia Berhad	2,711	3.31

Notes:

- (1) We are currently seeking purchasers for this property.
- (2) The issue document of title of this property has been issued by the relevant authority, pending registration of IBSB as owner.
- (3) These properties were received by us via 'contra' payment.
- (4) Currently on a month-to-month tenancy as we have identified a purchaser for this property.

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5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**(d) Others**

No.	Postal address	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)	Land area/ Built-up area sq ft	Date of purchase	Date of issuance of certificate of fitness for occupation	Encumbrance	Audited
							NBV as at 31 December 2016 RM'000
(i)	Lot 115, Lorong Tiga, Off Jalan Raja Sulong, 34000 Taiping, Perak ⁽¹⁾	Vacant residential land (semi-detached houses)/ Vacant/ Freehold/ Building	5,102 / N/A	24 October 1991	N/A	Charged to Malayan Banking Berhad	41
(ii)	Lot 116, Lorong Tiga, Off Jalan Raja Sulong, 34000 Taiping, Perak ⁽¹⁾	Vacant residential land (semi-detached houses)/ Vacant/ Freehold/ Building	2,960/ N/A	24 October 1991	N/A	Charged to Malayan Banking Berhad	
(iii)	Lot 1643, Jalan Kampong Dew, 34700 Taiping, Perak ⁽¹⁾	Agricultural land/ Vacant/ Freehold	39,204/ N/A	21 November 1988	N/A	Charged to Malayan Banking Berhad	100

Note:

⁽¹⁾ We are currently seeking purchasers for these properties. These properties were previously purchased for investment purposes.

The DDWG is of the view that none of the properties owned by our Group are in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land laws or building regulations/by-laws.

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**5.7.2 Properties occupied which are rented by our Group**

Details of the properties rented by us as at the LPD are set out below:

No.	Address	Owner/ Tenant	Description/ Existing use	Built-up land area sq ft	Period of tenancy / Rental per annum	
					RM	RM
(a)	No. 18-A, Jalan Hijauan 4, Horizon Hills, 79100, Nusajaya Johor ⁽¹⁾	T. Azmil Zahrudin Bin Raja Abdul Aziz / IBSB	1st floor of a 2-storey shophot / Administration office	1,920	On a monthly basis/ 14,400	
(b)	No. 3-21B, Block K, Jalan Desa 2/2, Desa Aman Puri, 52100 Selangor ⁽²⁾	Pua Bee Hoon / IBSB	1st floor of a 3-storey shophot / Workers' accommodation	800	1 June 2016 to 31 May 2017/ 8,400	
(c)	No. 17C, Jalan PS 8, Prima Selayang Km 15, Jalan Rawang, 68100 Batu Caves, Selayang, Selangor ⁽³⁾	Sellamah A/P Karuppanan / IBSB	3rd floor of a 3-storey shophouse / Workers' accommodation	1,656	1 June 2016 to 31 May 2017/ 10,200	
(d)	A152-3-1, Jalan Matang 2, Taman Sri Kuching, 51200 Kuala Lumpur ⁽⁴⁾	Nobleone Property Sdn Bhd (Main-Tenant) / IBSB (Sub-Tenant)	1st floor of a 2-storey shophouse / Workers' accommodation	1,300	1 April 2017 to 30 June 2017 / 12,600	
(e)	B-15-05, Zen Residence, Batu 14, 47100 Puchong, Selangor ⁽⁵⁾	Chin Shian Mei / IBSB	15th floor of a 21-storey condominium/ Workers' accommodation	1,200	1 January 2017 to 31 December 2017 / 10,800	
(f)	No. 3-18D, Jalan Desa 2/2, Desa Aman Puri, 52100 Selangor ⁽²⁾	Lew Min Fatt/ IBSB	3rd floor of a 3-storey shophot / Workers' accommodation	1,300	1 September 2016 to 31 August 2017 / 8,400	
(g)	E41-2-2 Jalan Selingsing 4, Taman Sri Kuching, 51200 Kuala Lumpur ⁽³⁾	Nobleone Property Sdn Bhd (Main-Tenant) / IBSB (Sub-Tenant)	2nd floor of a 3-storey shophot / Workers' accommodation	1,168	1 January 2017 to 31 December 2017 / 13,200	
(h)	No. 11, Jalan Bayu Impian 15A/KS9, Kota Bayuemas, 41200 Klang, Selangor ⁽⁶⁾	Lim Kim Thye / IBSB	2-storey semi-detached house / Workers' accommodation	2,655	1 January 2017 to 31 December 2018 / 18,000	
(i)	Northern half of the 4,126 square metre of the vacant land located at Batu 9, Kebun Baru,, PT 11099, Mukim Telok Panglima Garang, Daerah Kuala Langat, Selangor	Global Marketing Ventures Sdn Bhd (Main-Tenant) / IBSB (Sub-Tenant)	Vacant land / Storage for machinery and equipment	22,206	16 September 2016 to 15 September 2018/ 36,000	

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

No.	Address	Owner/ Tenant	Description/ Existing use	Built-up land area sq ft	Period of tenancy / Rental per annum	
					RM	
(j)	No. 43, Jalan Ecohill 11/3F, Setia Ecohill, 43500 Semenyih, Selangor ⁽⁷⁾	Quek Ai Poh / IBSB	2-storey terrace house / Workers' accommodation	1,600	16 March 2017 to 15 March 2019 / 15,000	

Notes:

(1) The CF for this property was obtained on 3 March 2010.

(2) The CF for this property was obtained on 25 May 1999.

(3) The owners of these properties were unable to locate the certificate of fitness for occupation of this property. These are properties rented as our workers' accommodation, which are not material to our business operations. We intend to continue with the rental of such properties until the expiry of the respective tenancies. Meanwhile, we will source for suitable alternative workers' accommodation within the vicinity and we will ensure that the prospective landlords are able to furnish us with the certificates of fitness of the properties to be rented.

(4) The CF for this property was obtained on 27 April 1999.

(5) The CF for this property was obtained on 10 February 2012.

(6) The CF for this property was obtained on 19 April 2013.

(7) The CF for this property was obtained on 18 November 2015.

Save as disclosed above, the property rented by our Group is not in breach of any other land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations/by-laws, which will have material adverse impact on our operations as at the LPD.

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

5.7.3 Acquisitions of properties

Save as disclosed below, we have not entered into any sale and purchase agreements to acquire any properties during the FYEs 2014 to 2016 up to the LPD:

No.	Date of purchase	Postal address	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)	Land area/ Built-up area sq ft	Date of issuance of certificate of fitness for occupation	Audited NBV as at 31 December 2016 RM'000	Purchase value RM'000
(a)	30 June 2014	No. 27, Jalan 3/9, Taman Residen Tiara, Bandar Baru Selayang, 68100 Batu Caves, Kuala Lumpur ^{(1) (3)}	4-storey terrace house/ Vacant/ Leasehold of 99 years expiring on 1 October 2111/ Building	2,067/ 5,068	16 January 2014	1,729	1,813
(b)	28 February 2014	No. 12, Jalan Palma 1A, Bukit Palma Kemensah, 53100 Hulu Kelang, Selangor ^{(2) (3)}	3-storey bungalow/ Vacant/ Freehold/ Building	7,705/ 5,725	3 May 2012	2,430	2,500
(c)	24 January 2017	Parcel No. 16-03, Storey No. 16 Eco Terrace erected on land held under master title HSD 14747 No. PT 2509 and HSD 14749 No. PT 2511, both of Mukim 13 Daerah Timor Laut Pulau Pinang ⁽⁴⁾	Apartment / Under construction / Freehold / Building	N/A / 1,095	N/A	N/A as it was purchased in FYE 2017	954
(d)	24 January 2017	Parcel No. 16-03A, Storey No. 16 Eco Terrace erected on land held under master title HSD 14747 No. PT 2509 and HSD 14749 No. PT 2511, both of Mukim 13 Daerah Timor Laut Pulau Pinang ⁽⁴⁾	Apartment / Under construction / Freehold / Building	N/A / 1,095	N/A	N/A as it was purchased in FYE 2017	954

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

Notes:

- (1) The issue document of title of this property has been issued by the relevant authority, pending registration of IBSB as owner.
- (2) We are currently seeking purchasers for this property.
- (3) These properties were received by us via 'contra' payment.
- (4) These properties were purchased in support of our major client, Eco World Development Group Berhad. There is no postal address as at the LPD as the buildings are still under construction.

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5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**5.7.4 Regulatory requirements and environmental issues**

Save as disclosed in Sections 5.6 and 6.13.6 of this Prospectus, there are no other regulatory requirements and/or major environmental issues which may materially affect our operations arising from the utilisation of our assets.

5.7.5 Material capital expenditures and divestitures

Save as disclosed below, there were no other material capital expenditures (including interests in other corporations) made by us for the past 3 FYEs up to 2016:

Description	At cost		
	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000
Property, plant and equipment			
Furniture and fittings	(1)_	3	10
Motor vehicles	475	729	430
Office equipment	108	155	530
Office renovation	-	11	-
Plant and machineries	2,409	2,478	3,511
	2,992	3,376	4,481
Investment properties			
Freehold land	(3)833	-	-
Leasehold land	(3)604	-	-
Buildings	(3)3,072	78	-
Buildings under construction	(2)5,031	(2)1,577	-
	9,540	1,655	-
Total	12,532	5,031	4,481

Notes:

- (1) Less than RM1,000.
- (2) These relates to progress billings for properties purchased or as a result of 'contra' payment by our clients.
- (3) This relates to properties acquired by us. Please refer to Section 5.7.3 of this Prospectus for further details. The amount captured in the table above includes capitalisation of legal fees associated with the acquisitions.
- (4) This relates to investment properties transferred to non-current assets held for sale.

The above material capital expenditures were primarily financed by a combination of hire purchase financing, term loans and internally generated funds.

Our capital expenditures, particularly for plant and machineries are mainly driven by the construction projects awarded to the Group during the relevant year as well as for replacement purposes. Our primary capital expenditures are associated with the acquisition of plant and machineries for use in our construction projects, such as tower cranes, material handling equipment, backhoes, scaffolding and other related construction equipment required by our projects.

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

The additions of investment properties is driven by properties received by us as the result of 'contra' payment by our clients, as discussed in Section 5.7.1 of this Prospectus.

Save as disclosed below, there were no other material capital divestitures and write-offs (including interest in other corporations) made by our Group for the past 3 FYEs up to 2016:

Description	At cost		
	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000
Property, plant and equipment			
Motor vehicles	42	-	162
Office equipment	5	-	-
Plant and machineries	-	55	-
	47	55	162
Investment properties			
Freehold land	155	374	-
Buildings	310	749	-
Buildings under construction	-	(1)3,049	-
	465	4,172	-
Investment in associated company	900	-	-
Non-current assets held for sale	-	-	(2)2,738
Total	1,412	4,227	2,900

Notes:

(1) Notwithstanding our disposal strategy, we disposed these properties immediately upon its completion before it was reclassified as completed buildings in our financial statements as the property developer had approached us to purchase it for their own use.

(2) This relates to 5 properties disposed by us.

The above capital divestitures and write-offs of motor vehicles, office equipment and plant and machineries were carried out in the ordinary course of business as part of our periodic review of our fixed asset register to identify and eliminate those assets which have been fully depreciated and no longer in use or are obsolete or have surpassed their useful lives.

The disposal of investment properties is in line with our asset disposal strategy for our investment properties, as discussed in Section 5.7.1 of this Prospectus.

The disposal of our investment in associated company relates to the disposal of our 35.06% equity interest in Inta Development to Lim Ooi Joo, Teo Hock Choon and Apexjaya for a total cash consideration of RM1.20 million, further details are as discussed in Section 10.3.3 of this Prospectus.

Save for the proposed utilisation of proceeds from our IPO vis-à-vis our proposed capital expenditure, we do not have any material capital expenditures and divestitures currently in progress, within or outside Malaysia.

5.7.6 Material plans to construct, expand or improve facilities

Save for the proposed utilisation of proceeds from our IPO vis-à-vis our proposed capital expenditure, details as set out in Section 3.10 of this Prospectus, our Group does not have any other immediate plans to construct, expand and improve our facilities as at the LPD.

6. BUSINESS OVERVIEW

6.1 OUR HISTORY

Our Group is primarily a building contractor with more than 25 years of operating history in the construction industry in Malaysia. We have completed more than 110 building construction projects mainly in the Klang Valley and Johor. We are capable of building various types of building including residential, commercial, industrial and leisure properties. Our Group typically acts as the main contractor for our building construction projects.

Sungai Muhibah Sdn Bhd, our wholly-owned and principal operating subsidiary, now known as Inta Bina Sdn Bhd was incorporated on 10 December 1987. In 1988, one of our Promoters, Lim Ooi Joo and his brother-in-law, Chua Teong Chai became directors of Sungai Muhibah Sdn Bhd. In the same year, all the shares in Sungai Muhibah Sdn Bhd were acquired by two family members of Lim Ooi Joo, namely his late sister, Lim Ah Hean @ Lim Chai Tong and Chua Teong Chai.

Prior to the entry of Lim Ooi Joo and Chua Teong Chai into Sungai Muhibah Sdn Bhd, the company was dormant. Upon their entry, Sungai Muhibah Sdn Bhd was used by Lim Ooi Joo and Chua Teong Chai as a family vehicle to venture into the business of providing building construction works in Malaysia. In 1990, Chua Teong Chai disposed his entire shareholdings in Sungai Muhibah Sdn Bhd to several other family members of Lim Ooi Joo and in 1992, Lim Ooi Joo emerged as one of the major shareholders (29.0%) of Sungai Muhibah Sdn Bhd. In 1996, Chua Teong Chai retired and resigned from the Board of Directors of Sungai Muhibah Sdn Bhd.

Lim Ooi Joo has been instrumental in driving the growth in the construction business of Sungai Muhibah Sdn Bhd since he became an Executive Director of the company in 1988. As at the LPD, save as disclosed in Section 8.5 of this Prospectus, there are no family relationships between or amongst our Promoters, substantial shareholders, Directors and key management.

Sungai Muhibah Sdn Bhd's business was initially set-up to cater for residential projects with contract value below RM1.0 million. In 1989, Sungai Muhibah Sdn Bhd successfully secured a project valued at RM8.5 million from Unitin Engineering & Construction Sdn Bhd for the construction of a factory and its related infrastructure such as the road and drains in Shah Alam, Selangor. On 14 July 1992, the name Sungai Muhibah Sdn Bhd was changed to ADSB as it expanded its business operations to cater for projects involving the construction of residential and industrial properties with contract value ranging from RM1.0 million to RM10.0 million.

On 22 December 1995, Teo Hock Choon, one of our Promoters joined Apexjaya as a Non-Executive Director and joined ADSB as an Executive Director. On 16 January 1996, ADSB became the wholly-owned subsidiary of Apexjaya. Prior to Teo Hock Choon's appointment as Executive Director of ADSB, he had a working relationship with Lim Ooi Joo as both of them were in the construction industry and Lim Ooi Joo invited him to join Apexjaya and ADSB. As the Executive Director of ADSB, he assisted Lim Ooi Joo in the strategic planning of ADSB, seek new businesses and supervise the day-to-day management of the business operations.

On 16 January 1996, Lim Ooi Joo together with all his family members sold their entire direct shareholdings in ADSB to Apexjaya in consideration for Apexjaya shares. As a result, ADSB became a wholly-owned subsidiary of Apexjaya. In the same year, Teo Hock Choon purchased an initial stake of 2.35% in Apexjaya. His shareholdings in Apexjaya gradually increased to 10.0% by 2003.

6. BUSINESS OVERVIEW (Cont'd)

On 4 October 1996, Apexjaya entered into an agreement to sell a 60.0% stake in ADSB to PJD Construction Sdn Bhd, which is a wholly-owned subsidiary of PJ Development Holdings Berhad. ADSB was subsequently renamed PJD Builders Sdn Bhd on 12 March 1997. This allowed us to leverage on the track record of a public listed construction group with project management experience as well as financial resources.

During the same year, PJD Builders Sdn Bhd was awarded its first high-rise condominium building project from PJ Development Holdings Berhad known as *Endah Ria*, comprising 3 blocks of condominium buildings (with 18-storey, 19-storey and 20-storey for each block) totalling 752 units in Sri Petaling, Kuala Lumpur. This was a significant milestone for us as it was our first high-rise project as well as our first project with contract value of more than RM60 million. Between 1997 to 2000, we secured various projects from PJ Development Holdings Berhad including 64 units of 3-storey shop houses in Taman Putri Kulai, Johor (1997), 170 units of double-storey terrace houses at Mukim Senai, Johor (1998), as well as the earthworks and foundation works for *Oakleaf Park*, a 3-block condominium project in Bukit Antarabangsa, Ampang, Selangor (2000). During this time, we also started to take on projects requiring the use of precast concrete wall panels in particular the *Acotec* brand of wall panels developed by PJ Development Holdings Berhad. The projects mainly involved the use of precast concrete wall panels and tunnel form system which gave us hands-on experience in the handling of IBS components.

In 2000, PJ Development Holdings Berhad decided to dispose its indirect 60.0% stake in PJD Builders Sdn Bhd to focus its construction activities via its wholly-owned subsidiary, PJD Construction Sdn Bhd, instead of spreading its resources over 2 companies involved in similar construction activities. This led to the management buyout of PJD Builders Sdn Bhd spearheaded by our Promoters, Lim Ooi Joo and Teo Hock Choon, resulting in the acquisition by Apexjaya of 60.0% stake in PJD Builders Sdn Bhd.

During such time when PJD Builders Sdn Bhd was a subsidiary of PJ Development Holdings Berhad, our Promoters, Lim Ooi Joo and Teo Hock Choon were responsible to manage the overall operations and business growth of PJD Builders Sdn Bhd. They gained experience in corporate management including exposure to financing and management systems in a systematic corporate framework and were also able to expand their networks within the local construction industry. The name PJD Builders Sdn Bhd was subsequently changed to IBSB on 2 November 2000.

Our Group achieved another key milestone in 2005 when we successfully participated in a building construction project assessed under CONQUAS namely the RP6 Phase 2B project of the Kota Kemuning township development consisting of 74 units of terrace house. CONQUAS is a recognised and accepted benchmarking tool to measure the quality of building projects among the industry players in Malaysia. Building contractors under CONQUAS assessed building projects are typically given targets to achieve in terms of the quality of their completed building (that reflects their workmanship standard) assessed by the Building and Construction Authority Singapore.

As at LPD, we have obtained an average CONQUAS scoring of 78.2% for all our CONQUAS assessed projects and the industry average for CONQUAS assessed projects in Malaysia is 76.0%. The industry average was computed based on the total of 541 projects assessed in Malaysia since 2001 as listed under the Building and Construction Authority Singapore's website as at the LPD, (<https://www.bca.gov.sg/Professionals/IQUAS>). Our continued active participation in projects assessed under CONQUAS has further underscored our commitment to quality and help us to build our reputation in the local construction industry. Please refer to Section 6.13.4 of this Prospectus for further details on CONQUAS.

6. BUSINESS OVERVIEW (Cont'd)

In 2014, our Group made further inroads in our pursuit of good track record in quality excellence as we became involved in projects assessed under a local quality assessment system for workmanship quality in building construction. To date, we have participated in 4 QLASSIC assessed projects. The first building construction project assessed under QLASSIC participated by our group is *The Twin Palm Kemensah* Phase 1A-2 and Phase 1B project at Bukit Palma Kemensah, Hulu Kelang comprising 35 units of bungalow in 2014. A QLASSIC score of 80.0% was given for this project. Please refer to Section 6.13.4 of this Prospectus for further details on QLASSIC.

As a responsible contractor, we are mindful of the needs for the safety and health of our workers to be protected all the time. In 2015, we participated in projects assessed under SHASSIC namely the Puteri Harbour Parcel 1A Package 3 and 4 project in Johor comprising 67 units and 96 units of terrace house respectively. We have obtained 3 stars out of 5 stars for our SHASSIC assessment. Please refer to Section 6.13.5 of this Prospectus for further details on SHASSIC.

In 2016, we increased the adoption of IBS in our construction project when we utilised the aluminium system formwork in our construction activities. As at the LPD, we own approximately 11,421m² of aluminium system formwork. We have been utilising 7,228m² of aluminium system formwork in the ongoing construction of 2 blocks medium-cost apartments comprising 750 units, car parks, shops, management office and facilities at Eco Majestic, Semenyih, Mukim Beranang, Daerah Hulu Langat, Selangor as at the LPD. Approximately 50.0% to 70.0% of the remaining 4,193m² aluminium system formwork will be utilised for the construction of 2 blocks apartments (with 30-storey and 31-storey for each block), car parks, shops and facilities at Gravit8, Mukim Klang, Daerah Klang. This represents the standard sized formwork such as wall panels and slab panels which are usually the bigger pieces of the formwork where the structure is similar (ie. same wall height and length). The balance 30.0% to 50.0% which were used in our earlier project, are miscellaneous sized formwork which are not of standardised specification and cannot be reused. These will be sold to the formwork suppliers.

We have since 2000 and 2012 been registered as a Grade 7 (or commonly known as G7) contractor with CIDB for the categories of B04 (Building General Works) and CE21 (General Civil Engineering Works) respectively. The G7 registration allows us to tender for construction projects in Malaysia that are of unlimited value. Our client portfolio includes a diversified pool of property developers. Our clients are subsidiaries of various public listed and non-public listed property developers in Malaysia such as Eco World Development Group Berhad, Engtex Group Berhad, Gamuda Berhad, Mah Sing Group Berhad, Paramount Corporation Berhad, Plenitude Berhad, Selangor Dredging Berhad, Tropicana Corporation Berhad, S P Setia Berhad (government linked property developer) and UEM Sunrise Berhad (government linked property developer), notable non-public listed property developers such as Perdana ParkCity Sdn Bhd and Mitraland Group Sdn Bhd as well as a public listed company in Singapore namely Lum Chang Holdings Limited.

6. BUSINESS OVERVIEW (Cont'd)

6.2 COMPETITIVE STRENGTHS

Our business is supported by the following competitive strengths:

6.2.1 Established track record

Since 1988, our Group has focused on building a good operating track record and establishing our presence in the local construction industry. With more than 25 years of operating history, we have been through various economic down cycles as well as financial crisis which indicate that our presence in the local construction industry is for the long term. We already have a proven track record by completing more than 110 building construction projects. We strive to be a reliable partner of property developers in constructing buildings. Please refer to Section 6.5.2 of this Prospectus for further details on our completed projects.

We have not experienced any non-completion of our projects save for one industrial project which was terminated by us in 1999 due to the developer's default in payment. As at the LPD, our Group has successfully completed more than 110 building construction projects of varying sizes, building types and contract values.

Over the years, in line with our business expansion, we have also developed our capability in undertaking larger and more complex construction projects, as reflected by the gradual upgrades in our CIDB registrations which have allowed us to participate in the tender for projects that are of higher value.

Year	Grade	Category
1997-2000	G6	B: Building Construction
	G4	CE: Civil Engineering Construction
2000-2003	G7	B: Building Construction
	G5	CE: Civil Engineering Construction
2003-2006	G7	B04: Building General Works
	G5	CE21: General Civil Engineering Works
2006-2009	G7	B04: Building General Works
	G5	CE21: General Civil Engineering Works
2009-2012	G7	B04: Building General Works
	G5	CE21: General Civil Engineering Works
2012-2018	G7	B04: Building General Works
	G7	CE21: General Civil Engineering Works

The G7 is the highest grade for registrations issued by CIDB, which enables our Group to undertake building construction and civil engineering construction projects of any size, and of unlimited project values within Malaysia.

At the same time, our Group has also built a reputation for upholding the quality of our workmanship. Approximately 67.9% of our projects completed within the last 10 years have been assessed for their qualities by quality assessment systems such as CONQUAS and QLASSIC. Please refer to Section 6.13.4 of this Prospectus for further details on CONQUAS and QLASSIC.

6. BUSINESS OVERVIEW (Cont'd)

6.2.2 Commitment to quality

In the provision of our services, our Group strongly believes in delivering superior quality products to meet our clients' requirements and to ensure property buyers' satisfaction. In addition, we also believe that our stringent QMS will allow us to be better positioned to deliver quality works within the contract period, thereby strengthening our case to be a capable and reliable building contractor in Malaysia.

To this end, we have established a QMS that meets the requirements of MS ISO 9001. In 2000, our QMS was assessed and certified to have complied with the requirements of MS ISO 9002:1994 for the scope involving the provision of construction services for high and low rise residential, commercial and industrial buildings. In 2003, our Group's QMS obtained the ISO 9001:2000 accreditation for the same scope. The accreditation was subsequently updated to MS ISO 9001:2008 in 2009 and renewed in 2012 and 2015.

Our MS ISO 9001:2008 accreditation for the provision of construction services for high and low rise residential, commercial and industrial buildings underscores our Group's commitment to consistently provide services that meet the applicable statutory and regulatory requirements. The application of MS ISO 9001:2008 aims to enhance client satisfaction through the effective application of the system, including processes for continual improvement of the system and the assurance of conformity to client and applicable statutory and regulatory requirements.

In addition, our Group has been actively participating in building construction projects that are assessed under both CONQUAS and QCLASSIC by Building and Construction Authority Singapore and CIDB respectively. As at the LPD, we have successfully participated in 51 CONQUAS assessed and 4 QCLASSIC assessed projects. The number of CONQUAS and QCLASSIC assessed projects represented 80.00%, 72.72% and 100.0% of our total number of projects completed in FYE 2014, FYE 2015 and FYE 2016 respectively. In terms of project value, the total value of CONQUAS and QCLASSIC assessed projects represented 77.29%, 83.08% and 100.0% of our total project value completed in FYE 2014, FYE 2015 and FYE 2016 respectively.

The distributions of CONQUAS scores obtained by us for our 51 CONQUAS assessed projects vis-à-vis the industry are set out in the following table. The Board wishes to highlight that each project and company which makes up these industry statistics is different in terms of each project's technical aspects, development size and contract value as well as each company's size, know-how and operating and financial capabilities, amongst others.

IBGB Group

CONQUAS scores	No. of projects	As a percentage of total CONQUAS assessed projects	CONQUAS score within each band		
			Highest	Lowest	Average
Less than 70.0%	1	2.0%	-	67.7%	67.7%
70.0% to 80.0%	33	64.7%	79.9%	70.7%	76.8%
Above 80%	17	33.3%	83.5%	80.2%	81.6%
Total	51	100.0%	83.5%	67.7%	78.2%

6. BUSINESS OVERVIEW (Cont'd)

Industry⁽¹⁾					
CONQUAS scores	No. of projects	As a percentage of total CONQUAS assessed projects	CONQUAS score within each band		
			Highest	Lowest	Average
Less than 70.0%	57	10.5%	69.9%	50.1%	66.4%
70.0% to 80.0%	370	68.4%	80.0%	70.0%	75.6%
Above 80%	114	21.1%	91.4%	80.1%	81.9%
Total	541	100.0%	91.4%	50.1%	76.0%

Note:

- (1) Based on the total of 541 projects assessed in Malaysia since 2001 up to the LPD as listed under the Building and Construction Authority Singapore's website, (<https://www.bca.gov.sg/Professionals/IQUAS>).

Based on the tables above, a majority of our CONQUAS assessed projects (64.7% or 33 out of 51 projects) falls within the band of 70.0% to 80.0%. Similarly, a majority of the CONQUAS assessed projects in the industry representing 68.4% or 370 out of 541 projects also falls within this band.

In comparison to the total industry average, our average score for all our CONQUAS assessed project is 78.2% as compared to the industry average of 76.0% as at LPD. We believe that our prospective clients consider the quality of our work as indicated by the CONQUAS scores to be an important factor when contracting with us. As such, we intend to continue to implement and strengthen our quality control mechanisms to ensure consistent delivery of high-quality products and services and satisfactory scoring for our CONQUAS and QLASSIC assessed projects to strengthen our competitive position when bidding for new projects.

In certain projects, if a CONQUAS score of 80.0% and above is achieved, we will be rewarded by our clients with an incentive ranging from 0.25% to 1.00% of the contract sum. To date, we have obtained CONQUAS scores of 80.0% and above for 17 of our CONQUAS assessed projects. We have received such incentives in cash amounting to RM0.59 million, RM0.32 million and RM0.48 million for FYE 2014, FYE 2015 and FYE 2016 respectively.

In relation to the QLASSIC assessment, QLASSIC scores of above 80.0% were obtained for 3 out of 4 of the projects that we were involved in.

These accreditations serve to highlight our Group's on-going commitment in providing quality construction services and have further strengthened our clients' loyalty and faith in our capabilities.

Please refer to Section 6.13.4 of this Prospectus for further details on CONQUAS and QLASSIC.

6.2.3 Established relationship with clients

With our motto "Your Partner in Construction", our Group places great emphasis on the relationship with our clients, and believes that maintaining a good rapport with them is key to sustaining our Group's performance. Our Group strives to complete projects within the contract period and at the same time maintain high quality of works in order to foster trust and further entrench our relationship with existing clients.

6. BUSINESS OVERVIEW (Cont'd)

The quality of our work has been recognised by our clients, for which we believe has enabled us to maintain more than 10 years working relationship with our clients who are subsidiaries of various property developers including Engtex Group Berhad, Gamuda Berhad and S P Setia Berhad. This network of clients and the relationship that we have established serves as a good foundation for us to develop and grow our business.

Our clients stated in the above paragraph have appointed us for more than one construction projects over the years of our working relationship with them. In addition, we have also established working relationship with other property developers including Eco World Development Group Berhad, Lum Chang Holdings Limited, Mah Sing Group Berhad, Mitraland Group Sdn Bhd, Paramount Corporation Berhad, Plenitude Berhad, Perdana Parkcity Sdn Bhd, Selangor Dredging Berhad, Tropicana Corporation Berhad and UEM Sunrise Berhad.

Due to our track record of repeat work for our existing clients which includes 26 projects awarded by Gamuda Berhad and 12 projects awarded by Horizon Hills Development Sdn Bhd (a joint venture between UEM Sunrise Berhad and Gamuda Berhad) since our incorporation, we believe that we are well-positioned to sustain and develop our business and capture additional opportunities from these returning clients. At the same time, we believe that the goodwill generated among these existing clients may also be converted to potential business opportunities through recommendations to other prospective clients. Furthermore, our past collaboration with various companies within the property development industry as stated in the above paragraph also helps to strengthen our reputation in the local construction industry.

Please refer to Section 6.5.2 of this Prospectus for further details of the past projects.

6.2.4 Experienced key management team

Our ability to compete effectively lies, amongst others, with the strength of our key management team. Our Group has in place, an experienced key management team comprising capable and qualified professionals with extensive management, operating and in-depth industry knowledge and hands-on experience in their respective fields.

Our Group is led by our Managing Director and Deputy Managing Director, Lim Ooi Joo and Teo Hock Choon, who each has more than 30 years of working experience in the construction industry. Our Group has benefitted from their leadership, along with their network of business contacts built throughout the years of working in the industry. With their hands-on experience in the construction industry, Lim Ooi Joo and Teo Hock Choon have a better understanding of our clients' requirements and needs, which enables us to build good rapport with our clients.

They are supported by our key management team consisting of qualified personnel, each possessing varying years of experience in their respective fields including project management, health and safety, financial control, contracting, administrative works and purchasing. Their presence and leadership within our Group can help to ensure smooth internal operations and sound business decision making process. At the same time, the key management team also comprises a balanced mix of experienced personnel and young personnel, of which some are being groomed for future leadership positions as part of our internal succession plans.

Please refer to Sections 8.2.2 and 8.3.3 of this Prospectus for further details of the credentials of our Directors and key management team.

6. BUSINESS OVERVIEW (Cont'd)

6.3 FUTURE PLANS AND PROSPECTS

Our business objectives are to maintain sustainable growth in our business and create long-term shareholder value. To achieve our business objectives, we will implement the following future plans over a period of 12 to 24 months from the date of our Listing:

6.3.1 Improve our profile by tendering for more building construction projects

The aggregate number and size of projects that we are able to undertake at any point in time depend largely on the availability of working capital as:

- (a) All our clients require us to provide tender bonds and performance bonds usually in the form of bank guarantees issued by banks in such amount representing a certain percentage of the contract sum in favour of our clients. In such circumstances, some banks may require collaterals which include fixed deposit to secure the value of the bank guarantees. This results in the lock-up of a portion of our capital during the duration of the project, thereby affecting our liquidity for that duration; and
- (b) During the course of our construction projects, there may be instances of mismatch in the timing of our cash flows due to time lags between making payments to our subcontractors and suppliers and receiving payments from our clients.

If we are to expand our business and undertake more projects, we must continue to increase our available financial resources in order to satisfy the various working capital requirements mentioned above.

The net proceeds from the IPO will strengthen our available working capital. By applying a portion of the proceeds from the IPO to satisfy the various working capital requirements associated with undertaking contract works, our Group will be in a better position to tender for more building construction projects of higher contract values. This may increase our chances of securing more high contract value jobs which will then improve our profile in the construction industry.

In addition, a larger working capital can also enable us to purchase a sizeable volume of construction materials in order to stand a chance to enjoy a higher bulk discount rate. Furthermore, we may also be able to opt for cash payment of our construction materials supplies in order to enjoy cash discounts. Such discounts will improve our cash flows position and working capital management to allow us to tender and undertake more projects.

In addition, our status as a public listed company will also improve our public profile and provide us the additional credential to gain our clients' confidence in relation to our services, financial capability and corporate governance, and to attract more subcontractors, suppliers and human capital that give us an advantage over our privately held competitors. We also intend to leverage on our stature as a public listed company to seek opportunities to work with more government-linked property developers in Malaysia.

By tendering for more building construction projects and successfully completing these projects, we stand to gain more recognition from both our existing clients as well as new potential clients, which will enhance our visibility and market reputation in the local construction industry.

Our Group also intends to establish a footprint in the affordable housing segment which we believe has growth potential and is receiving favourable attention from the Malaysian Government and gaining traction in the local property market. Our strategy to constructing affordable housing projects efficiently is through the usage of aluminium system formwork.

6. BUSINESS OVERVIEW (Cont'd)

As affordable housing projects generally involve mass construction of buildings with similar and repetitive designs, we believe the usage of aluminium system formwork is best suited for these projects. We have allocated a portion of our proceeds raised from our IPO to purchase more aluminium system formwork. Please refer to Section 6.3.2 of this Prospectus for further details on aluminium system formwork.

We plan to take a more active approach in tendering for affordable housing projects in the Klang Valley from private housing developers under the federal and state affordable housing initiatives such as Rumah Mampu Milik Wilayah Persekutuan and Rumah Selangorku. In this respect, we intend to also leverage on our relationships with existing clients to penetrate into this segment.

6.3.2 To enhance our capability via the capital expenditure spending

In order to support our business expansion, we intend to purchase the following:

- (a) Additional aluminium system formwork for use in our future projects

We intend to make further inroads in the adoption of IBS in our projects. As at the LPD, we own approximately 11,421m² of aluminium system formwork. We have been utilising 7,228m² of aluminium system formwork in the ongoing construction of 2 blocks medium-cost apartments comprising 750 units, car parks, shops, management office and facilities at Eco Majestic, Semenyih, Mukim Beranang, Daerah Hulu Langat, Selangor as at the LPD. Approximately 50.0% to 70.0% of the remaining 4,193m² aluminium system formwork will be utilised for the construction of 2 blocks apartments (with 30-storey and 31-storey for each block), car parks, shops and facilities at Gravit8, Mukim Klang, Daerah Klang. This represents the standard sized formwork such as wall panels and slab panels which are usually the bigger pieces of the formwork where the structure is similar (ie. same wall height and length). The balance 30.0% to 50.0% which were used in our earlier project, are miscellaneous sized formwork which are not of standardised specification and cannot be reused. These will be sold to the formwork suppliers. We intend to purchase an additional 3,000m² of aluminium system formwork from local manufacturer(s) at an estimated cost of RM500/m² or RM1.50 million in aggregate.

Formwork is a temporary mould, into which concrete is poured to form a permanent concrete building structure. There are various types of formworks for example, timber formwork and engineered formwork. The aluminium system formwork that we intend to purchase is a type of engineered formwork, whereby the formwork is built out of prefabricated modules with aluminium metal frames.

The aluminium system formwork replaces the conventional method of timber formwork. Aluminium system formworks have various advantages over the conventional method of timber formworks, including inter-alia:

- (i) The repeated use of the aluminium system formwork is higher than timber formwork. A set of aluminium system formwork can be re-used 300 cycles as compared to timber formwork which can only be re-used between 3 to 6 cycles. Such repeated use of aluminium system formwork will reduce the average cost of the formwork;
- (ii) The assembly of aluminium system formwork is simple and convenient. The aluminium panels are clearly labelled to ensure that they are easily identifiable on site and can be easily assembled using the formwork modulation drawings. Due to simplicity of the assembly, only semi-skilled

6. BUSINESS OVERVIEW (Cont'd)

labour is required with minimal supervision. On the contrary, timber formwork which are nailed together manually requires high degree of precision and as such, is only undertaken by skilled labour;

- (iii) Aluminium system formwork is faster to assemble and remove. This reduces the project labour requirement and shortens the construction period;
- (iv) The quality of the exposed concrete surface is smooth after removing the aluminium system formwork. This eliminates the need for additional plastering work and the walls can be directly painted with a minimal skim coat, all these resulting in cost savings; and
- (v) Aluminium system formwork is also more environmentally friendly than timber formwork as the repeated usage of aluminium system formwork reduces the need for timber. Furthermore, less timber debris is generated at the construction site which then reduces the need for manual clearing of debris. This in turn enhances the safety and health of the construction workers.

Although the initial cost of aluminium system formwork is significantly higher than timber formwork, the long term advantages that can be reaped from its usage outweighs its costs. The proceeds from the IPO will therefore provide us with the opportunity to acquire additional aluminium system formwork and drive our efforts in increasing the adoption of IBS construction.

Aluminium system formwork is suitable for mass construction of buildings with repetitive design. As such, our proposed acquisition of the additional aluminium system formwork can also support our plan to penetrate into the affordable housing segment.

- (b) Additional construction machinery and equipment

We have allocated RM3.50 million from the IPO proceeds to acquire additional material handling equipment such as telehandlers, backhoes and scaffolding and its related accessories from local suppliers. Such acquisition is intended to support our business expansion and to replace the fully-depreciated machinery and equipment.

6.3.3 Prospects of our Group

Our Group operates within the construction industry in Malaysia, and our prospect remains favourable in relation to the outlook of the industry.

According to the IMR Report, the outlook for the construction industry is positive for the immediate term, and steady growth is projected throughout the forecast period from 2017 to 2021. For 2016, the market size (revenue) of the construction industry in Malaysia stood at RM50.09 billion and it is expected to grow at a CAGR of 8.9% for the 2017 to 2021 period. On a closer look, the outlook for the real estate construction industry is also positive for the immediate term and is expected to post moderate growth throughout the period from 2017 to 2021. The market size (revenue) of the Malaysian real estate construction market is expected to expand from RM27.55 billion in 2016 to RM34.84 billion in 2021, registering a CAGR of 4.8% from 2017 to 2021 based on the IMR Report. The market is also expected to benefit from government-led initiatives and spending particularly on affordable housing schemes. In addition, the market is expected to be further boosted by the ongoing and/or future implementation of large-scale projects such as the Bukit Bintang City Centre and Forest City projects.

6. BUSINESS OVERVIEW (*Cont'd*)

The Bukit Bintang City Centre is located at the former Pudu Jail site and is proposed to be a mixed development project comprising retail malls, an entertainment hub, a hotel, strata offices and serviced apartments. The RM8.7 billion Bukit Bintang City Centre is expected to take 8 to 10 years to complete. The Forest City project is located along the Straits of Johor and adjacent to Singapore's Tuas Second Link. It is proposed to be a mixed development project comprising four man-made islands, which consists of a high technology industrial zone, a central business district and tourism zone, financial and economic districts and a conference and forum zone. The Forest City project, with estimated gross development value of RM450 billion, is expected to take 20 to 30 years to complete.

Moving forward, we believe that our business plans as set out in Sections 6.3.1 to 6.3.2 will help us to sustain our business and provide growth opportunities for our Group.

6.4 KEY ACHIEVEMENTS AND MILESTONES

Our key achievements and milestones are as follows:

Period	Achievement or Milestones
1988	Assumed management of Sungai Muhibah Sdn Bhd, our wholly-owned subsidiary now known as IBSB, to cater for small-scale (below RM1 million) residential projects
1989	Secured our first industrial property project for the construction of a factory and its related infrastructure such as the road and drains in Shah Alam, Selangor
1992	Change of name from Sungai Muhibah Sdn Bhd to ADSB
1997	<ul style="list-style-type: none"> ADSB became a 60%-owned subsidiary of PJ Development Holdings Berhad held under its wholly-owned subsidiary, PJD Construction Sdn Bhd Secured our first high rise residential construction project known as <i>Endah Ria</i>, with contract value over RM60 million Change of name from ADSB to PJD Builders Sdn Bhd
2000	<ul style="list-style-type: none"> Management buyout of PJD Builders Sdn Bhd spearheaded by our Promoters, Lim Ooi Joo and Teo Hock Choon Change of name from PJD Builders Sdn Bhd to IBSB
2000	Registered as G7 contractor with CIDB for the category of B04 (Building General Works)
2001	Secured our first project from a property developer, Hicom-Gamuda Development Sdn Bhd (an associated company of Gamuda Berhad)
2005	Participated as main contractor in our first CONQUAS assessed project which scored 67.7% under the 'Architectural' category
2008	A score of more than 80.0% under the 'Architectural' category was achieved in our CONQUAS assessed projects for the first time
2009	Obtained Contractor Project Team Quality Excellence Award 2009 – Residential awarded by S P Setia Berhad in recognition of excellent performance in delivering quality products and excellent service
2010	Recorded revenue surpassing the 'RM100 million' mark for the first time

6. BUSINESS OVERVIEW (Cont'd)

Period	Achievement or Milestones
2012	<ul style="list-style-type: none"> Recorded revenue surpassing the 'RM200 million' mark for the first time Registered as a G7 contractor with CIDB for the category of CE21 (General Civil Engineering Works)
2013	Our project, a 2 Blocks (21 units) 5-storey condominium with 2-storey basement in Ampang Hilir, Kuala Lumpur known as <i>Amarin Wickham</i> (where we were the main contractor) was awarded "Gold Plus" by Building and Construction Authority Singapore Green Mark. Building and Construction Authority Singapore Green Mark is a green building rating system to evaluate a building for its environmental impact and performance
2014	<ul style="list-style-type: none"> Obtained our first QCLASSIC certification for 35 units of bungalow Phase 1A-2 and Phase 1B project at Bukit Palma Kemensah, Hulu Kelang known as <i>The Twin Palm Kemensah</i> with a score of 80.0% Awarded a High QCLASSIC Achievement in conjunction with QCLASSIC Excellence Awards by CIDB for <i>The Twin Palm Kemensah</i> project
2017	<ul style="list-style-type: none"> Obtained OHSAS 18001 : 2007 certification, an internationally recognised standard for occupational health and safety management system

6.5 DESCRIPTION OF OUR BUSINESS

6.5.1 Principal business activities

Our Group is a building contractor. We construct residential and non-residential buildings. Residential buildings include bungalows, cluster houses, terrace houses, semi-detached houses, townvillas, condominiums and apartments. Meanwhile, non-residential buildings include commercial buildings (e.g. purpose-built offices, SOHO and shops), industrial buildings (e.g. factories) and leisure properties (hotels and clubhouses). Our Group is also involved in the provision of civil construction works which are embedded in our building construction contracts such as local infrastructure works which includes road works, drainage works, sewerage, water reticulation works and M&E infrastructure for those projects undertaken by us.

As a main contractor, we are involved in the day-to-day management and implementation of construction projects awarded to us. We generally perform all major aspects of the construction project, including building construction, substructure and external infrastructure works.

We also engage subcontractors to provide specialist construction works such as aluminium works, M&E works, painting works, mild steel works, timber works and marble finishes. In addition, we coordinate the work of all parties at the construction project sites, procuring construction materials and ensuring that the construction project is on schedule. In the past 3 financial years under review, save for 1 project where we were the main subcontractor, we were the main contractor for all other construction projects. The landed construction projects generally require not more than 2 years to complete whereas projects involving at least 10-storey high generally require between 2 to 3 years to complete.

6. BUSINESS OVERVIEW (Cont'd)

We participate in the construction industry mainly via the submission of our bids through project tenders at the invitation of property developers, consultants (architects or quantity surveyors), corporate entities and/or high net worth individuals. We also adopt the IBS construction by utilising the blockwork system, steel framing system (roof trusses) and aluminium system formwork in our projects.

We have experience in constructing luxury homes for affluent residents. Luxury homes typically have more elaborated architectural designs with high quality construction materials and fittings used and command relatively higher selling prices. Moving forward, we intend to expand our building portfolio into the affordable housing segment which we believe its growth is gaining traction in the property market in Malaysia. Our strategy to constructing affordable housing projects efficiently is through the use of aluminium system formwork, which is best suited for mass construction of buildings with repetitive designs. Please refer to Section 6.3.2 of this Prospectus for further details on the advantages of aluminium system formwork.

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6. BUSINESS OVERVIEW (Cont'd)**6.5.2 Selected projects****(a) Completed projects**

Over the years, we have completed a number of residential and non-residential projects, some of which are illustrated below. Our non-residential projects can be segmentalised into commercial, industrial, leisure or mixed development. Mixed development is a type of development that may include any combination of residential, office, retail, medical, recreational, commercial or industrial components.

Project details	Client	Commencement date/		Original contract value RM'000	CONQUAS /QLASSIC score (%)
		Completion date	Role		
Residential projects: (i) 752 units 18-, 19- & 20-storey condominium known as <i>Endah Ria</i> at Sri Petaling, Kuala Lumpur	Soon Tiek Development Sdn Bhd (a subsidiary of PJ Development Holdings Berhad)	June 1997/ April 1999	Main contractor	63,135	(1)-
(ii) 339 units 18-, 21- & 22-storey condominium known as <i>KEN Damansara</i> at Petaling Jaya, Selangor	KEN Grouting Sdn Bhd (a subsidiary of KEN Holdings Berhad)	September 2000/ August 2002	Main subcontractor	26,524	(1)-
(iii) 118 units double-storey terrace house and 2½-storey house, Phase 17-B at Bandar Botanik, Klang, Selangor	Harum Intisari Sdn Bhd (a subsidiary of Gamuda Berhad)	September 2004/ May 2006	Main contractor	24,867	74.2 (CONQUAS)
(iv) 34 units of 3-storey terrace house, 24 units of 3-storey cluster house, 12 units of 3½-storey terrace house at Duta Tropika (Parcel 1), Kuala Lumpur	Setia Duta One Sdn Bhd (a subsidiary of S P Setia Bhd)	April 2005/ January 2007	Main contractor	36,500	71.5 (CONQUAS)

6. BUSINESS OVERVIEW (Cont'd)

Project details	Client	Commencement		Original contract value	CONQUAS /QLASSIC score (%)
		date/ Completion date	Role		
(v) 43 units of bungalow on Lot 12991, PT 14534, PT 14533 (KD1) and PT 14532 (KD2), Bukit Indah, Mukim Hulu Kelang, Gombak, Selangor	Syarikat Kemajuan Jera Sdn Bhd (a subsidiary of S P Setia Berhad)	March 2007/ February 2009	Main contractor	RM'000 46,475	78.1 (CONQUAS)
(vi) 136 units of double-storey and 3-storey terrace house (Sector F – Amelia) at Desa Parkcity, Kuala Lumpur	Perdana Parkcity Sdn Bhd	February 2008/ July 2009	Main contractor	56,436	73.3 (CONQUAS)
(vii) 2 Blocks (21 units) 5-storey condominium with 2-storey basement known as <i>Amarin Wickham</i> at Jalan Wickham, Ampang Hilir, Kuala Lumpur	Amarin Wickham Sdn Bhd	January 2010/ December 2012	Main contractor	41,977	79.5 (CONQUAS)
(viii) 85 units of 3-storeys bungalow, Precinct 3, on Lot 45619 (partial) (PT 26775), on Zone Flagship Cyberjaya, Mukim Dengkil, Daerah Sepang, Selangor	Myvilla Development Sdn Bhd (a subsidiary of Mah Sing Group Berhad)	September 2010/ December 2012	Main contractor	60,720	75.8 (CONQUAS)
(ix) 46 units of bungalow on Lot 564 & 565, Taman Melawati (Phase 2), Mukim Hulu Kelang, Daerah Gombak, Selangor	SDB Properties Sdn Bhd (a subsidiary of Selangor Dredging Berhad)	September 2010/ October 2012	Main contractor	65,353	81.0 (CONQUAS)
(x) 46 units of 4-storey terrace house known as <i>Tiara Residences</i> at Bandar Baru Selayang, Selangor	Engtex Properties Sdn Bhd (a subsidiary of Engtex Group Berhad)	September 2011/ May 2013	Main contractor	34,445	74.0 (CONQUAS)

6. BUSINESS OVERVIEW (Cont'd)

Project details	Client	Commencement date/Completion date		Role	Original contract value RM'000	CONQUAS /QLASSIC score (%) (CONQUAS)
		Completion date	date/			
(xi) 17 units of bungalow and 20 units of semi-detached house (Phase 4A) at Kinrara Residence, Puchong, Selangor	Legend Grand Development Sdn Bhd (a subsidiary of Mah Sing Group Berhad)	June 2012/ March 2015		Main contractor	34,900	77.1 (CONQUAS)
(xii) 75 units of 3-storey terrace house at Symphony Hills on Zone Flagship Cyberjaya, Mukim Dengkil, Daerah Sepang, Selangor	Symphony Hills Sdn Bhd (a subsidiary of UEM Sunrise Berhad)	June 2012/ October 2014		Main contractor	45,500	78.1 (CONQUAS)
(xiii) 92 units of 2-storey and 3-storey of cluster house (Phase 2D2) at Horizon Hills, Mukim Pulau, Johor	Horizon Hills Development Sdn Bhd (a joint venture between UEM Sunrise Berhad and Gamuda Berhad)	December 2012/ January 2015		Main contractor	35,997	79.7 (CONQUAS)
(xiv) 81 units of townvilla and 36 units of apartment at Taman Melawati, Mukim Hulu Kelang, Daerah Gombak, Selangor	Mitraland Melawati Sdn Bhd (a subsidiary of Mitraland Group Sdn Bhd)	April 2013/ August 2015		Main contractor	85,784	78.4 (CONQUAS)

6. BUSINESS OVERVIEW (Cont'd)

Project details	Client	Commencement date/Completion date		Role	Original contract value RM'000	CONQUAS /CLASSIC score (%) (CONQUAS)
		Completion date	date/			
(xv) 120 units of 2-storey and 3-storey cluster house (Phase 3C) at Horizon Hills, Mukim Pulai, Johor	Horizon Hills Development Sdn Bhd (a joint venture between UEM Sunrise Berhad and Gamuda Berhad)	July 2013/ September 2015		Main contractor	52,999	78.0 (CONQUAS)
(xvi) 45 units of bungalow (Phase 2) at Bukit Palma Kemensah, Mukim Hulu Klang, Daerah Gombak, Selangor	Venus Capital Corporation Sdn Bhd (a subsidiary of Lum Chang Holdings Limited)	January 2014/ November 2015		Main contractor	42,741	82.0 (CLASSIC)
(xvii) 2 blocks of 14-storey apartment (Phase 2) at Jade Hills, Kajang, Selangor	Jade Homes Sdn Bhd (a subsidiary of Gamuda Berhad)	June 2014/ November 2016		Main contractor	69,769	(2)
(xviii) 56 units of 2½-storey terrace houses (M-Residence 1 - Phase 6B) at Rawang, Selangor	Semai Meranti Sdn Bhd (a subsidiary of Mah Sing Group Berhad)	March 2015/ January 2017		Main contractor	21,800	(2)
(xix) 150 units of 2-storey and 3-storey terrace houses (Phase 2C) at Puchong, Selangor	Plenitude Permai Sdn Bhd (a subsidiary of Plenitude Berhad)	April 2015/ October 2016		Main contractor	56,888	(2)

6. BUSINESS OVERVIEW (Cont'd)

Project details	Client	Commencement		Original contract value	CONQUAS /QLASSIC score
		date/ completion date	Role		
(xx) 38 units and 40 units of semi-detached houses (Phase 5A1 and 5A2) at Horizon Hills, Mukim Pulau, Johor	Horizon Hills Development Sdn Bhd (a joint venture between UEM Sunrise Berhad and Gamuda Berhad)	July 2013/ March 2016	Main contractor	55,868	Phase 5A1 - 80.9 Phase 5A2 - 81.4 (CONQUAS)
				958,678	
Non-residential projects:					
(i) 11-storey wholesale distribution centre cum office block and 1 level and sub-basement car park at Bandar Menjalara, Kepong, Kuala Lumpur	Tiaraview Management Sdn Bhd	December 2001/ November 2003	Main contractor	23,880	(1)
(ii) 36 units of 4-storey shop office at Section 8, Petaling Jaya, Selangor	Intelek Kekal (M) Sdn Bhd (a subsidiary of Metro Kajang Berhad)	November 2005/ August 2007	Main contractor	22,265	(1)
(iii) 4 blocks of single and double-storey clubhouse at Desa Parkcity, Kuala Lumpur	Perdana Parkcity Sdn Bhd	April 2007/ April 2009	Main contractor	15,930	70.7 (CONQUAS)

6. BUSINESS OVERVIEW (Cont'd)

Project details	Client	Commencement		Original contract value	CONQUAS /QLASSIC score
		date/ completion date	Role		
(iv) 4 blocks, comprising basement car park, shops, SOHO units, restaurants, and hotel suites known as <i>Emerald Avenue</i> on Lot 25670-25686 & 2346 Bandar Selayang, Mukim Batu, Daerah Gombak, Selayang, Selangor	Engtex Emerald Sdn Bhd (a subsidiary of Engtex Group Berhad)	October 2012/ February 2015	Main contractor	RM'000 57,590	(1)
				119,665	

Note:

- (1) These projects were neither assessed by CONQUAS or QLASSIC.
- (2) These projects are pending assessment by CONQUAS or QLASSIC.

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6. BUSINESS OVERVIEW (Cont'd)**(b) Projects in-progress**

As at the end of FYE 2016, our order book comprise 16 projects for general building works. The total unbilled contract value based on the original contract sum is approximately RM555.23 million as at 31 December 2016 and RM486.16 million as at 31 March 2017. Our unbilled contract value as at 31 March 2017 may reduce by RM40.25 million to RM445.91 million if the project set out in item (iii) below is not resumed. The project set out in item (iii) below represents 8.28% of our unbilled contract value as at 31 March 2017.

Our unbilled order book will be billed progressively in the next 2 financial years. Notwithstanding our order book of 14 projects as at LPD, we set out in the table below only ongoing projects with contract value above RM20.00 million:

Project	Client name	Commencement date/ Expected completion date	Role	Original contract value RM'000	Unbilled contract value as at 31 December 2016 RM'000	Unbilled contract value as at 31 March 2017 RM'000
(i) Residential projects: 67 units of 2-storey and 3-storey terrace house (Parcel 1A – Package 3) at Puteri Harbour, Johor	Bandar Nusajaya Development Sdn Bhd (a subsidiary of UEM Sunrise Berhad)	August 2014/ (1) June 2016	Main contractor	59,789	24,173	22,861
(ii) 96 units of 2-storey terrace house (Parcel 1A – Package 4) at Puteri Harbour, Johor	Bandar Nusajaya Development Sdn Bhd (a subsidiary of UEM Sunrise Berhad)	October 2014/ (1) August 2016	Main contractor	68,236	27,069	22,056

6. BUSINESS OVERVIEW (Cont'd)

Project	Client name	Commencement date/ Expected completion date	Role	Original contract value	Unbilled contract value as at	
					December 2016	31 March 2017
				RM'000	RM'000	RM'000
(iii) 26 units of 3-storey semi-detached house and 2 units of 3-storey bungalow (Phase 4A) (Section 1) and 18 units of 3-storey semi-detached house and 3 units of 3-storey bungalow (Phase 4A) and 24 units of 3-storey semi-detached house (Phase 3B-2) (Section 2) at Mukim Cheras, Daerah Hulu Langat, Selangor known as <i>Twin Palms Sungai Long</i>	Fabulous Range Sdn Bhd (a subsidiary of Lum Chang Holdings Limited group)	Section 1 - November 2014/ (2)May 2016	Main contractor	Section 1- 27,851	Section 1- 11,288	Section 1- 8,720
		Section 2- yet to be determined/ (2)February 2017		Section 2 - 31,530	Section 2 - 31,530	Section 2 - 31,530
(iv) 158 units of 2-storey terrace house and 36 units of 3-storey cluster house at Tropicana Heights Kajang (Phase 2 Parcel 1)	Tropicana Kajang Hill Sdn Bhd (a subsidiary of Tropicana Corporation Berhad)	January 2015/ (3)February 2017	Main contractor	77,849	21,524	13,504
(v) 104 units of 2-storey terrace house P2-1A at Kota Kemuning, Selangor	Eco Sanctuary Sdn Bhd (a subsidiary of Eco World Development Group Berhad)	December 2015/ August 2017	Main contractor	45,500	26,099	20,275

6. BUSINESS OVERVIEW (Cont'd)

Project	Client name	Commencement date/ Expected completion date	Role	Original contract value	Unbilled contract value as at 31 December 2016	Unbilled contract value as at 31 March 2017
				RM'000	RM'000	RM'000
(vi) 150 units of 2-storey terrace house (Phase 2-1B) at Kota Kemuning, Selangor	Eco Sanctuary Sdn Bhd (a subsidiary of Eco World Development Group Berhad)	December 2015/ August 2017	Main contractor	70,150	42,442	32,794
(vii) 38 units of 3-storey semi-detached house and 2-storey and 3-storey terrace house at at Cyber 9, on Zone Flagship Cyberjaya, Mukim Dengkil, Daerah Sepang, Selangor (Sejati Residences – Phase 2A&3C)	Paramount Property (Cjaya) Sdn Bhd (a subsidiary of Paramount Corporation Berhad)	January 2016/ July 2017	Main contractor	35,853	22,847	17,359
(viii) 38 units of 3-storey semi-detached houses (Phase 3 Parcel 1) at Tropicana Heights Kajang	Tropicana Kajang Hill Sdn Bhd (a subsidiary of Tropicana Corporation Berhad)	July 2016/ June 2018	Main contractor	26,973	22,814	20,098
(ix) 2 blocks medium-cost apartments comprising 750 units, car parks, shops, management office and facilities at Eco Majestic, Semenyih, Mukim Beranang, Daerah Hulu Langat, Selangor	Eco Majestic Sdn Bhd (a subsidiary of Eco World Development Group Berhad)	October 2016/ September 2018	Main contractor	89,415	85,313	80,357
					315,099	269,554

6. BUSINESS OVERVIEW (Cont'd)

Project	Client name	Commencement date/ Expected completion date	Role	Original contract value	Unbilled contract value as at 31 December 2016	Unbilled contract value as at 31 March 2017
Non-residential project:						
(i) 2 blocks commercial suites known as <i>Amanja</i> at Sri Damansara, Selangor	Ivory Progression Sdn Bhd (a subsidiary of Engtex Group Berhad)	May 2015/ May 2017	Main contractor	48,341	11,907	588
(ii) 2 blocks apartments (with 30-storey and 31-storey for each block), car parks, shops and facilities at Gravit8, Mukim Klang, Daerah Klang	Vibrantline Sdn Bhd (a subsidiary of Mitraland Group Sdn Bhd)	December 2016/ April 2019	Main contractor	192,000	191,790	188,088
					203,697	188,676

Notes:

(1) Based on our client's request and pending finalisation, the proposed extended completion date is such that we handover an aggregate of 70 units of terrace house in May 2017 and the balance to be handover in August 2017.

(2) Section 1:

Based on our client's request, the construction works for this project will be held in abeyance at the end of October 2016 due to slower than anticipated sales. The estimated percentage of completion is 35.0%. The first supplemental agreement was signed on 1 September 2016, whereby the parties agreed to suspend works on the project for a period not exceeding 1 year from the date of the first supplemental agreement. Parties are now negotiating on the terms of the second supplementary agreement to re-commence work and to review the costing and timing of the project arising from the changes in scope of works. As at the LPD, the date of re-commencement of works and the new completion date have yet to be determined by our client. We expect to re-commence works before September 2017 but there can be no assurance that there will be no further delay in the date of re-commencement. The unbilled contract value for this section of the project represents only 1.79% of our total unbilled order book as at 31 March 2017.

6. BUSINESS OVERVIEW (Cont'd)

Section 2:

Concurrent with Section 1 above, works on Section 2 has also been suspended. As at the LPD, the date of re-commencement of works and the new completion date have yet to be determined by our client. The unbilled contract value for this section represents 6.49% of our total unbilled order book as at 31 March 2017,

⁽³⁾ We will apply for an extension of time at the client's request to extend the completion date to August 2017 to facilitate the installation of underground electrical cables by Tenaga Nasional Berhad.

(c) Projects tendered

From January 2017 up till the LPD, we have 9 projects where we have submitted tenders and are still awaiting decision from the client. These tenders include residential and non-residential projects located in the Klang Valley and Johor with total tendered sum of RM434.05 million. These tendered projects, if awarded to us will further increase our order book.

Although our current unbilled order book will be gradually billed in the next 2 financial years, todate, we are still actively participating in project tenders. Some of our existing clients are still actively launching new property projects and have continuously invited us to participate in their project tenders.

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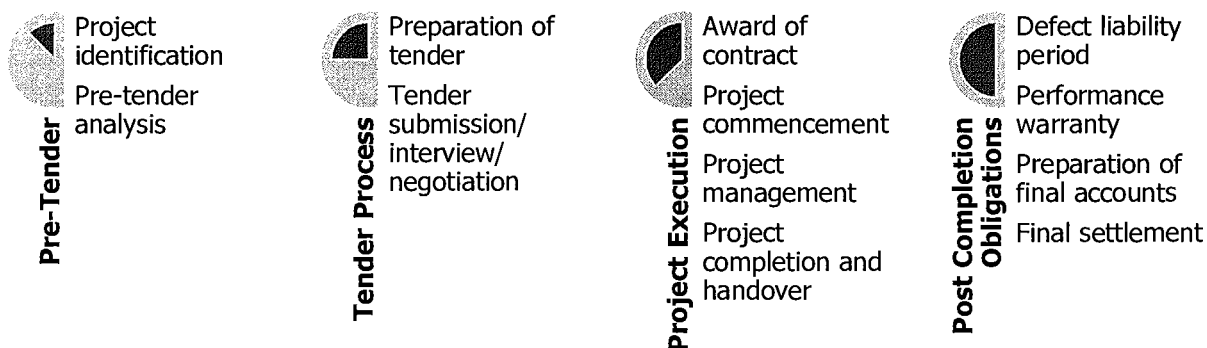
6. BUSINESS OVERVIEW (Cont'd)

6.5.3 Business process

Our business process as a main contractor in respect of construction projects for general building works includes identifying potential projects, tendering as well as project management and execution.

We have developed an operating framework which covers the entire business process, including pre-tender analysis, tender preparation and submission, project management, project control, project completion and project handover. Effective execution of construction projects is dependent on the project collaboration between us with the client and its various consultants as well as our subcontractors and suppliers, which impacts factors such as timely delivery of services and materials, health, safety and environmental compliance, building quality as well as cost and overruns.

The general flow of our business process is outlined as follows:



(a) Pre-tender

We maintain regular contacts with our clients and other participants in the construction industry such as architects and quantity surveyors to keep abreast of market development and potential business opportunities.

Based on our approach, we are able to identify potential projects from a variety of sources, such as invitations from existing clients, referrals from existing clients and leads generated from other participants in the construction industry.

Once a project is identified, our decision on whether to pursue the project and to participate in the tender process is based on a variety of factors including the scope, complexity and specification of the projects, achievability of the project timetable, prior experience, current order book, the nature and amount of skills and resources required, background of potential clients and whether our available working capital is sufficient to cope with the estimated cash flow requirements in undertaking the project.

(b) Tender process

If we decide to pursue the potential project after our initial assessment, we will commence preliminary work for the preparation of tender submissions such as understanding the specifications and contract requirements of the project, performing site visits, estimating the cost of labour, construction materials, machinery and equipment required, and assessing the amount of manpower and the duration of the project.

6. BUSINESS OVERVIEW (Cont'd)

All tender invitations and referrals received by our Group are handled by our Contract Department, which is responsible for preparing the requisite documents.

For our preparation of tender submissions and quotations, and to ensure that our tender is accurately priced while maintaining its competitiveness, we draw reference to various historical construction cost items maintained in our database, the materials price trend, wage trend, our previous tender records and the awarded tender prices of similar jobs (if any). We will also obtain current prices through quotations from our suppliers and subcontractors.

This preparation phase usually lasts 2 to 4 weeks. During this period, we will prepare our tender price, proposed master work programme (including proposed timeline for each major construction activity), proposed site organisation chart and method statement (including proposed construction methodology and use of machinery and equipment).

Once our tender documentations are complete, we will submit our tender to the potential clients together with a tender bond. A tender bond amount is usually specified in the tender document as determined by the client and its validity is dependent on the tender validity period of 3 to 4 months. Based on the past 3 financial years under review, our tender bond amount ranges between RM5,000 to RM120,000 per tender. Potential clients may call on the tender bond if we reject the Letter of Acceptance.

Subsequently, if we are shortlisted for the tender interview, we will be invited to a tender clarification meeting by the prospective clients and/or consultants to understand their needs, requirements and constraints of the project. Other items to be discussed during the tender clarification meeting include our technical capabilities and quality control, related project experience, availability of resources, project budgeted costs and timeline. After the tender clarification meeting, we may need to submit a revised tender that takes into consideration any changes in the requirement / specification / design of the project. The process of submitting revised tender(s) may be repeated until the Letter of Acceptance is issued by the client.

(c) Project execution

Project commencement

The Letter of Acceptance issued by our clients or architects for general building works will usually specify the following terms:

Project title	The details of the project including the location, number of units and type of building for which construction works are to be carried out
Scope of works	The general scope of works under the contract such as piling works, construction of the type of buildings, local infrastructure works or any other details as may be specified in the tender documents
Contract sum	The contract amount for the scope of works as specified in the Letter of Acceptance
Contract period	The contract period to complete the scope of works as specified in the Letter of Acceptance

6. BUSINESS OVERVIEW (Cont'd)

Retention sum	A portion of progress payment to be withheld by the client for securing the due performance of the contractor. The retention sum for each project is generally to a maximum of 5.0% of the total contract sum. The retention sum generally is withheld by the client for 24 months after certified practical completion of the project.
Liquidated damages	The amount of liquidated damages will be specified.
Defect liability period	Subject to regulatory requirements, the defect liability period generally ranges from 24 to 36 months after certified practical completion of the project.
Performance bond	The contractor is usually required to provide a performance bond issued by a bank in favour of the client. The amount of performance bond required for each project is generally 5.0% of the total contract sum. The performance bond will generally expire after the issuance of practical certificate of completion.

Project management

We will form a project management team to ensure that each project is executed effectively and efficiently. Our project management team will normally comprise a project manager and/or site agent, engineers, contract executives, M&E supervisor, site supervisor and safety supervisor/officer. All of them are led by the project manager and/or site agent for on-site supervision and overall coordination of the day-to-day operation of the project.

Throughout the execution of the project, our project management team will also have regular meetings with our clients and consultants to review the work progress and to resolve any issues identified.

The project management process includes devising detailed construction plan and master work programme, coordinating the works of subcontractors, liaison with the client and its consultants, verification of work done for payments to the subcontractors, ensuring compliance to quality standards as well as health and safety standards and to take charge in the overall management of these works.

Separately, our Contract Department will be responsible for preparing and submitting our progress claims to the architects, preparing subcontractors' claims, attending site meetings and sourcing for subcontractors. Our Contract Department will work closely with our project management team to prepare our progress claims and subcontractors' claims.

Master work programme

A master work programme will be prepared by the project manager and/or our Executive Director in charge of projects according to the project requirements. The site activities in the master work programme will be broken down into details such that each individual task can be monitored. The master work programme will show the sequence of the works and incorporate the key milestone which will be closely monitored by the project management team during the execution of the project.

6. BUSINESS OVERVIEW (Cont'd)

Based on the master work programme, the project management team will determine the schedule for award of the subcontractors, material delivery schedule, shop drawing submissions and material sample submission schedule. The above schedules will be used to monitor the actual construction work progress and to ensure that the overall construction works are implemented in a timely manner.

In the event of any variation of works required, a revised master work programme will be prepared to accommodate those changes.

Procurement of construction materials and deployment of resources

We adopt a centralised procurement system. Our Contract Department will provide details of the material requirement and specifications to our Purchasing Department, which is responsible for all our project procurement activities. Separately, the project management team will determine the required manpower, machinery and equipment as well as the proposed materials delivery schedule for the entire project.

Based on the above information, our Purchasing Department will source for the requisite materials, invite quotations, conduct price evaluation and negotiation, undertake procurement of construction materials, purchase or hire of machinery and equipment (if required) and allocate such resources for all our projects.

Our centralised procurement system under the purview of our Purchasing Department enables us to make bulk purchases (whenever possible, depending on our projects deliverable timeline) in order to achieve cost saving. Our Purchasing Department also coordinates and deploys our existing machinery and equipment amongst different construction sites in order to maximise utilisation of resources.

The major purchases required for our business are construction materials, which mainly consist of steel bars, ready-mixed concrete, tiles, timber and plywood, bricks, reinforced mesh, cement, sand and sanitary items sourced locally. We purchase our construction materials on a project-by-project basis. All of our construction materials are delivered directly to the project sites according to the project deliverable timeline for use thereon.

Apart from nominated suppliers, we normally select our suppliers from our pre-qualified list of suppliers and only listed suppliers are invited to submit quotations. From time to time, we also source for new suppliers. We undertake annual assessment of each supplier to ensure quality of service and also product quality.

In cases where we purchase certain construction materials for use by our subcontractors, the relevant costs of the materials will be deducted accordingly from our payments due to the subcontractors.

Procurement and hiring of machinery and equipment

Most of our construction projects for general building works require the use of machinery and equipment, such as telehandlers, backhoes, skid loaders, back pushers, forklifts, mobile cranes, tower cranes, passenger hoists and excavators etc. We also require the use of lorries for our construction activities.

6. BUSINESS OVERVIEW (Cont'd)

The project management team will determine the type of machinery and equipment required, the duration and quantity of the machinery and equipment required to be deployed at the project site during the various stages of construction works. The project management team will take into consideration the project size and nature of project in determining the type and quantity of machinery and equipment required.

Depending on the type of machinery and equipment, frequency of usage and costs, we may purchase or hire machinery and equipment for use in our projects.

Subcontracting

Depending on the nature of the project, availability of our internal resources, cost effectiveness, licensing/ specialist requirements, level of complexity, we will outsource certain part of the construction works to subcontractors.

Different subcontractors will be engaged to carry out different activities such as:

- (a) Domestic subcontractors (those appointed by us)
 - Labour only subcontractors such as carpenter, bricklayer, plasterer, bar bender, tiler, concreter and drainlayer; and
 - Labour and material subcontractors such as plumbing works, electrical works, air conditioning works, sewerage works, roof truss works, aluminium works, painting works, timber flooring works, granite and marble works.
- (b) Nominated subcontractors (those appointed by clients)
 - Labour and material subcontractors such as lift and escalator, electrical and plumbing, aluminium and curtain wall, swimming pool services, landscape and security system.

The agreements that we enter into with our subcontractors generally contain key terms and conditions including the scope of works, the completion date, retention sum, liquidated damages and defects liability period.

Apart from nominated subcontractors, we select domestic subcontractors from our pre-qualified list of subcontractors. We have long working relationship with our pre-qualified domestic subcontractors, most of which spanning more than 10 years. Such relationship has enabled us to have comprehensive assessment of the subcontractors over the years, ensuring the quality and timeliness of their deliverables. From time to time, we also source for new subcontractors to be included into our pre-qualified domestic subcontractors' database.

We do not enter into any long-term contract with our subcontractors and each subcontracting agreements are on a project to project basis. For any given project, we select our domestic subcontractors based on a number of factors including their quotations, our previous subcontracting experience with them, their capacity to meet our project timeline and their product compliance with the project specifications.

6. BUSINESS OVERVIEW (Cont'd)

As main contractor, we are liable to our clients for the performance of our subcontractors. In order to ensure the works of our subcontractors meet the requirements as prescribed in the contracts, we assess regularly the performance of our subcontractors during the course of our projects. Our project management team conducts regular site meeting to ensure compliance by our subcontractors.

Separately, we also conduct annual performance appraisal on our listed subcontractors and we assess their overall performances including workmanship, quality control, safety and financial resources. Subcontractors that fail to meet our pre-determined evaluation criteria or remedy any violation to our satisfaction within a reasonable period will be delisted from our pre-qualified list of subcontractors and will not be considered for future construction projects.

Progress billings / payments

We normally receive progress payment from clients on a monthly basis throughout the duration of the project. Every month, the contract executives from our Contract Department will submit our monthly progress claim to our client's consultants. Thereafter, we will arrange a project site visit together with the said consultants to verify the progress of the construction work done. Based on the joint assessment, the consultants will proceed to prepare the monthly progress claim recommendation based on the amount of work done. Such recommendation will be submitted to the project architect for certification of payment and for onward submission to the clients.

Each of our subcontractors is required to submit their progress claim to us for our evaluation on a bi-weekly or monthly basis. Once we have verified the subcontractor's progress claim against the actual work done, we will release the payment to them based on the credit honouring period.

Variation order(s)

The project's architects may, in the course of project execution, instruct variation orders which are variation to part of the works that is necessary for the completion of the project. Variation orders may include additions, omissions, substitutions, alterations and changes of work scope.

A variation order will usually be notified to us in writing from the architect describing the detailed variation works and/or enclosing the revised drawings. We will submit the cost and time of the variation work to the architect for their approval.

The principal terms and settlement of the variation orders are generally the same as those specified in the main contract.

Project completion and handover

The typical contract period for the landed construction projects in which we act as a main contractor generally require not more than 2 years to complete whereas projects involving at least 10-storeys high generally require between 2 to 3 years to complete. However, depending on the nature and complexity of a project as well as the occurrence of any unforeseen circumstances (such as inclement weather, variation orders requested by architect, delay in site possession by client, if any), the actual time required for the completion of construction works could extend beyond the initial contract period.

6. BUSINESS OVERVIEW (Cont'd)

Our construction works are practically completed when:

- (a) In the opinion of the architect, our client can have full use of the works for their intended purposes, notwithstanding that there may be works and defects of a minor nature still to be executed and as main contractor, we have given to the architect a written undertaking to make good and to complete such works and defects within a reasonable time specified by the architect; and
- (b) Other requirements expressly stated in the contract as a pre-requisite for the issuance of the Certificate of Practical Completion have been complied with.

When the works are practically completed, we shall give notice to the architect who shall within 14 days do either one of the following:

- (a) If the architect is of the opinion that the works are not practically completed, the architect shall give written notice to us stating the reasons for its opinion; or
- (b) If the architect is of the opinion that the works are practically completed, the architect shall issue the Certificate of Practical Completion. The date of the practical completion shall be:
 - (i) The date of receipt of our written undertaking to make good and to complete works and defects of a minor nature, if any; or
 - (ii) The date of receipt of our written notice, where there are no more works to be done and no defects of a minor nature.

(d) Post completion obligations

Defects liability period

Defects liability period is a common feature in all construction contracts in Malaysia.

The defects liability period will begin from the date of issuance of the Certificate of Practical Completion. During the defects liability period, as main contractor for the project, we are bound to rectify defects that appear between the period the Certificate of Practical Completion is issued and the expiry of the defects liability period. Any defects, shrinkages or other faults arising during this period due to defective materials or workmanship must be made good by us.

Defects can be classified into 2 main categories, patent defects and latent defects. Patent defects are defects that can be discovered by normal examination or testing during the defects liability period. Latent defects are by its very nature concealed and may not manifest itself for many years. Latent defects can extend beyond the defects liability period and it is perpetual with no expiry date.

Depending on the nature and the scale of the project, the length of the defects liability period generally ranges from 24 to 36 months after certified practical completion of the project.

Any defects in the works which appear within the defects liability period shall be specified by the architect in a schedule of defects to be delivered to us not later than 14 days after the expiration of the defects liability period.

6. BUSINESS OVERVIEW (Cont'd)

We will apply to the architect to issue the Certificate of Making Good Defects upon expiry of the defects liability period and complete rectification of all known defects as specified in the schedule of defects provided by the architect. The architect shall within 14 days of our application do either one of the following:

- (a) If the architect is of the opinion that there is no defects or we have made good all defects, the architect shall issue the Certificate of Making Good Defects and the date of making good defects shall be the date of receipt of our application; and
- (b) If the architect is of the opinion that the defects have not been made good, the architect shall give us a written notice stating reasons for non-issuance of the Certificate of Making Good Defects.

Upon receipt of the Certificate of Making Good Defects, we will be released from our obligations under the contract and will be able to claim for the balance retention sum.

Performance warranty

In addition to defects liability, we also warrant the work that we perform including the work of our subcontractors. Our performance warranties include external paint work and water proofing work which may run for up to 5 and 10 years respectively from the date of certified practical completion of the project. Any defects arising during this period due to defective materials or workmanship must be made good by us.

Preparation of final account

We are required to send to the architect and quantity surveyor all documents supporting the draft final accounts within 6 to 12 months after the issuance of the Certificate of Practical Completion. The final account shall be completed and issued by the architect subject to receipt of all the necessary documents from us, assessment and approval by the quantity surveyor and negotiations with the client in respect of all variation orders.

Final settlement and release of retention sum

Our clients are entitled to hold a retention sum from the progress payment. The purpose of such retention sum is to protect the clients in the event the contractor fails or defaults in its performance under the contract, such as abandonment or the works is of poor or defective quality.

Our clients are entitled to retain 10.0% of each progress claim up to a maximum limit of 5.0% of the contract sum. When a maximum limit of 5.0% of the contract sum has been retained, no further amount shall be retained by the client. Generally, 2.5% of the contract sum is released to us upon the issuance of the Certificate of Practical Completion and the balance 2.5% of the contract sum is released to us upon the issuance of the Certificate of Making Good Defects.

We also hold a retention sum in our subcontract agreements with our subcontractors. Similarly, we will release the retention sum to our subcontractors upon issuance of the Certificate of Practical Completion and the Certificate of Making Good Defects.

6. BUSINESS OVERVIEW (Cont'd)

6.5.4 Interruption in the business

Our Group has not experienced any interruption in the form of major operational breakdowns or trade disputes that had a significant effect on our operations during the past 12 months preceding the LPD.

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6. BUSINESS OVERVIEW (Cont'd)

6.5.5 Types, sources and availability of major raw materials or input costs

The main components of our cost of sales are as follows:

- (a) The cost of construction materials used in our construction projects such as steel bars, ready-mixed concrete, tiles, timber and plywood, bricks, reinforced mesh, cement, sand and sanitary items. While all of our construction materials are directly sourced from local suppliers, such suppliers may import the raw materials from other countries. Construction materials imported by our suppliers include marble, timber materials and ironmongery, of which these products' country of origin include China, Myanmar, Iran, Thailand, Indonesia, Germany and Oman;
- (b) The cost of labour employed directly by us and those outsourced from domestic labour subcontractors;
- (c) The cost of engaging domestic labour and materials subcontractors and/or nominated subcontractors. Most of our subcontract agreements are to local subcontractors; and
- (d) The cost of hiring machinery and equipment and the related maintenance expenses.

We have not faced acute shortages or major price differentials for any of our required construction materials as well as major price differentials for our labour wages in the past FYEs 2014 to 2016 which has materially affected our financial performance. In addition, we have not experienced major cost differentials for any of our subcontract agreements in the past FYEs 2014 to 2016 which has materially affected our financial performance.

Major cost item	Purchase value		As a percentage of total cost of sales			
	FYE 2014	FYE 2015	FYE 2014	FYE 2015	FYE 2016	FYE 2016
	RM'000	RM'000	RM'000	RM'000	RM'000	%
Construction materials:						
• Steel bars	8,740	13,381	9,329	3.92	5.43	4.06
• Ready-mixed concrete	13,417	18,421	16,992	6.02	7.48	7.39
• Tiles	4,934	6,796	(3)11,760	2.21	2.76	5.12
• Timber & plywood	5,382	5,915	4,678	2.42	2.40	2.03
• Bricks	4,813	4,534	4,344	2.16	1.84	1.89
• Reinforced mesh	2,336	3,768	4,758	1.05	1.53	2.07
• Cement	4,330	3,998	4,366	1.94	1.62	1.90
• Sand	4,982	4,252	5,355	2.24	1.73	2.33

6. BUSINESS OVERVIEW (Cont'd)

Major cost item	Purchase value		As a percentage of total cost of sales			
	FYE 2014	FYE 2015	FYE 2016	FYE 2014	FYE 2015	FYE 2016
	RM'000	RM'000	RM'000	%	%	%
• Sanitary items	3,725	5,569	3,505	1.67	2.26	1.52
• Others ⁽⁴⁾	13,329	16,149	17,830	5.98	6.55	7.76
Direct labour cost	38,715	38,290	34,288	17.37	15.54	14.92
Subcontractors cost	83,100	91,522	(3)77,252	37.29	37.15	33.60
Total major cost items	187,803	212,595	194,457	84.27	86.29	84.59
Preliminaries ⁽¹⁾	35,036	33,785	35,427	15.73	13.71	15.41
Total cost of sales⁽²⁾	222,839	246,380	229,884	100.00	100.00	100.00

Notes:

- (1) Included in preliminaries is the cost of hiring machinery and equipment and the related maintenance expenses.
- (2) Does not include the effect of discounting of trade payables. In compliance with the MFRS, the total trade payables are fair valued at the financial year end. The value of the non-current trade payables is discounted to its present value at the financial year end. Please refer to Section 11 of this Prospectus for further details.
- (3) Prior to FYE 2016, a portion of tiles were purchased by our subcontractors and included as subcontractors' costs. However, since FYE 2016, we purchased most of the tiles directly and as such, the purchase value for tiles increased whilst the subcontractors' costs decreased.
- (4) Includes roof tiles, ironmongery, crusher run, precast drains and metal door frames etc.

For further discussions of the year to year variation in our cost of sales, please refer to Section 11.2.2 of this Prospectus.

6.5.6 Property, plant and equipment

Please refer to Section 5.7 of this Prospectus for further details of the property, plant and equipment of our Group.

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6. BUSINESS OVERVIEW (Cont'd)

6.6 PRINCIPAL MARKETS

Malaysia is our sole principal market for the past FYEs 2014 to 2016 as we generate all our revenues locally.

6.7 SALES AND MARKETING

We believe that our ability to procure new projects is dependent on our track record which we have established over the years in the local construction industry. Our Group's track record as a reliable construction company with good product/service quality and workmanship has helped to ensure clients' satisfaction resulting in good relationship and repeated businesses from these clients. Moving forward, our track record and goodwill with satisfied clients is expected to continue to draw in new business opportunities either through recurring business or recommendations to other prospective clients.

All of our projects are being secured through invited tenders from repeat clients, past client referrals and new client referrals from consultants/architects. We usually participate in selective tenders and occasionally in open tenders. The selective tenders represent more exclusive opportunities with higher success rate.

Our Group is also committed to building new business relationship, whereby our Executive Directors actively engage in the sourcing for new clients to generate and follow up on new business leads. Our Contract Department will act on potential leads generated by our Executive Directors.

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6. BUSINESS OVERVIEW (Cont'd)**6.8 MAJOR CLIENTS**

Our major client segments can be divided into the following categories:

(a) Public listed property developers

This group is our main client segment. The property developers that we work for are all based in Malaysia, with involvement in the development of various types of properties, including townships, landed and high-rise residential properties as well as commercial properties.

(b) Non-public listed property developers

We selectively undertake construction projects for non-public listed property developers based on their track record e.g. Mitraland Group Sdn Bhd and Perdana Parkcity Sdn Bhd.

Major clients which have contributed 10.0% or more of our revenue for each of the past FYEs 2014 to 2016 are set out as below:

Rank	Client ⁽¹⁾	Country of origin	FYE 2014		FYE 2015		FYE 2016		Length of relationship Years
			Revenue contribution RM'000	(²)% 23.87	Revenue contribution RM'000	(²)% 16.48	Revenue contribution RM'000	(²)% 4.55	
(1)	Horizon Hills Development Sdn Bhd (a joint venture between UEM Sunrise Berhad and Gamuda Berhad)	Malaysia	58,909	23.87	45,121	16.48	11,789	4.55	7
(2)	Engtex Group Berhad	Malaysia	46,807	18.97	20,593	7.52	25,669	9.91	16
(3)	UEM Sunrise Berhad	Malaysia	21,265	8.62	43,180	15.77	33,109	12.78	5
(4)	Lum Chang Holdings Limited	Singapore	50,019	20.27	41,710	15.23	10,086	3.89	5
(5)	Mitraland Group Sdn Bhd	Malaysia	39,391	15.96	32,976	12.04	-	-	4
(6)	Gamuda Group	Malaysia	14,091	5.71	37,209	13.59	19,406	7.49	16
(7)	Tropicana Corporation Berhad	Malaysia	-	-	23,929	8.74	41,645	16.07	2

6. BUSINESS OVERVIEW (Cont'd)

Rank	Client ⁽¹⁾	Country of origin	FYE 2014		FYE 2015		FYE 2016		Length of relationship Years
			Revenue contribution RM'000	(2)%	Revenue contribution RM'000	(2)%	Revenue contribution RM'000	(2)%	
(8)	Eco World Development Group Berhad	Malaysia	-	-	-	-	52,828	20.39	1
(9)	Plenitude Berhad	Malaysia	-	-	15,944	5.82	33,177	12.80	2
	Total		230,482	93.40	260,662	95.19	227,709	87.88	

Notes:

(1) Our clients include their respective subsidiaries.

(2) Computed based on gross revenue from each major customer excluding the effect of discounting of trade receivables. In compliance with the MFRS, the total trade receivables are fair valued at the financial year end. The value of the non-current trade receivables are discounted to its present value at the financial year end. Please refer to Section 11 of this Prospectus for further details.

Revenue contribution from clients varies from year to year given the nature of our business. This is mainly due to the difference in the timing and value of project(s) secured from each client as well as timing difference in the issuance of progressive billings for the construction works completed in any one particular financial year. Over the past FYEs 2014 to 2016, our revenue was contributed mainly by:

- (i) Horizon Hills Development Sdn Bhd (a joint venture between UEM Sunrise Berhad and Gamuda Berhad), whose revenue contribution was 23.87% in FYE 2014, 16.48% in FYE 2015 and 4.55% in FYE 2016. Such revenue contribution was mainly arising from our work undertaken for the Horizon Hills projects in Mukim Pulau, Johor, namely the 92 units of 2-storey and 3-storey of cluster houses (Phase 2D2) at Horizon Hills which was completed in January 2015, the 120 units of 2- and 3-storeys cluster houses (Phase 3C) at Horizon Hills which was completed in September 2015 and the 38 units and 40 units of semi-detached houses (Phase 5A1 and 5A2) at Horizon Hills which was subsequently completed in March 2016. The gradual decrease in revenue contribution from Horizon Hills Development Sdn Bhd was in line with our progress of work undertaken for the said projects;

6. BUSINESS OVERVIEW (Cont'd)

- (ii) Lum Chang Holdings Limited, whose revenue contribution was 20.27% in FYE 2014, 15.23% in FYE 2015 and 3.89% in FYE 2016, arising from our work undertaken for the 36 units of 3-storey semi-detached house and 1 unit of 3-storey bungalow (Phase 3B-1a and Phase 3B-1b) at Mukim Cheras, Daerah Hulu Langat, Selangor which was completed in May 2015 and September 2015 respectively for both phases, 45 units of bungalow (Phase 2) at Bukit Palma Kemensah, Mukim Hulu Klang, Daerah Gombak, Selangor which was completed in November 2015 and 44 units of semi-detached house and 5 units of bungalow (Phase 4A) and 24 units semi-detached house (Phase 3B-2) at Mukim Cheras, Daerah Hulu Langat, Selangor which is currently held under abeyance but expected to resume in second quarter of 2017;
- (iii) Engtex Group Berhad whose revenue contribution was 18.97% in FYE 2014, 7.52% in FYE 2015 and 9.91% in FYE 2016, mainly arising from our work undertaken for the 4 blocks, comprising basement car park, shops, SOHO units, restaurants, and hotel suites known as Emerald Avenue on Lot 25670-25686 & 2346 Bandar Selayang, Mukim Batu, Daerah Gombak, Selayang, Selangor which commenced in October 2012 and completed in February 2015 and 2 blocks commercial suites known as *Amanja* at Sri Damansara, Selangor which is still ongoing. The gradual decline in revenue contribution was in line with our progress of work undertaken for the said projects; and
- (iv) Eco World Development Group Berhad, whose revenue contribution was 20.39% in FYE 2016, mainly arising from our work undertaken for 6 units 2-storey terrace show houses at Eco Grandeur, Puncak Alam, Mukim Ijok, Daerah Kuala Selangor which was completed in February 2017, 104 units (Parcel 2- Package 1A) & 150 units (Parcel 2 – Package 1B) 2-storey terrace houses at Eco Sanctuary, Kota Kemuning, Mukim Tanjung Dua Belas, Daerah Kuala Langat, and 2 blocks medium-cost apartment comprising 750 units, car parks, shops, management office and facilities at Eco Majestic, Semenyih, Mukim Beranang, Daerah Hulu Langat, Selangor which are still ongoing.

Notwithstanding the completion of certain projects undertaken for Horizon Hills Development Sdn Bhd, Lum Chang Holdings Limited, Engtex Group Berhad and Eco World Development Group Berhad between FYEs 2014 up till the LPD , our existing order book still comprise other new construction projects from these 4 property developers, which construction works are still ongoing as at the LPD.

6.9 MAJOR SUPPLIERS

The key partners in our supply chain are as follows:

- (a) Subcontractors

As a main contractor, we are involved in the day-to-day management and implementation of construction and maintenance projects awarded to us.

6. BUSINESS OVERVIEW (Cont'd)

While some of the construction activities are directly undertaken by our Group, we also outsource some aspects of the construction activities such as M&E components, plumbing, painting, roofing and installation of glass railings to other subcontractors. Outsourcing is common in the local construction industry, and is usually undertaken to secure additional resources in order to undertake more projects, increase productivity and efficiency, offer a broader range of skills, as well as to achieve better flexibility as opposed to hiring permanent employees.

(b) Construction material suppliers

We procure various types of construction materials such as steel bars, ready-mixed concrete, tiles, timber and plywood, reinforced mesh, cement, sand and sanitary items from various suppliers. These construction materials are widely available in Malaysia and from a large base of suppliers. Price, product quality and availability are key considerations when selecting our construction material suppliers.

(c) Machinery & equipment suppliers

We rely on construction machinery and equipment for our daily operations. Such construction machinery and equipment can be purchased outright or hired from various suppliers in Malaysia.

There was no subcontractor who has accounted for 10.0% or more of our subcontractor cost for FYE 2015 and FYE 2016. Subcontractors who have accounted for 10.0% or more of our subcontractor cost for the FYE 2014 are set out as below:

Rank	Subcontractor	Country of origin	Type of services	FYE 2014		FYE 2015		FYE 2016		Length of relationship Years
				Subcontractor cost RM'000	(1)%	Subcontractor cost RM'000	(1)%	Subcontractor cost RM'000	(1)%	
(1)	CGV Alliance Sdn Bhd	Malaysia	Air conditioning and electrical	8,367	10.07	-	-	3,153	4.08	6

Note:

(1) Computed based on gross subcontractor cost excluding the effect of discounting of trade payables. In compliance with the MFRS, the total trade payables are fair valued at the financial year end. The value of the non-current trade payables are discounted to its present value at the financial year end. Please refer to Section 11 of this Prospectus for further details.

6. BUSINESS OVERVIEW (Cont'd)

Apart from subcontractors, construction material suppliers who have accounted for 10.0% or more of our raw material cost for the FYE 2014 and FYE 2015 are set out as below:

Rank	Supplier	Country of origin	Type of products	FYE 2014		FYE 2015		FYE 2016		Length of relationship Years
				Purchase value (Delivery cost) RM'000	(¹)% 6.47	Purchase value (Delivery cost) RM'000	(¹)% 10.98	Purchase Value (Delivery cost) RM'000	(¹)% 6.35	
(1)	Engtex Marketing Sdn Bhd	Malaysia	Steel bars, reinforced mesh, tiles and sanitary items	4,272	6.47	9,087	10.98	5,264	6.35	15
(2)	Gamuda Trading Sdn Bhd	Malaysia	Steel bars, reinforced mesh, tiles, ironmongery and sanitary items	16,016	24.27	16,227	19.60	3,195	3.85	16
Total				20,288	30.74	25,314	30.58	8,459	10.20	

Note:

(1) Computed based on gross raw material cost excluding the effect of discounting of trade payables. In compliance with the MFRS, the total trade payables are fair valued at the financial year end. The value of the non-current trade payables are discounted to its present value at the financial year end. Please refer to Section 11 of this Prospectus for further details.

There was no construction material supplier who has accounted for 10.0% or more of our raw material cost for FYE 2016. Both Gamuda Trading Sdn Bhd and Engtex Marketing Sdn Bhd are our major suppliers for the past FYEs 2014 to 2015 (with the exception of Engtex Marketing Sdn Bhd in FYEs 2014 and 2016 and Gamuda Trading Sdn Bhd in FYE 2016). We are encouraged to purchase from the abovementioned suppliers for projects awarded by companies within their group. Our Group has the capability to purchase the required materials from more than 1 supplier to fulfil our business requirements and thus mitigate the risk of being overly dependent on a single supplier.

6. BUSINESS OVERVIEW (Cont'd)

Nevertheless, our Group has established a long-standing relationship with several of these companies as our Group believes that these relationships forged will be beneficial to our purchasing and cost efficiency. In the event we are unable to source for our supplies from these companies, we are still able to source the products from other suppliers in the local market.

We have not entered into any long term agreement with our subcontractors and suppliers, as our subcontractors and supply contracts are usually on project to project basis which covers the requirements of the relevant project.

6.10 SEASONAL OR CYCLICAL EFFECTS

The construction industry in Malaysia is cyclical in nature and is dependent on the general economic conditions and fiscal policy. However, we believe that there will be continued demand for our services going forward. The construction industry in Malaysia serves as a catalyst in driving the creation of national wealth. At the same time, it has a multiplier effect on other industries, namely the manufacturing, financial services and other professional services industries. The construction industry also helps support the social development of the country through the provision of basic infrastructure and employment opportunities




6.11 TECHNOLOGIES USED OR TO BE USED

We use licensed computer software such as the KeyPoint system, Project Costing System Version 7.0, Glodon Takeoff for Architecture and Structure, Microsoft Projects and Microsoft Office to assist in the management of our operations, including our financial accounting system, construction cost measurement, project resources planning and management, project costing, equipment management, preparation of construction programme and procurement management. These licensed computer software also serves as an important tool for our decision making process and helps us to co-ordinate our operating activities between our main office and various construction sites. In addition, we also utilise AutoCAD LT (a software application for 2-dimensional computer-aided design) for the review and verification of construction drawings and preparation of Shop Drawings.



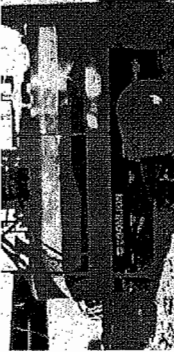
Our Group is dependent on construction machinery and equipment as well as tools to sustain our operations and maintain our Group's competitiveness. In line with our business needs, requirements by our clients and cost efficiency considerations, we have over the years invested in new and used machinery and equipment to enhance our construction capability. We expect that our investment in such machinery and equipment as opposed to hiring them will enable us to undertake our construction projects in a cost effective manner. Our procurement of machinery and equipment is managed by our Purchasing Department. The allocation of our machinery and equipment to each construction project is managed by our project management team.

6. BUSINESS OVERVIEW (Cont'd)


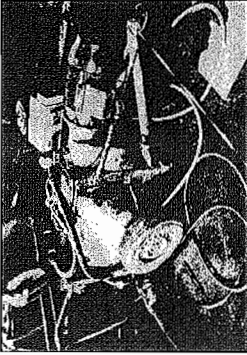

As at LPD, the main machinery and equipment used by our Group in our construction activities are as follows:

No	Equipment/ Machinery	Use of equipment/ machinery	Unit(s)	Year made / purchased	Total purchase value RM'000	NBV as at 31 December 2016 RM'000
(1)	Telehandler 	Mainly used for loading and unloading of construction materials for up to 4-storey building height	11	Between 2002 to 2014	3,882	411
(2)	Backhoe 	Mainly used for light transportation of construction materials, loading and unloading of construction materials for up to 1-storey building height and digging holes/excavation, heaping of sand and aggregates, site clearing	9	Between 2008 to 2014	1,790	507
(3)	Skid loader 	Mainly used for clearing of debris, horizontal movement of construction materials, heaping of sand and aggregates	5	Between 2003 to 2015	571	131

6. BUSINESS OVERVIEW (Cont'd)

No	Equipment/ Machinery	Use of equipment/ machinery	Unit(s)	Year made / purchased	Total purchase value	NBV as at 31
						December 2016
					RM'000	RM'000
(4)	Tower crane 	Mainly used in the construction of high-rise buildings for lifting of construction materials and equipment and loading and unloading of construction materials	4	Between 2014 to 2015	2,778	1,779
(5)	Passenger hoist 	Construction elevator used in high-rise buildings to carry personnel between the ground and higher floors, or between floors. These are twin-cage passenger hoist	4	Between 2013 to 2016	410	130
(6)	Concrete pump 	Used to pump ready-mixed concrete to the designated work area	2	Between 2012 to 2015	887	453

6. BUSINESS OVERVIEW (Cont'd)

No	Equipment/ Machinery	Use of equipment/ machinery	Unit(s)	Year made / purchased	Total purchase value RM'000	NBV as at 31 December 2016 RM'000
(7)	Air compressor 	Used to supply high pressure compressed air for cleaning of debris and dust before casting of concrete and for hacking of concrete	3	Between 2013 to 2015	197	110
(8)	Screed pump 	Used to pump cement mortar to the designated work area	2	Between 2013 to 2014	173	67
(9)	Mortar mixer (Plastering machine) 	Engine mixer cum pump used to mix cement, sand and additives and to pump the mortar to the designated work area	9	Between 2012 to 2013	432	123

6. BUSINESS OVERVIEW (Cont'd)

No	Equipment/ Machinery	Use of equipment/ machinery	Unit(s)	Year made / purchased	Total purchase value RM'000	NBV as at 31
						December 2016 RM'000
(10) Others						
(a)	Shovel loader	Mainly used for horizontal movement of construction materials and heaping of sand and aggregates	1	2011	90	-
(b)	Back pusher	Mainly used for pushing soil, sand, gravel and cleaning of site debris	1	2013	55	20
(c)	Mini excavator	Mainly used for earthwork excavation in a constrained area	1	2014	120	80
(d)	Forklift	Mainly used for loading, unloading and moving construction materials	1	2016	45	38
(e)	Concrete planer	Used to grind building stone and concrete surface	6	2015	28	-
(f)	Single phase mixer	Electrical mixer used to mix cement, sand, additives and water to form mortar	8	Between 2012 to 2013	26	-
(g)	Floor chipping machine	Used as a grinding machine to level up uneven floor surface	5	Between 2011 to 2013	21	-
(h)	Genset	Portable power diesel generator to generate electricity power for use at construction sites	9	Between 2012 to 2015	38	-

6. BUSINESS OVERVIEW (Cont'd)

No	Equipment/ Machinery	Use of equipment/ machinery	Unit(s)	Year made / purchased	Total purchase value	NBV as at 31
						December 2016
					RM'000	RM'000
(i)	Portable cabin (office)	Temporary offices at construction sites	36	2013	245	-
(j)	Portable cabin (worker)	Temporary workers accommodation at construction sites	140	2013	630	-
(k)	Portable cabin (storage)	Temporary storage rooms for storing tools, small equipment and selective construction materials at construction sites	15	2013	90	-
(l)	Scaffolding	Temporary metal framework used as a working platform to support workers or formwork structure during the construction of buildings	24,300	Between 2011 to 2016	2,211	-
(m)	Fogging machine	Used to undertake fogging to eliminate mosquitoes	16	Between 2011 to 2016	79	-
(n)	Aluminium system formwork	A temporary mould into which concrete is poured into	11,421m ²	Between 2016 to 2017	5,931	(1)2,584
(o)	High pressure water blaster	A high pressure water jet to remove concrete residue on aluminium system formwork	1	2016	105	103

6. BUSINESS OVERVIEW (Cont'd)

Note:

- (1) Relates to NBV of those aluminium system formwork purchased in FYE 2016 only.

The average economic useful life for our machinery and equipment is 4 to 5 years. We conduct periodic inspections and maintenance of our machinery and equipment and undertake certain repair works when necessary. Our maintenance procedures include oiling, corrosion prevention and cleaning. We transport our machinery and equipment to and from project sites mostly by our own lorries. Depending on the type of the machinery and equipment, we also engage independent logistics companies to transport our machinery and equipment to and from project sites.

The machinery and equipment that we own are commonly used in the construction industry and are generally available in the local market.

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6. BUSINESS OVERVIEW (Cont'd)

6.12 INTELLECTUAL PROPERTIES

We do not have any intellectual properties as at the LPD.

6.13 QUALITY CONTROL PROCEDURES AND MANAGEMENT

Our Group places emphasis on quality control procedures to meet the expectations of clients and architects and to comply with the CONQUAS, QLASSIC or clients' own quality standards. Proper implementation and stringent execution of quality standards and procedures are undertaken to ensure quality services. We seek formal feedback from our clients and architects in terms of our performance upon each project completion. We undertake a management review of our performance based on the feedback received.

6.13.1 Stringent partner selection

To ensure the quality of our Group's services, our Group has put in place a set of standard procedures in selecting domestic subcontractors and suppliers, which are subcontractors and suppliers appointed by us. New domestic subcontractors and suppliers are evaluated prior to being invited for job tenders through pre-qualification submission such as company profile, track record and financial position. Existing domestic subcontractors and suppliers are invited for tender based on their track record and working history with our Group.

We also conduct annual performance appraisal on our list of domestic subcontractors and suppliers and we assess their overall performances including workmanship/product quality, quality control and financial resources.

6.13.2 ISO 9001:2008 compliance

Our Group's QMS was certified with the MS ISO 9002:1994 accreditation in 2000 for the provision of construction services for high and low rise residential, commercial and industrial buildings. Following the phasing out of the ISO 9002, our Group obtained the ISO 9001:2000 accreditation in 2003 (Note: from 2000 onwards, the QMS of companies can only be certified under ISO 9001 after ISO 9002 and ISO 9003 became obsolete). The accreditation was subsequently updated to MS ISO 9001:2008 in 2009 and was renewed in 2012 and 2015.

Our Group is committed to:

- (a) Achieve total client satisfaction with quality products;
- (b) Foster teamwork and self-development through continuous training; and
- (c) Comply with MS ISO 9001 and continuously improve the effectiveness of our QMS.

Our quality management representative is Low Mei Kew, who is also our Administration Manager. She acts as a liaison between our Group and the external quality auditor in respect of all matters relating to MS ISO 9001:2008 quality standard.

6. BUSINESS OVERVIEW (*Cont'd*)

6.13.3 Internal quality control measures

The following summarises the main internal quality control measures that we implement across our construction projects:

(a) Inspection of construction materials

We are required to obtain prior approval from the architects and/or consultants before procuring most of the construction materials to be used in our construction projects.

Our project management team will inspect the construction materials delivered to the project site before unloading to ensure that the delivered materials are in accordance to the project specifications and have been delivered in good order.

(b) Training

We have regular training for our project management team and other office staff to ensure their understanding of and compliance with our quality standards, to ensure their understanding of various building materials and to enhance their project management skills. We also send our new staff for training to ensure their understanding of the MS ISO 9001:2008 quality assurance system and CONQUAS and/or QCLASSIC assessment systems. Our staff also attends various courses/training programmes/seminars organised by CIDB and the Master Builders Association Malaysia.

(c) Standardised construction methods

We implement construction methods based on our Project Quality Plan (commonly known as PQP). The PQP is a project-specific document submitted to our client, and provides information on our construction methods and processes for each major activity for the project, including our inspection and test plan and quality control procedures. In essence, the PQP documents the activities, standards, tools and processes necessary to achieve the desired quality in the delivery of a project.

(d) Onsite inspections and rectification

We conduct regular inspections on our construction projects, and require our project management team to implement immediate rectification measures in the event the standard of work is not satisfactory. Thereafter, we re-inspect the work to ensure that it is satisfactorily rectified. Some of our clients may also appoint their internal quality personnel to conduct periodical inspections of our construction projects. Inspection results will be documented and the clients' assessment of our construction quality and construction progress will be conveyed to us for rectification and/or improvement, if required.

6. BUSINESS OVERVIEW (Cont'd)

(e) Quality control review

We undertake annual review of all our quality standards and services.

In addition, after the completion of each project, we request feedbacks from our clients and architects to assess our overall performance including the quality of work.

(f) Subcontractors

We require our subcontractors to abide by our PQP when performing work for our construction projects. We also conduct regular quality checking on our subcontractors' work to ensure compliance with CONQUAS/QLASSIC standards.

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6. BUSINESS OVERVIEW (Cont'd)

6.13.4 Quality assessment

Our provision of quality construction services is further supported by our successful participation in numerous CONQUAS assessed projects under the 'Architectural' category.

Our first building construction project assessed under CONQUAS namely the RP6 Phase 2B project of the Kota Kemuning township development consisting of 74 units of terrace house received a score of 67.7% in 2005 under the 'Architectural' category. Since then, we have participated in 50 more CONQUAS assessed building projects involving the construction of various types of buildings which included but are not limited to terrace houses, semi-detached houses or cluster houses, bungalow houses, club houses and apartments with the resulting CONQUAS scores obtained under the 'Architectural' category.

The distribution table of our CONQUAS scores and its comparison with the industry are set out in Section 6.2.2 of this Prospectus. As at LPD, we have obtained an average score of 78.2% for all our CONQUAS assessed projects. Our lowest score so far was 67.7%, obtained for our first CONQUAS assessed project namely the RP6 Phase 2B project of the Kota Kemuning township development consisting of 74 units of terrace house (achieved in December 2005), while our highest score so far was 83.5% for *The Serai* project comprising 28 units of 3-storey semi-detached house and 2 units of bungalow and 1 units guard house at Mukim Batu, Kuala Lumpur (achieved in August 2010).

As at LPD, the average score for CONQUAS assessed projects in Malaysia since 2001 is 76.0%, computed based on the total of 541 projects assessed in Malaysia since 2001 as listed under the Building and Construction Authority Singapore's website, (<https://www.bca.gov.sg/Professionals/IQUAS>).

In addition to CONQUAS assessments, some of our projects are also assessed by CIDB's QCLASSIC assessment. In 2014, our Group participated in our first building construction project assessed under QCLASSIC namely *The Twin Palm Kemensah* Phase 1A-2 and Phase 1B project at Bukit Palma Kemensah, Hulu Kelang comprising 35 units of bungalow. A QCLASSIC score of 80.0% was given for this project.

Our highest QCLASSIC score so far was 82.0% for 45 units of bungalow (Phase 2) at Bukit Palma Kemensah, Mukim Hulu Klang, Daerah Gombak, Selangor, which was recently achieved in April 2016. Since our participation in our first QCLASSIC assessment, we have only 1 QCLASSIC assessed project that has achieved a QCLASSIC score of less than 80.0% which is *The Twin Palm Kemensah* Phase 1B-2 project at Bukit Palma Kemensah, Hulu Kelang comprising 22 units of bungalow. Moving forward, we are determined to continue producing quality products for all our projects in our aspiration to be the preferred builder in Malaysia.

6. BUSINESS OVERVIEW (Cont'd)

The CONQUAS is a quality assessment system developed by Building and Construction Authority Singapore, Singapore whereas QCLASSIC is developed by CIDB, Malaysia. CONQUAS was first launched in 1989 whereas QCLASSIC was launched in 2006. Both quality assessment systems serve the same function to assess and evaluate the quality of workmanship of a building project based on the approved standard. As such, regardless of CONQUAS and QCLASSIC, both act as a benchmark for contractor to achieve and maintain the quality of workmanship. Both the CONQUAS and QCLASSIC assessments can only be undertaken by assessors certified by Building and Construction Authority Singapore and CIDB respectively.

The main components assessed by CONQUAS and QCLASSIC are as follows:

CONQUAS	QCLASSIC
Architectural works ⁽¹⁾	Structural works Architectural works M&E works

Note:

⁽¹⁾ The CONQUAS assessment for Malaysian building projects is limited to architectural works only. In Singapore, the CONQUAS assessment is extended to include structural works and M&E works.

Both the CONQUAS and QCLASSIC assessments use a sampling process to carry out the assessment. The samples are determined based on the gross floor area of the building with a minimum and maximum number of samples, and are selected from the building drawings and plans. The assessment approach for each of the components and allocation of weightages are as follows:

Components assessed	CONQUAS	QCLASSIC
Structural works	No assessment is made as the CONQUAS assessment in Malaysia does not include structural works	(a) The assessment is carried out throughout the various construction stages. (b) The assessment of structural works comprises: (i) Site inspection of formwork, steel reinforcement, prefabricated or pre-cast elements, etc during construction;

6. BUSINESS OVERVIEW (Cont'd)

Components assessed	Assessment approach																													
	CONQUAS	QLASSIC																												
Architectural works	(a) The assessment is carried out upon completion of the building project and before handing over of the project.	(ii) Laboratory testing of compressive strength of concrete and tensile strength of steel reinforcement; and (iii) Non-destructive testing of the uniformity and the cover of hardened concrete.																												
	(b) The assessment of architectural works deal mainly with the finishes and components, and covers: (i) Site inspection of internal finishes, roofs, external walls and external works; and (ii) Material and functional tests such as window water-tightness, wet area water-tightness and adhesion to internal wall tiles (not applicable to Malaysia projects).	(a) The assessment is carried out upon completion of the building project and before handing over of the project. (b) The assessment of architectural works deal mainly with internal walls, ceiling, door and window, fixtures and fittings, external wall, roofs, driveway, porch and apron.																												
	(c) The weightage for the architectural works assessment is as follows:	(c) The weightage for the architectural works assessment is as follows:																												
	<table border="1"> <thead> <tr> <th>Architectural elements</th> <th>Weightage (%)</th> </tr> </thead> <tbody> <tr> <td>Internal finishes</td> <td>56</td> </tr> <tr> <td>Roof</td> <td>4</td> </tr> <tr> <td>External wall</td> <td>11</td> </tr> <tr> <td>External work</td> <td>6</td> </tr> <tr> <td>Design, material and functional tests</td> <td>23</td> </tr> <tr> <td></td> <td>100</td> </tr> </tbody> </table>	Architectural elements	Weightage (%)	Internal finishes	56	Roof	4	External wall	11	External work	6	Design, material and functional tests	23		100	<table border="1"> <thead> <tr> <th>Architectural elements</th> <th>Weightage (%)</th> </tr> </thead> <tbody> <tr> <td>Internal finishes</td> <td>56</td> </tr> <tr> <td>Roof</td> <td>10</td> </tr> <tr> <td>External wall</td> <td>10</td> </tr> <tr> <td>Apron and perimeter drain</td> <td>4</td> </tr> <tr> <td>Material and functional tests</td> <td>20</td> </tr> <tr> <td></td> <td>100</td> </tr> </tbody> </table>	Architectural elements	Weightage (%)	Internal finishes	56	Roof	10	External wall	10	Apron and perimeter drain	4	Material and functional tests	20		100
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	100																													

6. BUSINESS OVERVIEW (Cont'd)

Components assessed	CONQUAS	Assessment approach	QLASSIC
M&E works	<p>The above weightage may change depending on the type of building assessed.</p> <p>No assessment is made as the CONQUAS assessment in Malaysia does not include M&E works</p>	<p>The above weightage may change depending on the type of building assessed.</p> <p>(a) For completed projects, the assessment is carried out upon completion of the building project and before handing over of the project.</p> <p>(b) For projects in progress, the assessment is carried out throughout the various construction stages.</p> <p>(c) The assessment of M&E works generally covers electrical works, air-conditioning and mechanical ventilation works, fire protection works, sanitary and plumbing works, lifts, escalator and other basic M&E fittings.</p>	

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6. BUSINESS OVERVIEW *(Cont'd)*

6.13.5 Occupational health and safety

We are of the view that health and safety are vital parts of the construction business, and if not managed properly, can cause loss of life, monetary damages and disruption of work. As such, we prioritise health and safety during the delivery of our construction process and we are committed to provide a safe and healthy working environment for the benefit of our employees, subcontractors and the general public. We also believe that our track record as a quality construction company as evidenced by our above industry average score for CONQUAS assessed projects, will be enhanced through continuous improvement in health and safety performance.

We have in 2017 obtained the OHSAS 18001 : 2007 certification, an internationally recognised standard for occupational health and safety management system.

To ensure the health and safety of all employees involved in the operations including our subcontractors and the general public, we have a HSE policy which is practised by our project management team.

Our HSE policy objectives are:

- (a) To achieve zero accident at every project site;
- (b) To prevent major loss of assets and properties at project site;
- (c) To ensure working environment is safe and well equipped to avoid accident; and
- (d) In compliance with the rules and regulation of Occupational Safety and Health Act (OSHA 514) and Factory Machinery Act (FMA 1967).

The following summarises the key measures that we implement to ensure the safety of our employees, subcontractors' employees as well as the general public:

- (a) Injury caused by falling objects and falling from height

All personnel when entering construction zones are required to wear personal protective equipment such as safety helmets, safety vest and safety footwear. In addition, workers working at height are required to wear safety harness or safety belt. We also install safety nets to prevent falling objects or debris.

- (b) Injury caused by operating construction machinery

We only allow competent personnel to operate our construction machinery. We will ensure that they will continue to be provided with adequate training and/or hold valid licences where required. We have also outlined various safety measures which are required to be followed by our personnel, including, amongst others, ensuring that the construction machinery is switched off before being checked or cleaned and that operating construction machinery are properly attended to as well as wearing safety and preventive gears depending on the type of construction machinery operated.

6. BUSINESS OVERVIEW (Cont'd)

(c) Injury caused by electricity

Only electrician who have undergone training and hold relevant licences are permitted to maintain and install electrical wiring. Such personnel are also required to strictly follow our safety procedures.

(d) Injury caused by collapses of soil

Personnel are required to strictly follow our safety procedures for deep excavation including assessing the stability of the soil. In cases of deep excavation, shoring which is a temporary structure to prevent soil collapse is required to ensure the stability of soil.

As at LPD, our Safety and Health Committee is headed by Ahmad bin Awi, our Executive Director and consists of a committee secretary and 8 other employees. We will assign our safety supervisor to the required project. The safety supervisor is posted on site and is responsible for monitoring and enforcing the safety policies on all personnel. Weekly inspections will be carried out and safety reports will be made on a monthly basis. Periodical toolbox meeting is also conducted with our site workers and subcontractors' workers to brief the workers on various safety issues.

In case of non-conformity, the safety supervisor will report such instances to the Safety and Health Committee and corrective measures will be taken to ensure effective implementation of HSE policies.

On 12 October 2015, as requested by the client, our Group participated in the SHASSIC assessment for our Puteri Harbour Parcel 1A Package 3 and 4 project and was awarded 3 stars out of 5 stars.

SHASSIC is an independent method to assess and evaluate the safety and health performance of a contractor in construction works/projects. SHASSIC was developed by CIDB, Malaysia and was first launched in 2008.

SHASSIC sets out the safety and health management and practices of contractor for various aspects of the construction work activities. SHASSIC covers 3 main components of assessment such as document check, site/workplace inspection and employees interview covering components such as Occupational Safety and Health ("OSH") policy, OSH organisation, hazard identification, risk assessment and risk control, OSH training and promotion, machinery and equipment management, materials management, emergency preparedness, accident investigation and reporting and records management and performance monitoring. Weightage for safety and health performance are allocated in accordance to the 3 assessment components, and the total SHASSIC score shall justify the ranking, which ranges from 1 to 5 stars as per the table below:

SHASSIC score (%)	Star(s) awarded	Justification
85 to 100	5	Potential and significant workplace hazards / high risks areas are managed and documented
70 to 84	4	Potential and significant workplace hazards / high risks areas are managed and documented but there are few low risks work activities which are neglected
55 to 69	3	Potential and significant workplace hazards / high risks areas are managed and documented but there are few medium risks work activities which are neglected

6. BUSINESS OVERVIEW (Cont'd)

SHASSIC score (%)	Star(s) awarded	Justification
40 to 54	2	Potential and significant workplace hazards / high risks areas are partly managed and not properly documented
39 and less	1	Potential and significant workplace hazards / high risks areas are poorly managed and not properly documented

The SHASSIC assessment is conducted by a SHASSIC assessor who fulfils the CIDB's criteria. Contractors may engage any qualified assessor to carry out the SHASSIC assessment or alternatively, they can make arrangement with CIDB to carry out the SHASSIC assessment.

6.13.6 Environmental protection

We undertake indirect (through clients' requirements) environmental protection measures relating to environmental issues such as noise control, air pollution control, solid waste disposal and storm water treatment.

The following summarises the key environmental protection measures which we have implemented:

(a) Noise control

We endeavour to use low-noise machinery and equipment at our project sites. In this regard, we inspect and maintain all machinery and equipment before use to ensure compliance with permitted noise level. We also undertake works within the permitted working hours as specified by the local authority.

(b) Air pollution control

Construction activities that contribute to air pollution include land clearing, operation of diesel engines and demolition. All construction sites generate dust typically from concrete, cement, wood, stone and sand.

We control dust particles through the use of water sprays. We also install dust netting around the construction site which is located in close proximity to residential building in order to minimise the spreading of dust.

(c) Solid waste disposal

Construction waste includes concrete and timber debris and other construction materials wastage.

Our waste management initiatives include salvaging and recycling non-hazardous construction waste to the extent possible. We engage waste management companies to dispose construction waste which are not salvageable or recyclable at appropriate landfills designated by local governments.

(d) Storm water management

We are exposed to storm water in our construction sites resulting from heavy rainfall. This kind of storm water usually carries large amount of sand, grit, mud and other suspended solid particles. In the event the storm water is not properly managed, it will cause potential pollution to the surrounding area.

6. BUSINESS OVERVIEW (Cont'd)

We channel the storm water to the temporary earth drain which will flow into silt traps. The silt will be collected at the silt traps and cleaner water will be discharged through the overflow pipe. Silt will be periodically removed offsite.

6.14 RESEARCH AND DEVELOPMENT

We do not engage in any research and development activity. Nevertheless, we regularly participate in trade shows and exhibitions relating to the construction industry such as the Malaysian International Building Exposition ("MALBEX") and International Architectural, Interior Design and Building Exhibition Malaysia ("ARCHIDEX") to identify the latest industry products, trend and technologies. From time to time, we also invite specialist suppliers and specialist subcontractors to provide product training or briefing to our staff.

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7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH



21 APR 2017

The Board of Directors,
Inta Bina Group Berhad
No. 15 & 17 (1st Floor),
Jalan SS15/8A,
47500 Subang Jaya,
Selangor, Malaysia

Dear Sirs/Madams,

Executive Summary of the Strategic Analysis of the Construction Industry in Malaysia

This Executive Summary of the 'Strategic Analysis of the Construction Industry in Malaysia' is prepared by Protégé Associates Sdn. Bhd. ("Protégé Associates") for inclusion in the Prospectus of Inta Bina Group Berhad ("IBGB") in relation to its listing on the Ace Market of Bursa Malaysia Securities Berhad.

1.0 Malaysia Economic Overview

The Malaysian economy registered a 4.2 percent growth in its real gross domestic product ("GDP") in 2016 as compared to a 5.0 percent growth registered in 2015. The slower pace in the growth of the Malaysian economy can be attributed to an overall moderation in private sector consumption and investment growth in an environment of prolonged uncertainties particularly in the international economic, financial and political landscapes.

The Malaysian economy is expected to grow by between 4.3 percent to 4.8 percent in 2017. The services sector is expected to remain the largest contributor to the economy by accounting for more than half of Malaysia's real GDP in 2017.

2.0 Introduction to the Construction Industry

Construction refers to the conversion of raw materials through the use of labour into various forms of buildings and infrastructures. Construction is not limited to buildings alone but also includes infrastructures such as bridges, dams, roads and canals.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)

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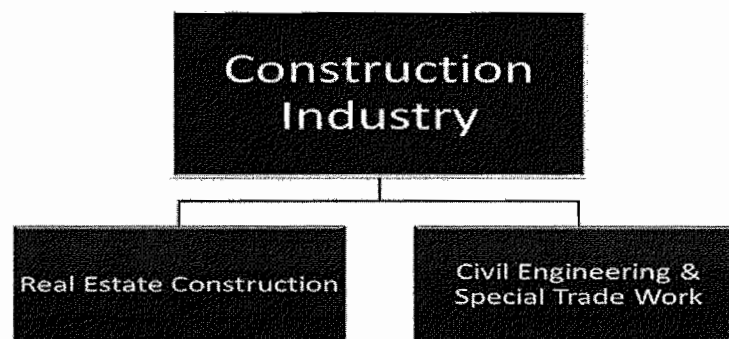
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A typical construction job is usually managed by a project manager and supervised by a construction manager, design engineer, construction engineer and/or project architect. To ensure the success of the project, the design and execution of the infrastructure must be effectively planned and should take into consideration various issues such as budget, timeline, construction site safety, the environmental impact of the job, the availability of building materials, logistics and bidding.

3.0 Market Segmentation

The construction industry in Malaysia can generally be segmented into two distinct segments namely, real estate construction and civil engineering & special trade work as illustrated in Figure 1.

Figure 1: Construction Industry Segmentation



Source: Protégé Associates

Real Estate Construction

Real estate construction refers to the construction of structures and buildings for residential as well as non-residential purposes. Other activities within the real estate construction category are the assembly and erection of prefabricated constructions on the site such as stairs, windows, walls, wall panels and floor panels as well as building construction activities not elsewhere classified such as restoring of historical sites and buildings. Inta Bina Sdn Bhd ("IBSB") is mainly involved in the construction of residential and non-residential buildings. Such activities are considered to be under the real estate construction category.

Civil Engineering and Special Trade Work

Civil engineering mainly refers to the construction of infrastructures such as roads and highways, utility structures and buildings, and public infrastructures like bridges, stadiums, ports, dams and railways. Meanwhile, special trade works involve the construction of parts of buildings and civil engineering works without responsibility for the entire project. Special

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)

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trade works consist of activities such as metal works, earthworks, electrical works, refrigeration and air-conditioning works, painting works, plumbing, sewerage and sanitary works, glass works, carpentry as well as tiling and flooring works.

3.1 Overview of the Property Market in Malaysia

In 2015, the Malaysian property market registered a total transaction volume of 362,105 as well as a total transaction value of RM149.90 billion. Going into 2016, the total transaction volume registered in the first three quarters amounted to 240,001 transactions with a value of RM95.67 billion. Residential properties dominated market activity in 2015, with the sub-sector accounting for 65.2 percent and 49.0 percent of the property market in terms of transaction volume and value respectively. Following this trend, residential properties continued to dominate market activity in the first three quarters of 2016, and accounted for 63.2 percent and 50.8 percent of transaction volume and value respectively during that period. Figure 2 denotes the volume and value of property transaction by sub-sector in Malaysia for 2015 and in the first three quarters of 2016.

Figure 2: Volume and Value of Property Transaction by Sub-Sector in Malaysia, 2015 and the First Three Quarters of 2016

Sub-sector	2015				January to September 2016			
	Volume	%	Value (RM million)	%	Volume	%	Value (RM million)	%
Residential	235,967	65.2	73,469.9	49.0	151,738	63.2	48,582.6	50.8
Commercial	31,776	8.8	26,399.5	17.6	17,461	7.3	17,119.0	17.9
Industrial	7,046	1.9	11,970.8	8.0	4,085	1.7	8,458.5	8.8
Agricultural	66,705	18.4	13,087.5	8.7	52,553	21.9	9,631.6	10.1
Development Land	20,534	5.7	24,915.8	16.6	14,125	5.9	11,805.1	12.3
Others	77	*	54.5	*	39	*	69.5	0.1
Total	362,105	100.0	149,898.0	100.0	240,001	100.0	95,666.3	100.0

Notes:

- 1) * Less than 0.1%
- 2) Figures may not add up due to round-off error

Source: National Property Information Centre ("NAPIC")

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)**4.0 Market Dynamics Scorecard**

The market dynamics scorecard provides a snapshot of the overall market characteristics based on selected key market indicators and its respective measurements and trends. The market dynamics for the construction industry is shown in Figure 3.

Figure 3: Market Dynamics Scorecard for the Construction Industry in Malaysia

Market Dynamics Indicators	Measurement
2016 Estimated Market Size (Revenue) (RM billion)	50.09
2016 Market Growth Rate (%)	7.4
2021 Forecast Market Size (Revenue) (RM billion)	76.58
Forecast Period Market Compound Annual Growth Rate ("CAGR") (2017-2021) (base year of 2016) (%)	8.9

Source: Protégé Associates

5.0 Historical Performance and Growth Forecast

Protégé Associates has provided the historical performance and growth forecast of the construction industry in Malaysia based on the primary and secondary research as well as analytical works conducted.

The market size (revenue) of the Malaysian construction industry stood at RM43.12 billion and RM46.63 billion in 2014 and 2015 respectively. The Malaysian construction industry was estimated at a market size (revenue) of RM50.09 billion in 2016, which was an increase of 7.4 percent over the previous year's revenue of RM46.63 billion. In addition, the forecast CAGR for the Malaysian construction industry from 2017 to 2021 is 8.9 percent. The historical market size (revenue) and growth forecast of the construction industry in Malaysia are as shown in Figure 4.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)

Figure 4: Historical Market Size (Revenue) and Growth Forecast for the Construction Industry in Malaysia, 2014-2021

Year	Market Size (Revenue) (RM billion)	Growth Rate(%)
2014	43.12	-
2015	46.63	8.2
2016	50.09	7.4
2017	54.07	8.0
2018	58.67	8.5
2019	65.42	11.5
2020	70.91	8.4
2021	76.58	8.0

CAGR (2017-2021) (base year of 2016): 8.9 percent

Note: At constant price 2010

Sources: Department of Statistics Malaysia, Bank Negara Malaysia ("BNM") and Protégé Associates

Going forward, expansion in the local construction industry is expected to be driven by factors such as the government-led initiatives and spending on the implementation of various infrastructure projects and affordable housing schemes, a sustained economic growth boosting investment in properties and steady population growth. Much of the construction industry's growth prospects hinges upon the speed and effective implementation of the various projects identified under the Eleventh Malaysia Plan ("11MP") and Economic Transformation Programme ("ETP"), along with the continued execution of various public-private partnership projects. Some of the ongoing and expected future government-led mega infrastructure projects include the following:

- i. the Sarawak Pan-Borneo Highway;
- ii. the second line of the Klang Valley mass rapid transit namely the Sungai Buloh-Serdang-Putrajaya Line ("MRT2");
- iii. the Sungai Besi-Ulu Klang Elevated Expressway ("SUKE");
- iv. the Damansara-Shah Alam Elevated Expressway ("DASH");
- v. the third line of the light rail transit namely the Bandar Utama, Damansara-Johan Setia, Klang Line ("LRT3");
- vi. the East Coast Rail Line ("ECRL"); and

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)

- vii. the Kuala Lumpur-Singapore High Speed Rail ("HSR").

The pace of growth in the construction industry in Malaysia is expected to grow by 8.0 percent and 8.5 percent in 2017 and 2018 respectively. Growth is expected to rise to 11.5 percent in 2019, boosted by more expected construction activities from the HSR and ECRL projects. From 2020 to 2021, the local construction industry is projected to continue expanding albeit at a moderating pace during this period. This is in line with the expected completion of some major government-led construction projects such as the LRT3 and SUKE during this period as well as more construction projects such as the MRT2 and the Sarawak Pan-Borneo Highway being at the later stage of completion with majority of the required works expected to have been completed by then. The development of these large-scale infrastructure projects is also expected to spur property development activities within the vicinity of the infrastructures and bodes well for the growth of the construction industry in Malaysia. The market size (revenue) of the industry is expected to reach RM76.58 billion in 2021.

Protégé Associates has also provided historical performance and growth forecast of the real estate construction market in Malaysia. The real estate construction market is a sub-segment within the broader construction industry. Its share of the local construction industry stood at within the range of 50 percent to 55 percent during the period from 2013 to 2016.

Figure 5: Estimated Share of Real Estate Construction Market in the Construction Industry in Malaysia, 2013-2016

Year	Share of Major Segments in the Construction Industry (%)	
	Civil Engineering & Special Trade Work	Real Estate Construction
2013	48.5	51.5
2014	45.1	54.9
2015	45.0	55.0
2016	45.0	55.0

Source: Protégé Associates

The Malaysian real estate construction market stood at a market size (revenue) of RM23.65 billion and RM25.63 billion in 2014 and 2015 respectively. The figure was estimated to reach RM27.55 billion in 2016 and the market is expected to grow at a forecast CAGR of 4.8 percent from 2017 to 2021. The historical market size (revenue) and growth forecast of the real estate construction market in Malaysia is as shown in Figure 6.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)

Figure 6: Historical Market Size (Revenue) and Growth Forecast for the Real Estate Construction Market in Malaysia, 2014-2021

Year	Market Size (Revenue) (RM billion)	Growth Rate (%)
2014	23.65	-
2015	25.63	8.4
2016	27.55	7.5
2017	29.39	6.7
2018	30.97	5.4
2019	31.97	3.2
2020	33.53	4.9
2021	34.84	3.9

CAGR (2017-2021) (base year of 2016): 4.8 percent

Note: At constant price 2010.

Source: Protégé Associates

The growth trend in the real estate construction market is expected to mirror closely to the growth trend in the broader construction industry. The market is also expected to benefit government-led initiatives and spending particularly on affordable housing schemes. In addition, the market is expected to be further boosted by the ongoing and/or future implementation of large-scale projects such as the Bukit Bintang City Centre and Forest City projects. On the flipside, the stringent policies imposed to curb speculative activities and promote responsible financing as well as the impact of the GST are expected to weigh on the overall performance of the market.

On the closer look at the three areas/states that IBSB have a business footprint, the Klang Valley and Johor are expected to register more real estate construction activities as compared to Perak with the ongoing development of the Greater Klang Valley NKEA as well as the Iskandar Malaysia development plan anchoring the performance of each respective market.

6.0 Competitive Landscape of the Construction Industry

The construction industry in Malaysia is regulated by the government, and it is mandatory for all contractors whether local or foreign to register with the Construction Industry Development Board ("CIDB") before they undertake to execute and complete any construction works in Malaysia.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)

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The construction industry is highly competitive and fragmented with different grades of contractors capable of bidding for varying project sizes according to their capabilities and levels of services. In general, there are three main registration categories for registered contractors in Malaysia, namely the building construction category, the civil engineering construction category as well as the mechanical and electrical category. Each main category can be further segmented into various specialisations. There are 28 specialisations under the building construction category ranging from B01 to B28, of which some of the specialisations include building general works, concrete repair work, landscaping, paint works and metal works. As for the civil engineering construction, there are 43 specialisations under this category ranging from CE01 to CE43, of which some of the specialisations include road and pavement construction, bridge construction, soil investigation, reclamation works, general civil engineering works and earthworks. As for the mechanical and electrical category, it can be further divided into the mechanical sub-category and the electrical sub-category. The mechanical sub-category has 23 specialisations ranging from M01 to M23, of which some of these specialisations include lifts and escalators, heat restoration system, kitchen appliances and pollution control system. The electrical sub-category has 35 specialisations ranging from E01 to E35, of which some of these specialisations include sound system, monitoring and security system, building automation system and general electrical works.

IBSB is currently registered under the B04 (General Building Works) and CE21 (General Civil Engineering Works) specialisations. Figure 7 depicts the category and description of the registrations held by IBSB.

Figure 7: CIDB Registrations held by IBSB

Category	Specialisation	Description	Specialisation Requirements
Building Construction (B)	B04 – General Building Works	General construction works for buildings and plants	Experienced/Technical personnel/Certificate of Competency in Management
Civil Engineering Construction (CE)	CE21 – General Civil Engineering Works	Construction, maintenance and repair works for civil engineering	Letter of offer and proof of completion of work/Technical personnel/Certificate of Competency in Management

Source: CIDB

As of the end of December 2016, there were a total of 79,883 contractors registered contractors in Malaysia. These contractors are categorised by grade from G1 to G7. As

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)

illustrated in Figure 8, G1, G2 and G3 contractors cumulatively amount to 62,408 contractors and account for 78.1 percent of the total. The remaining contractors are registered under the G4 to G7 grades and account for 21.9 percent of the total.

As at the end of December 2016, there were a total of 79,883 registered contractors in Malaysia. These contractors are categorised by grades G1 to G7. As illustrated in Figure 8, contractors registered under G1 to G3 grades cumulatively amount to 62,408 contractors and represent 78.1 percent of the total registered contractors. The remaining 21.9 percent represent contractors registered under G4 to G7 grades.

Figure 8: Number of Market Participants in the Malaysian Construction Industry by Grade, 2014- December 2016

Grade	Bidding Limit	2014		2015		December 2016	
		No. of contractors	%	No. of contractors	%	No. of contractors	%
G1	Not exceeding RM200,000	33,991	50.1	34,068	47.4	35,555	44.5
G2	Not exceeding RM500,000	10,441	15.4	12,407	17.3	16,125	20.2
G3	Not exceeding RM1,000,000	8,875	13.1	9,375	13.1	10,728	13.4
G4	Not exceeding RM3,000,000	3,093	4.6	3,408	4.7	3,823	4.8
G5	Not exceeding RM5,000,000	4,287	6.3	4,746	6.6	5,095	6.4
G6	Not exceeding RM10,000,000	1,528	2.3	1,589	2.2	1,689	2.1
G7	Unlimited	5,618	8.3	6,206	8.6	6,868	8.6
Total		67,833	100.0	71,799	100.0	79,883	100.0

Source: CIDB

Out of a total of 79,883 registered contractors as at end of December 2016, the number of active contractors stood at 56,330, representing 70.5 percent of the total. As at end of December 2016, 11,528 new contractors entered the local construction industry - signalling the continued interest by new contractors to participate in the growing construction industry.

The majority of the registered contractors were concentrated in certain geographic locations where there were higher demand for construction activities and services. Selangor, Sabah, Wilayah Persekutuan and Johor accounted for the highest number of contractors registered in Malaysia at 13,351, 11,249, 8,862 and 7,711 respectively as at end of December 2016.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)

G7 contractors mainly comprise established contractors who are able to compete for and undertake projects of unlimited size as they have the required financial strengths, track record, reputation and technical expertise to implement such large-scale projects. As at end of December 2016, there were 5,752 active and 451 new G7 contractors while 665 were either semi active or dormant.

G7 contractors are able to undertake and manage the entire project on their own and may work with or sub-contract certain portion/process to smaller contractors to benefit from cost and time savings. They typically have existing work relationships and track records with many customers that they are able to leverage upon to attain new projects. Some would have been pre-qualified with certain of their customers, allowing them to participate in closed tenders, giving them an edge in winning the bid.

The real estate construction market is a sub-segment within the broader construction industry. As part of the construction industry in Malaysia, the real estate construction market is also considered to be mature and fragmented with the presence of many market players. Among the licensed contractors that have registered with CIDB, approximately 70,000 contractors have respectively registered under the building general works category and general civil engineering works category as at 31 December 2016. Figure 9 depicts the number of contractors registered with CIDB under the building general works category by grade in Malaysia as at 31 December 2016.

Figure 9: Contractors Registered under the B04: Building General Works Category by Grade in Malaysia, as at 31 December 2016

Grade	Building General Works (Number of Contractors)	% Share of Total
G1	33,670	47.9
G2	13,333	19.0
G3	8,369	11.9
G4	3,228	4.6
G5	4,263	6.1
G6	1,395	2.0
G7	6,064	8.6
Total	70,322	100.0

Note: Numbers may not necessary add up due to round-off error

Source: CIDB

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)



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G1 contractors accounted for almost half of the total contractors registered with CIDB for each category with G2 contractors at a distant second in terms of share of total contractors. G7 contractors, which are able to tender for projects of unlimited size, accounted for 8.6 percent of total contractors registered in the building general works category. Like in the rest of the markets within the construction industry, G7 contractors are typically considered the 'big boys' with the necessary financial strength and human resources to undertake large scale construction projects as compared to their counterparts. G7 contractors are generally established with a relatively long operating track record as well as technical expertise.

6.1 Industry Player Analysis

IBSB is a building contractor. The company constructs residential and non-residential buildings. As a main contractor, IBSB is involved in the day-to-day management and implementation of construction projects awarded to the company. IBSB generally performs all major aspects of the construction project, including building construction, substructure and external infrastructure works. As at 31 December 2016, the number of registered G7 contractors under the building general works category in Malaysia stood at 6,064.

For the purpose of this report, Protégé Associates has used the following criteria when selecting other industry players in Malaysia for comparison with IBSB:

- Registered an annual revenue of less than RM300 million;
- Registered as a G7 contractor with CIDB for the category of B04 (Building General Works); and
- Incorporated in the Klang Valley region.

The criteria are used to further narrow down the list of industry players that can be selected for comparison with IBSB. After taking into consideration the above criteria, Protégé Associates has selected five industry players namely HLKS Construction Sdn Bhd ("HLKS"), Jallcon (M) Sdn Bhd ("Jallcon"), Jasmurni Sdn Bhd ("Jasmurni Construction") Pesona Metro Sdn Bhd ("Pesona Metro") and Sri Binaraya Sdn Bhd ("Sri Binaraya") for comparison purpose. It needs to be highlighted that the list of industry players used for comparison purpose is not exhaustive as only industry players with available financial information for financial year ended 2015 or later are taken into consideration. As such the list of industry players only serves as a reference for readers.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)**HLKS Construction Sdn Bhd**

HLKS was registered as a private limited company on 17 May 2005 with the Companies Commission of Malaysia. HLKS is principally involved in the provision of construction works. For the financial year ended 29 February 2016, HLKS registered revenue of RM112.5 million and profit after tax of RM2.5 million.

Jasmurni Construction Sdn Bhd

Jasmurni was registered as a private limited company on 12 July 2001 with the Companies Commission of Malaysia. Jasmurni is principally involved in the provision of general construction works. For the financial year ended 31 December 2015, Jasmurni registered revenue of RM206.1 million and profit after tax of RM34.5 million.

Jallcon (M) Sdn Bhd

Jallcon was registered as a private limited company on 13 May 1983 with the Companies Commission of Malaysia. Jallcon is principally involved in the construction industry as building contractors and civil engineers. They are also involved in investment holding. For the financial year ended 30 April 2016, Jallcon registered revenue of RM173.5 million and profit after tax of RM9.6 million.

Pesona Metro Sdn Bhd

Pesona Metro was registered as a private limited company on 11 September 1996 with the Companies Commission of Malaysia. It is a wholly-owned subsidiary of Pesona Metro Holdings Berhad, a public listed company on the Official List of Bursa Malaysia Securities Berhad. Pesona Metro is principally involved in the provision of building and construction works. For the financial year ended 31 December 2015, Pesona Metro registered revenue of RM242.6 million and profit after tax of RM9.1 million.

Sri Binaraya Sdn Bhd

Sri Binaraya was registered as a private limited company on 21 March 1980 with the Companies Commission of Malaysia. Sri Binaraya is principally involved in the provision of contract construction and provision of related services. For the financial year ended 31 December 2015, Sri Binaraya registered revenue of RM252.8 million and profit after tax of RM3.6 million.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)

Figure 10: Comparison between IBSB and Selected Industry Players in the Construction Industry in Malaysia

Indicator	IBSB 31 December 2016	HLKS 29 February 2016	Jallcon 30 April 2016	Jasmurni 31 December 2015	Pesona Metro 31 December 2015	Sri Binaraya 31 December 2015
Information from the Financial Year Ended						
Revenue (RM'000)	257,136	112,504	173,459	206,139	242,564	252,840
Gross Profit (RM'000)	27,725	6,008	10,563	56,098	30,619	-*
Profit before Tax (RM'000)	17,811	3,728	12,482	46,243	12,558	4,886
Profit after Tax (RM'000)	12,726	2,544	9,586	34,487	9,095	3,579
Non-current Assets (RM'000)	63,712	2,563	21,484	12,628	44,382	22,295
Current Assets (RM'000)	151,653	21,958	95,580	122,848	201,414	205,417
Non-current Liabilities (RM'000)	13,903	1,051	124	25	11,414	3,388
Current Liabilities (RM'000)	145,915	7,497	41,277	66,044	185,329	160,419
Working Capital ¹⁾ (RM'000)	5,738	14,461	54,303	56,804	16,085	44,998
Gross Profit Margin ^{b)} (%)	10.8	5.3	6.1	27.2	12.6	-*
Profit before Tax Margin ^{c)} (%)	6.9	3.3	7.2	22.4	5.2	1.9
Profit after Tax Margin ^{d)} (%)	4.9	2.3	5.5	16.7	3.7	1.4
Current Ratio ^{e)} (times)	1.04	2.93	2.32	1.86	1.09	1.28
Asset Turnover ^{f)} (times)	1.19	4.59	1.48	1.52	0.99	1.11
Debt to Equity Ratio ^{g)} (times)	2.88	0.54	0.55	0.95	4.01	2.56

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)*Notes:*

- 1) *The list of selected industry players above is not exhaustive*
 - 2) *The above figures only provide an indication and are not considered directly comparable due to the following reasons:*
 - (a) *Not all industry players have the same financial year end; and*
 - (b) *Not all industry players carry out activities which are completely similar to each other or in the same geographical area*
 - a) *Working capital = current assets - current liabilities*
 - b) *Gross Profit Margin = Gross Profit/Revenue*
 - c) *Profit Before Tax Margin = Profit Before Tax/Revenue*
 - d) *Profit After Tax Margin = Profit After Tax/Revenue*
 - e) *Current Ratio = Current Assets/Current Liabilities*
 - f) *Asset Turnover = Revenue/(Current Assets + Non-current Assets)*
 - g) *Debt to Equity Ratio = (Non-current Liabilities + Current Liabilities)/(Total Assets - Total Liabilities)*
- * Not available*

Sources: IBSB, Companies Commission of Malaysia and Protégé Associates

The current ratios registered by these selected industry players (including IBSB) were within the range of 1.04 times to 2.93 times with HLKS registering the highest liquidity and IBSB registering the lowest liquidity. A current ratio of above one time indicates that an industry player is able to meet its short-term obligation as its amount of current assets is higher than its amount of current liabilities. In terms of the level of gearing, Pesona Metro registered the highest debt to equity ratio of 4.01 times while HLKS had the lowest at 0.54 times. IBSB's debt to equity ratio of 2.88 times falls within the range of 0.54 times to 4.01 times. The asset turnover ratio measures a company's efficiency in utilising its assets to generate revenue and HLKS recorded the highest ratio at 4.59 times whilst Pesona Metro recorded the lowest ratio at 0.99 times. IBSB's asset turnover ratio of 1.19 times indicates that it is able to generate more than RM1 in revenue for each RM1 in assets utilised.

On another note, working capital is generally used to measure a company's liquidity, efficiency and overall short-term financial health. The working capital registered among the selected industry players were within the range of RM5.7 million to RM56.8 million, with IBSB having the lowest working capital and Jasmurni having the highest working capital. A positive working capital shows that a company has a higher amount of current assets as compared to current liabilities. As at 31 December 2016, IBSB has investment properties of RM18.9 million. These properties were received by IBSB as certain of IBSB's clients had settled their contract sum owing to IBSB by way of 'contra' in the form of properties developed by the clients. IBSB's investment strategy is to own and dispose these properties in the secondary market within 3 to 5 years from the handover of these completed properties. As the properties are captured in IBSB's financial statements as investment properties (which does not form part of current assets), there is a mismatch between collections from clients and payment to sub-

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)

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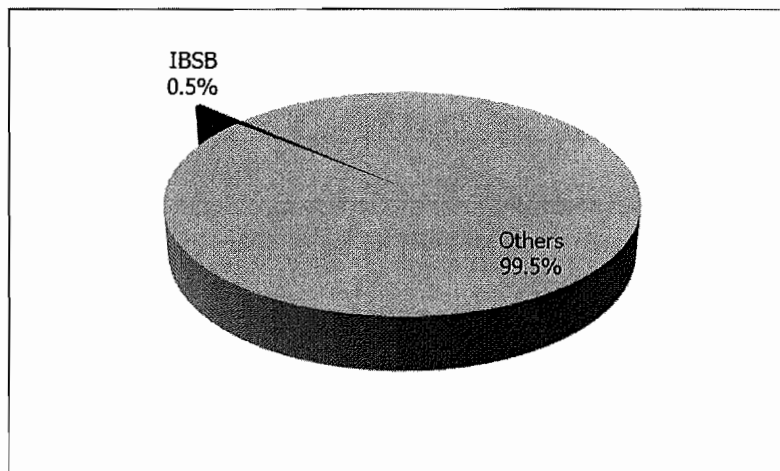
contractors and suppliers, and hence lower current assets for IBSB. However, upon the disposal of these investment properties, a total of RM18.9 million will be added to IBSB's current assets, thus improving the company's working capital. Other competitors may have different investment and financial strategies to IBSB and different balance sheet management. Protégé Associates is unable to comment further on this due to lack of publicly available information.

All the industry players highlighted in Figure 10 are profitable. However, the profitability level of these industry players varies when measured against profitability ratios such as gross profit margin, profit before tax margin and profit after tax margin. For example, Jasmurni recorded the highest gross profit margin of 27.2 percent while HLKS had the lowest at 5.3 percent. IBSB's gross profit margin of 10.8 percent falls within the range of 5.3 percent to 27.2 percent. The profit before tax margin registered by Sri Binaraya was just 1.9 percent as compared to 22.4 percent recorded by Jasmurni. IBSB's profit before tax margin of 6.9 percent is within the range of 1.9 percent to 22.4 percent. In terms of profit after tax margin, Jasmuni recorded the highest at 16.7 percent whilst Sri Binaraya recorded the lowest at 1.4 percent.

6.2 IBSB's Market Share Analysis

For the financial year ended 31 December 2016, IBSB generated revenue of RM257.1 million, equivalent to a 0.5 percent share of the construction industry in 2016. This is based on IBSB's revenue of RM257.1 million against total market size (revenue) of the construction industry in Malaysia of RM50.09 billion in 2016.

Figure 11: IBSB's Estimated Market Share within the Construction Industry in Malaysia, 2016



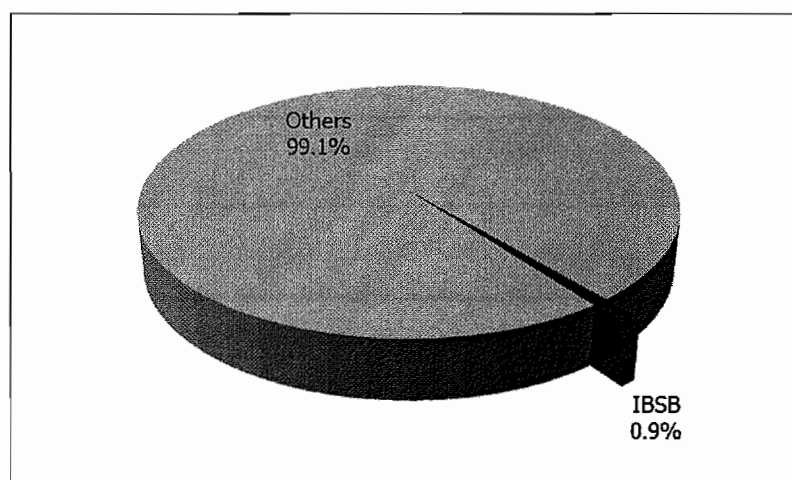
7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)



Source: Protégé Associates

IBSB's revenue of RM257.1 million for the financial year ended 31 December 2016 was equivalent to 0.9 percent share of the real estate construction market in Malaysia in 2016. This is based on IBSB's revenue of RM257.1 million against total market size (revenue) of the real estate construction market in Malaysia of RM27.55 billion in 2016.

Figure 12: IBSB's Estimated Market Share within the Real Estate Construction Market in Malaysia, 2016



Source: Protégé Associates

6.3 Barriers to Entry

The construction industry has relatively low entry barriers due to its wide and diversified entry points in which construction activities are rendered. However, market players will likely face several notable challenges while penetrating into the top tiers of the construction industry. These challenges include:

- **Established Track Record** – Construction projects involve high risks and require substantial financial commitment from the prospective project owners or property developers. Hence, the contractor's track record becomes a key consideration during the selection of the potential service provider for the project. Without a sound track record, potential entrants face a daunting challenge in proving itself and attracting new clients.
- **Industrial Experience and Expertise** – The construction industry is highly competitive and having a strong management team with the relevant experience and expertise is crucial to be successful in the industry. However, developing a team with diverse experience and expertise can be both time consuming and costly. Contractors will likely

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)

be required to work on tight timeframes with numerous parties such as architects, quantity surveyors, engineers as well as raw material suppliers to perform the construction activities as scheduled. The personnel involved need to possess the required technical expertise in construction. In addition, they need to be familiar with the other construction industry-related matters. They have to be flexible and comfortable working within a fast-paced and demanding environment, while being up to date with industry trends/standards and having the right industry contacts.

- Established Incumbent Market Players** – Potential entrants in all segments of the Malaysian construction industry are likely to encounter difficulties competing with incumbent market players. The dominance and reputation of large-scale companies may hinder small market players from gaining a firm foothold in the local construction industry. A badly done construction project can seriously jeopardise a firm's reputation and future business prospects. In addition, incumbent market players have established strong relationships with upstream raw material suppliers as well as the end-users from the construction industry. Potential entrants may encounter difficulty in securing raw material at affordable prices and attracting customers from construction industry. Potential entrants would need to possess the necessary market knowledge and experience to compete successfully in the construction industry.

7.0 Demand and Supply Conditions**Figure 13: Demand and Supply Conditions Affecting the Construction Industry in Malaysia, 2017**

Condition	Type	Impact
Government-Led Initiatives and Spending	Demand	+
A Favourable Interest Rate Environment	Demand	+
The Push by Property Developers to Boost Property Sales	Demand	+
Sustained Economic Growth to Boost Investment in Properties	Demand	+
Steady Population Growth	Demand	+
Stringent Policies Dampening Growth in the Property Market	Demand	-
Higher Goods and Services Tax ("GST")-Pushed Entry Price for New Properties Dampening Demand	Demand	-
CIDB Providing the Necessary Leadership in Spearheading the Development of the Local Construction Industry	Supply	+
Active Role Taken by MBAM in Pushing for the Betterment of the Construction Industry in Malaysia	Supply	+

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)

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Condition	Type	Impact
Strengthened Mechanism to Address Payment Disputes and Facilitate Adjudication	Supply	+
Labour Shortage and High Dependency on Foreign Workers	Supply	-
High Capital Demand from Elevated Post-GST Cost of Construction	Supply	-
Lack of Traction in the Adoption of Industrialised Building System ("IBS") Construction	Supply	-

Source: Protégé Associates

7.1 Demand Conditions

Government-Led Initiatives and Spending

The construction industry is expected to benefit from government-led initiatives and spending particularly those relating to the infrastructure development. A RM260 billion development allocation has been earmarked under the 11MP. Of the RM260 billion development allocation, around half is for developing infrastructure – which is to be undertaken by the construction industry. The CIP that covers the period from 2016 to 2020 which was introduced by the Malaysian Government under the 11MP is also expected to drive the local construction industry forward. This programme has identified four main strategies under the 11MP to transform the construction industry namely enhancing knowledge content, driving productivity, fostering sustainable practices and increasing the internationalisation of construction firms.

A Favourable Interest Rate Environment

All the key stakeholders in the construction industry in Malaysia namely existing borrowers (for purchasing property), contractors and property developers generally rely heavily on financing for various purposes such as purchasing property, working capital and capital expenditure. As such, the interest rate environment in the country typically has a big impact on these stakeholders and they are likely to reap the benefits derived from any low interest rate environment given that the cost of borrowing for them will also likely to be lower as well. However, the extent of the benefits that they stand to enjoy is dependent on the type of financing that they are using or applying i.e. fixed rate loan and floating rate loan.

These stakeholders have been enjoying a favourable interest rate environment in Malaysia over the past years. The overnight policy rate ("OPR") in Malaysia has been relatively stable and it has only been hovering between 2.25 percent to 3.25 percent since 2010 with only four upticks of 25 basis points each recorded during the period from 2010 to 2016. Besides

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)

being stable, the interest rate is expected to trend downward during the forecast period. In July 2016, BNM already announced the decision to cut the OPR by 25 basis points from 3.25 percent to 3.00 percent. The interest rate environment in the banking and financial institutions in Malaysia is expected to remain stable with room for further cut in OPR during the forecast period and has continued to be closely supervised by BNM. With the growing uncertainties in the world's economy which is expected to grow at a slower pace, the central bank is expected to be more inclined towards maintaining a low interest rate environment.

The Push by Property Developers to Boost Property Sales

Property developers have been struggling to secure sales for the past few years since 2014 as BNM's measures in curbing property speculation as well as cheap credit and financing schemes have led to many genuine property buyers facing difficulty in purchasing a property. This is expected to drive more promotional activities and incentives for the sales of properties by property developers in Malaysia.

Promotional activities and incentives offered may vary from developer to developer but generally have two common features. The first feature involves the requirements for a low initial financial outlay and having a larger commitment at a later date. The second feature is premised on two assumptions, namely the credit profile of buyers/borrowers will improve in the future as well as the hope for a rebound in the property market within the next few years. These schemes are generally available for a limited time frame and/or apply to certain properties only.

Sustained Economic Growth to Boost Investment in Properties

Malaysian consumers are generally attaining greater affluence as a result of broad economic growth seen for the country over the past half-century. In addition, the per capita income in Malaysia rose by 4.6 percent from RM36,078 in 2015 to RM37,738 in 2016. This figure is projected to reach RM39,656 in 2017.

Malaysia's real GDP expanded by 4.2 percent in 2016. It is projected to grow by between 4.3 percent to 4.8 percent in 2017. During good economic periods, the general population can expect better access to more job opportunities and salary growth, and this accordingly is expected to provide them with greater propensity to purchase, upgrade or invest in properties. Hence, the construction industry stands to benefit from the increase in uptake of properties.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)

**Steady Population Growth**

The Malaysian population is expected to continue growing at a steady pace. According to the Population and Housing Census, Malaysia 2010, the total population of Malaysia was 28.6 million in 2010. This figure is projected to grow steadily to reach 41.5 million in 2040. On a closer look at the areas where IBSB has a business footprint, population in the Klang Valley grew from 5.7 million in 2000 to an estimated 8.0 million in 2015 while population in Johor expanded from 2.8 million in 2000 to an estimated 3.67 million in 2016. Population in these two areas is expected to continue growing in view of the ongoing developments in Klang Valley and Johor.

The demand for properties is positively correlated to the growth in population. A higher population can translate to a higher demand for housing which is one of the life's basic necessities. A higher population can also create a bigger pool of potential demand for recreational needs offered by leisure properties such as shopping complexes and hotels. In addition, infrastructures need to be built or upgraded in order to cope with higher frequency of usage stemming from a higher population. As such, the construction industry in Malaysia can look forward to more construction activities for both the residential and non-residential sectors with the expected growth in population.

Stringent Policies Dampening Growth in the Property Market

Amidst concerns over spiralling prices and home ownership issues, the Malaysian Government has put in place various measures and initiatives to curb speculative activities and promote responsible financing practices over the past years. For example, BNM announced the implementation of a maximum loan-to-value ratio of 70 percent for the third mortgage and above taken out by a borrower. This measure was aimed at supporting a stable and sustainable property market and to promote the continued affordability of homes for the general public.

In addition, to promote responsible financing practices, BNM has implemented new guidelines that took effect from 1 January 2012. The guidelines require financial institutions to apply the net income calculation method instead of gross income when computing the debt service ratio for potential borrowers. The guidelines are meant to ensure lenders do not compromise prudent and responsible financing practices in the competitive environment, while at the same time, help individuals to borrow within their means. This is targeted at curbing excessive property speculation activities and is not expected to hamper genuine consumers from buying a house for own stay.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)

BNM rolled out several measures on 5 July 2013, which take effect immediately, to pare down household indebtedness such as maximum tenure of 35 years for financing granted for the purchase of residential and non-residential properties (from 45 years), maximum tenure of 10 years for financial extended for personal use (from 25 years) and prohibition on the offering of pre-approved personal financial products.

Besides that, loans (all loans and financing from corporate and retail banking but excluding hire purchase) that have been rescheduled or restructured following an increase in the credit risk of a borrower are required to be tagged as restructured and rescheduled in the Central Credit Reference Information System and classified as impaired based on the "Classification and Impairment Provisions for Loans/Financing" policy document issued by BNM. Banks can reclassify these accounts as non-impaired after observing a minimum six months' nursing period.

The implementation of these restrictive measures has dampened the growth in the property market which is one of the key catalysts for the construction industry in Malaysia. The number of potential property buyers has been reduced accordingly with the incidences of loan applications rejection becoming more frequent as banks adhere to the guidelines by Bank Negara Malaysia.

In another development, the Malaysian Government announced a few measures that can be seen as efforts to curb speculative buying in the property market. These measures include raising the real property gain tax ("RPGT") to 30 percent for gains on properties disposed of within three years, 20 percent for four years and 15 percent for 5 years, imposing 30 percent RPGT for properties disposed of by non-citizens within five years and 5 percent for disposals after five years, prohibiting the Developer Interest Bearing Scheme and increasing the minimum price of property that can be purchased by foreigners from RM500,000 to RM1 million. Such measures are expected to blunt the vibrancy in the property market with potentially lesser number of property transactions expected to be registered moving forward.

Any unfavourable impact to the property market can hinder the progress in the construction industry.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)**Higher GST-Pushed Entry Price for New Properties Dampening Demand**

The implementation of GST since 1 April 2015 has inevitably led to higher inflationary pressure on the prices of properties in Malaysia. With the GST, there is now a 6 percent tax rate on construction input materials such as cement, bricks, steels, floor tiles, pipes, fittings, paint as well as outsourced construction works along with the related architectural, legal and professional services. Unless property developers are willing to sacrifice their total profit margin, the higher increase in construction cost is likely to be passed to property buyers, either partially or in entirety, resulting in higher selling price for new properties launched.

With the entry cost of owning new properties being pushed higher post-GST, potential buyers are in a weaker position to accommodate a revised budget for new investment. This is expected to weigh on demand for new properties. Some of them may delay or postpone their property investment plans due to the need to save more money over a longer period of time. In addition, the implementation of GST has affected consumer sentiment and this is expected to remain a concern due to possible aversion to spending on big-ticket items such as properties.

7.2 Supply Conditions**CIDB Providing the Necessary Leadership in Spearheading the Development of the Local Construction Industry**

CIDB is a name synonymous with the construction industry in Malaysia. It was established under the Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994 (Act 520) ("LPIP Act"). Over the past 20 years, CIDB has been playing an active role in helping to shape the direction and spur the growth in the construction industry in Malaysia. Various reforms and innovations have been initiated under the leadership of CIDB to bring positive changes and cohesion to the industry.

Moving forward, CIDB is expected to continue playing a prominent role in helping to drive the local construction industry to a successful future. CIDB has already developed the industry blueprint, CITP that outlines strategic goals and milestones to bring the local construction industry to the next level as espoused in the thrusts of 11MP covering the period from 2016 to 2020. In addition, CIDB was given more power under the recent Lembaga Pembangunan Industri Pembinaan Malaysia (Amendment) Act 2011.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)

**Active Role Taken by MBAM in Pushing for the Betterment of the Construction Industry in Malaysia**

The MBAM strives to become the prime mover and the recognised voice of the local construction industry. It was established in 1954.

MBAM has also been actively utilising various media platforms to create awareness and promote the betterment of the local construction industry as well as to highlight industry related issues faced. It publishes three issues annually of its official journal, Master Builders Journal.

Besides that, all relevant and updated information are constantly disseminated to its members via its websites. Moving forward, MBAM is expected to continue playing a significant role in helping to address any issues or problems faced by the local construction industry and guide the industry to a successful future.

Strengthened Mechanism to Address Payment Disputes and Facilitate Adjudication

The construction industry in Malaysia has been grappling with long history of lengthy payment times and contract disputes as well as non-payment issues. These have resulted in many contractors suffering from cash flow problems leading to delayed projects. However, local construction industry players have reasons to be optimistic on resolving these long-standing issues following the introduction of the Construction Industry Payment and Adjudication Act 2012 ("CIPAA") and the establishment of specialised construction courts in Malaysia. Both developments can go a long way towards helping to alleviate the prevalent and pervasive practice of delayed, underpayment and/or non-payment for works carried out under a construction contract in Malaysia.

Labour Shortage and High Dependency on Foreign Workers

The construction industry in Malaysia is labour intensive. However, it has continued to grapple with labour shortage including for skilled workers. Poor participation from Malaysians has also further exacerbated the problem. Most locals shun these jobs as they view them as dangerous, dirty and difficult, and they expect higher wages. Therefore, the construction industry has been relying heavily on foreign workers.

The Malaysian Government announced that foreign workers in the construction sector need to pay a levy of RM2,500, up from RM1,250, with effect from 1 February 2016. However, the levy was subsequently revised to RM1,850 following the outcry from employers and it came

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)



into force in Peninsular Malaysia with effect from 18 March 2016. This development will likely raise the cost of hiring foreign workers leading to higher cost of operations. In March 2016, the Malaysian Government announced the stop of recruitment of foreign workers but in May 2016, the ban was partially lifted with four sectors being allowed to hire foreign workers, including the manufacturing, construction, plantation and furniture-making industries. On a more recent note, the Malaysian Government had announced that beginning 1 January 2017, employers are required to pay for foreign worker levies instead of deducting it from the foreign workers' wages under the Employer Mandatory Commitment. However, following an outcry from the public on increased operating cost under the new policy, the levy ruling under the Employer Mandatory Commitment was deferred to 2018.

Higher Capital Demand from Elevated Post-GST Cost of Construction

Notable cost components for a contractor namely, construction input materials, outsourced construction works as well as related architectural, legal and professional services in Malaysia are subject to a 6 percent GST. In addition, local construction industry players need to invest in more manpower and related software to undertake the additional administrative works required and comply with the regulatory requirements. Hence, contractors need to commit more working capital to undertake construction activities. The amount of additional working capital required is higher as businesses start to scale up their operations. It does not help also that there is expected to be a gap in the timing of GST refund, if any, due to the processing and investigation time required by the authority. In light of this, local construction industry players may need to have additional working capital to address any issues pertaining to the resulting mismatch in the timing of cash flow.

Lack of Traction in the Adoption of IBS Construction

Despite being introduced in Malaysia in the 1960s, the adoption rate of IBS construction has failed to gain significant traction due to various hurdles related to industry preparedness and cost considerations. Higher initial costs required seem to be deterring construction industry players. Construction industry players need to fork out a huge upfront deposit to IBS manufacturers which can impact their cash flow. They are likely to be less motivated to make the switch towards IBS construction given the continuing availability of foreign labour at a cheaper cost comparatively. It also does not help that existing import duty rates have rendered the costs high too for importing the required heavy construction machinery.

In the absence of a mass adoption by the local construction sector, it is hard for construction industry players to obtain meaningful economies of scale that can lead to economic viability.

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There is also a lack of standardisation of IBS in Malaysia as customised components for one project not necessarily fit into another project leading to higher costs incurred for new mould and design. Besides that, design consultants are not adequately trained or fully equipped to undertake IBS design related tasks. In addition, there is limited number of construction industry players that are ready to fully immerse themselves in an IBS-driven environment.

8.0 Substitute Products or Services

There are no direct substitutes to the activities conducted by the construction industry as it refers to a form of services and process in the construction or assembling of buildings and/or infrastructures. The services and processes in the construction industry are generic in nature and may be provided by any construction company. There is however a considerable degree of substitutability in terms of differing business models and strategies in which market participants can select as their own.

9.0 Reliance on and Vulnerability to Imports

The construction industry is generally not reliant on imports of raw materials. Major raw materials typically used in the construction industry such as cement, steel bars, pre-mixed and ready-mixed materials are readily available in Malaysia.

The construction industry is however, reliant on the import of construction machinery and equipment especially on the import of heavy construction machinery. The construction industry is also reliant on foreign workers in particular low-skilled foreign workers due to the labour-intensive nature of the industry. Foreign workers are employed in the construction industry due to cost reasons as well as poor participation by the local labour force. Most locals shunned these jobs as they view it as dangerous, dirty and difficult, and they expect higher wages. Therefore, the construction industry is highly reliant on foreign workers. The CIDB is aware of the issue and has accordingly taken initiatives to transform and reduce the industry's reliance on foreign workers via the adoption of IBS and creation of a local skilled construction workforce.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)**10.0 Relevant Laws and Regulations Governing the Industry and Peculiarities of the Industry****10.1 Regulations****Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994 (Act 520)**

The LPIP Act came into force on 1 January 1994. Pursuant to the LPIP Act, the CIDB was established as the governing body entrusted with the responsibility to provide effective leadership and coordination among construction industry players in Malaysia. All builders, contractors and sub-contractors, be it local or foreign, are required to register with the CIDB and comply with the provisions of the LPIP Act before undertaking or executing any construction work in Malaysia. Any person who undertakes to carry out and complete any construction works without being registered as a registered contractor with the CIDB shall be guilty of an offence under the LPIP Act.

Amendments to the LPIP Act were passed in Parliament and gazetted in 2011. The revised LPIP Act, now known as the Lembaga Pembangunan Industri Pembinaan Malaysia (Amendment) Act 2011, or "CIDB Act 2011" was amended to upgrade the LPIP Act to be in line with best international practices in the industry.

Registration as Contractors

The Certification of Registration issued by the CIDB is valid for a minimum period of one year and a maximum term not exceeding three years, unless cancelled, suspended or revoked earlier by the CIDB. There are three categories of registrations, namely building construction, civil engineering construction and mechanical and electrical. The scope of registration can be further classified into seven grades with each grade having different tendering capacity as depicted in Figure 14.

Figure 14: CIDB Registration Requirements

Grade	Tendering Capacity (RM)	Paid Up Capital* / Net Capital Worth** (RM)	Minimum Personnel Resources Requirement#
G7	No limit	750,000.00	Group A and 1 Group B (both minimum 5 years' experience) or 2 Group A (one of whom must have minimum 5 years' experience)
G6	Not exceeding 10 million	500,000.00	Group A and 1 Group B (one of whom must have minimum 3 years' experience)

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)

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Grade	Tendering Capacity (RM)	Paid Up Capital* / Net Capital Worth** (RM)	Minimum Personnel Resources Requirement#
G5	Not exceeding 5 million	250,000.00	1 Group A or 1 Group B (minimum 5 years' experience)
G4	Not exceeding 3 million	150,000.00	1 Group B
G3	Not exceeding 1 million	50,000.00	Course Certificate/ experience
G2	Not exceeding 500,000.00	25,000.00	Course Certificate/ experience
G1	Not exceeding 200,000.00	5,000.00	Course Certificate/ experience

Notes:

* Paid Up Capital (for Private Limited Company/ Public Company)

** Net Capital Worth (for sole proprietorship/ partnership) in the form of current account bank statement (average balance considered)/ balance from savings account/ overdraft facilities/ uncharged fixed deposit statement/ Amanah Saham Bumiputera ("ASB")/ Amanah Saham Nasional ("ASN") shares/ Premium Saving Certificate

Group A – Degree holder in construction related fields

Group B – Diploma holder in construction related fields or other degree holder with experience in construction works

Source: CIDB

The CIDB registration also applies to foreign contractors providing construction services in Malaysia. A foreign contractor is a company incorporated in Malaysia or abroad, with equity owned by foreign individuals or company of 30 percent and above. A foreign contractor must apply for a Provisional Registration Certificate before participating in any tenders in Malaysia. Companies are not allowed to participate in any tenders before obtaining a Provisional Registration Certificate from CIDB. After that, a Foreign Contractor Registration Certificate is required to undertake construction services. A Foreign Contractor Certificate is only issued to foreign contractors to carry out construction projects stated within the certificate. A foreign contractor is not permitted to carry out or undertake to carry out any construction project before obtaining a Foreign Contractor Certificate.

The Malaysian Government had implemented the 'Sistem Satu Pendaftaran Kontraktor' ("SSPK") with immediate effect from 15 October 2012. SSPK is a method that combines the registration procedures of CIDB and Construction Services Centre ("PKK"). The PKK, which is an agency under the Ministry of Works, is involved in granting the bumiputera status to eligible contractors. PKK also plays an active role in developing quality and competent bumiputera contractors in Malaysia.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)

Under the new system, all the contractor licences issued by PKK in relation to participation in tenders called by the Malaysian Government authorities, statutory bodies, regulatory authorities or an entity that is otherwise regarded to be in the public sector are cancelled and replaced with 'Sijil Perolehan Kerja Kerajaan' ("SPKK") issued by CIDB. Nevertheless, the issuance of 'Sijil Taraf Bumiputera' for the identification of bumiputera status has remained under the control and supervision of PKK. Companies that apply for bumiputera status must fulfil the conditions stated in Surat Pekeliling Perbendaharaan Bil. 4 Tahun 1995 which are:

- i. Majority or at minimum 51% company shareholders are held by bumiputera whereby bumiputera individual share ownership should exceed non-bumiputera individual shares;
- ii. Majority or at minimum 51% of the Board of Directors are bumiputera;
- iii. Post of Executive Chief, Managing Director or General Manager and other key posts (key post) are held by bumiputera;
- iv. Majority or at minimum 51% of employees are bumiputera;
- v. Financial operations must be managed by bumiputera; and
- vi. Company organisation chart and management function must show full dominance by bumiputera.

The scope of registration for SPKK can be further classified into two categories, namely civil engineering, building or mechanical and electrical with six grades for each category. Each grade has different tendering capacity.

CIPAA

Modelled along similar mechanisms in the United Kingdom, Australia and Singapore, CIPAA has been developed to take in local legal and business requirements. It aims to set a benchmark for industry players to honour cash payments, paving new ways of doing business. With the enforcement of the CIPAA, late payments - which is characteristic of the industry is expected to trickle out and cash flow issues are also expected to be resolved speedily and professionally through the adjudication process.

The industry stands to gain from the implementation of the CIPAA, as one of its defining features is the statutory right given to affected parties to refer a dispute to adjudication. This

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)



inevitably compels parties to diligently comply with their respective contractual obligations. Hence, major potential disputes arising out of non-conformance to contractual obligation is automatically averted.

CIPAA is applicable to most written construction contracts for both the government and private sectors irrespective whether the contracts use local or international forms of contracts. It covers all construction works carried out wholly or partly within Malaysia, including construction works entered into by the government. However, there are a few exceptions. CIPAA does not apply to construction contracts entered into by a natural person for any construction works in respect of any buildings which is less than four storeys high and which is wholly intended for his (own) occupation.

Environmental Regulations

Under the Environmental Quality (Prescribed Activities) (Environment Impact Assessment) Order 1987, an environmental impact assessment is required for the following activities including the construction of airports, land reclamation, housing development, infrastructure, ports, petroleum, etc. – subject to certain conditions – prior to project commencement.

Other Related Regulations

Other known related regulations include the Occupational Safety and Health Act 1994 (Act 514) (“OSHA”) and Factories and Machinery Act 1967 (revised 1974) (Act 139) (Factories and Machineries Act (Amendment) 2006) (the “Act”). OSHA covers several pertinent issues such as the general duties of the employers and self-employed persons to ensure, so far as it is practicable, the safety, health and welfare at work of all his employees as well as persons other than employees, duty to formulate safety and health policy, as well as duties of designers, manufacturers and suppliers so far as it is practicable, that the plant is so designed and constructed as to be safe and without risks to health when properly used.

Meanwhile, pursuant to the Act, provisions relating to safety, health and welfare were outlined in Part II, Section 10. The aforementioned Section was not affected by the amending act except where amendments were made pertaining to terms and definitions. Further regulations were introduced under the Act such as Factories and Machinery (Building Operations and Works of Engineering Construction) (Safety) Regulations 1986, and Factories and Machinery (Safety, Health and Welfare) Regulations 1970, Factories and Machinery (Person-in-charge) (Amendment) Regulations 2014 and Factories and Machinery (Special Scheme of Inspection) (Risk-based Inspection) Regulations 2014.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)**Malaysia Standards ("MS")**

As of 28 February 2015, the Department of Standards Malaysia, under the purview of the Ministry of Science, Technology and Innovation, had issued 399 mandatory standards for the Building, Construction and Civil Engineering category under "ISC D". For the category Mechanical Engineering specified under "ISC F", there are 328 mandatory standards, while Fire Safety and Prevention under "ISC M" features 93 mandatory standards. While ISC D mainly covers code of practices and specifications for raw materials used in construction, ISC F includes safety rules for construction and installation. Some safety rules also extend to the installation of electrical equipment and wiring systems under "ISC E". The MS is published by SIRIM Berhad.

The MS was initially modelled after the British Standards. Over time, other standards including standards from the International Organisation for Standardisation ("ISO"), American Society for Testing and Materials ("ASTM"), American Concrete Institute ("ACI"), Joint Commission International ("JCI") accreditation standards for hospitals as well as joint Australia/New Zealand standards were also adopted by the MS. In March 2010, following the shift of British Standards to Structural Eurocodes, the European Standards ("EN") was also adopted into the MS. With the arrangement of the European Committee for Standardisation ("CEN"), the structural Eurocodes will be published as "MS EN". As such, this shift has already been implemented in Malaysia, for example, MS EN 10025: Part 1:2009 (P):2011 for structural steels as well as MS EN 197-1:2007 and MS EN 197-2:2007 for specifications of cement and cement conformity evaluation respectively.

As the scope of these mandatory standards is so wide, many different authorities are tasked with its enforcement. Among these include CIDB, state governments, Department of Occupation, Health and Safety, the Fire Department and Ministry of International Trade and Industry. Furthermore, the CIDB, in collaboration with other organisations such as the Public Works Department, National Housing Department, Real Estate and Housing Developers' Association Malaysia ("REHDA"), Malaysian Institute of Architects and National House Buyers Association ("HBA") had issued its own construction industry standard (CIS 7:2006) on Quality Assessment System for Building Construction Work. This standard specifies requirements on quality of workmanship and assessment procedures for building construction work, as part of the Quality Assessment System in Construction ("QLASSIC"). CIDB had also engaged in efforts to encourage local construction companies to attain ISO 9001 and ISO 14001 certifications to ensure the existence of a balanced environment where economic and social goals are in equilibrium.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)



CONQUAS, QCLASSIC and SHASSIC

The Construction Quality Assessment System or CONQUAS is a workmanship assessment system developed by the Building and Construction Authority Singapore ("BCA") for a quantitative measure of the overall quality of a building's workmanship.

The Quality Assessment System in Construction or QCLASSIC is a system or method to measure and evaluate the workmanship quality of a building construction work based on Construction Industry Standard (CIS7:2006). QCLASSIC enables the quality of workmanship between construction projects to be objectively compared through a scoring system. The number of projects assessed using QCLASSIC increased from 40 in 2007 (with an average QCLASSIC score of 60 percent) to 270 in 2015 (with an average score of 72.5 percent).

The Safety and Health Assessment System in Construction or SHASSIC conducted by the CIDB, is a new independent method to assess and evaluate the safety and health performance of a contractor in construction works/projects.

10.2 Policies

In mapping the future of the construction industry, the government had formulated distinct policies and tasked certain agencies to sustain the momentum and growth of the industry. These policies are described briefly in the subsequent sub-sections.

Construction Industry Transformation Programme (2016-2020)

The CITP is developed by the CIDB to empower and strengthen the construction industry as espoused in the thrusts of the 11MP. The CITP, which sets important strategic goals and milestones to bring Malaysia's construction industry to the next level, aims to transform the construction industry encompassing four strategic thrusts as listed in Figure 15:

Figure 15: Strategic Thrusts of CITP

Strategic Thrust		Description
Strategic Thrust 1 ("ST 1")	Quality Safety and Professionalism	Quality safety and professionalism to be ingrained in industry culture
Strategic Thrust 2 ("ST 2")	Environmental Sustainability	Malaysia's environmentally sustainable construction to be a model for the emerging world
Strategic Thrust 3 ("ST 3")	Productivity	Productivity of the industry is more than doubled, matched by higher wages
Strategic Thrust 4 ("ST 4")	Internationalisation	Malaysia's champions to lead the charge locally and globally.

Source: CIDB

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)**Third Industrial Master Plan ("IMP3") 2006 – 2020**

The IMP3 is a blueprint for greater industrial development, i.e. for the manufacturing and services sectors for the period 2006 to 2020. For the construction industry, key highlights from the IMP3 include:

- (1) Measures to encourage greater growth and contribution of small and medium enterprises in terms of technical expertise as well as to form linkages with large construction companies to participate in construction projects domestically and overseas;
- (2) To enhance exports for construction and related engineering services (identified as one of the growth areas) – tasked to Malaysian External Trade and Development Corporation ("MATRADE"), the Professional Services Development Corporation, the National Professional Services Export Council ("NAPSEC") and other relevant agencies;
- (3) Greater liberalisation under the World Trade Organisation ("WTO") agreements such as General Agreement on Trade in Services ("GATS") (the construction services is recognised as a service sub-sector) and ASEAN Framework Agreement on Services ("AFAS") increases competition in the domestic sphere. Hence, the government encourages consolidation of smaller construction companies to increase their tendering capacity in emerging markets such as India, China and West Asia; and
- (4) Measures to shift construction providers to a cluster-based bidding strategy, encompassing related services such as architectural, engineering and financial services, to bid for larger projects (shifts to total solutions providers).

National Housing Policy ("NHP")

Launched in 2011, the NHP was designed to provide adequate, comfortable, quality and affordable housing to enhance the sustainability of the quality of life of the people. The NHP comprised of six thrusts and 20 policy statements.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)**Investment Policies and Initiatives**

To encourage investments in Malaysia, the government had initiated several policies. Among the investment-friendly policies which impact the construction industry include:

Incentive for IBS

Companies that incur expenses on the purchase of moulds used in the production of IBS components are eligible for Accelerated Capital Allowances ("ACA") for a period of three years. Applications should be submitted to Inland Revenue Board ("IRB").

Industrial Building Allowance ("IBA")

An IBA is granted to companies incurring capital expenditure on the construction or purchase of a building that is used for specific purposes, including manufacturing, agriculture, mining, infrastructure facilities, research, Approved Service Projects and hotels that are registered with the Ministry of Tourism. Such companies are eligible for an initial allowance of 10.0 percent and an annual allowance of 3.0 percent. As such, the expenditure can be written off in 30 years.

Claims should be submitted to IRB.

IBA for Buildings in MSC Malaysia

To encourage the construction of more buildings in Cyberjaya for use by Multimedia Super Corridor ("MSC") Malaysia status companies, IBA for a period of 10 years will be given to owners of new buildings occupied by MSC Malaysia status companies in Cyberjaya. Such new buildings include completed buildings but are yet to be occupied by MSC Malaysia status companies.

Claims should be submitted to IRB.

International Services Commitments

In context of a borderless world, Malaysia had taken part in several cross-border commitments in line with its efforts to implement open economic policies. Through various government agencies such as the Ministry of International Trade and Industry Malaysia and Malaysian Investment Development Authority, the Malaysian Government had pledged progressive liberalisation of the domestic construction industry as per several international service agreements. These agreements are classified based on the Central Product Classification, i.e. (the "CPC") and four modes of services trade: (a) Mode 1 - Cross Border Trade: Supply of services by service producers of one country to purchasers in another

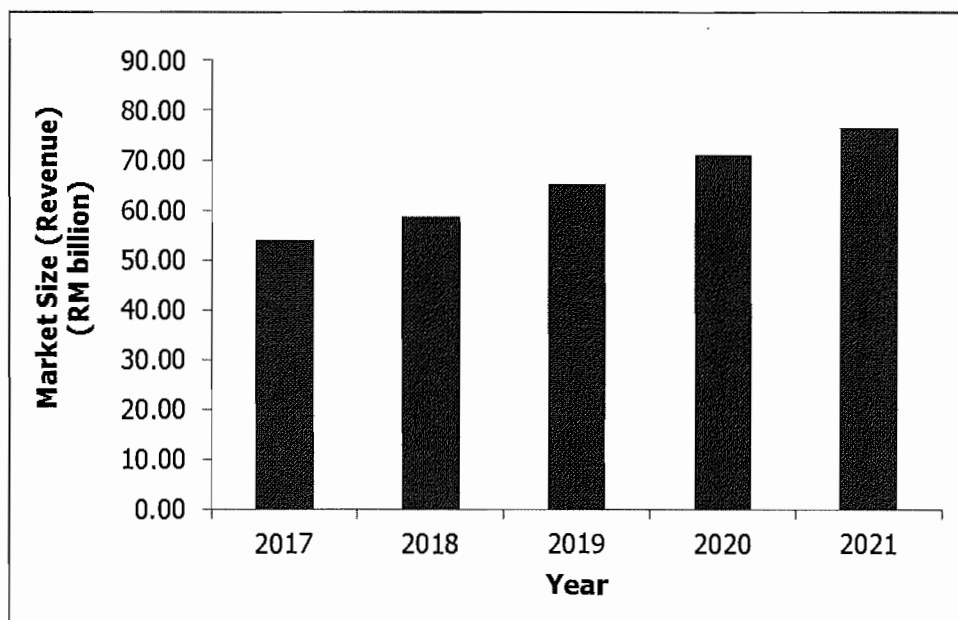
7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH (Cont'd)

country, but where there is no movement of the service supplier/ purchaser across border (e.g. Internet e-trading); (b) Mode 2 - Consumption Abroad: Supply of services in the territory of one country to the service consumer of another country (involves travelling, e.g. tourism and education services); (c) Mode 3 – Commercial Presence: Supply of services by a service producer of one country through the commercial presence in the territory of another country (e.g. foreign direct investments in services); and (d) Mode 4 – Movement of Natural Persons: Supply of service by a service personnel who travels to another country to provide the service (e.g. expatriates, business and professional services abroad and foreign workers).

11.0 Prospects and Outlook of the Construction in Malaysia

The outlook for the construction industry is positive for the immediate term, and steady growth is projected throughout the forecast period from 2017 to 2021. For 2016, the market size (revenue) of the construction industry in Malaysia stood at an estimated RM50.09 billion and has a forecast CAGR of 8.9 percent from 2017 to 2021. Protégé Associates projects the market size (revenue) of the construction industry in Malaysia to reach RM76.58 billion in 2021.

Figure 16: Market Size (Revenue) and Growth Forecast for the Construction Industry in Malaysia, 2017-2021



Note: At constant price 2010.

Source: Protégé Associates

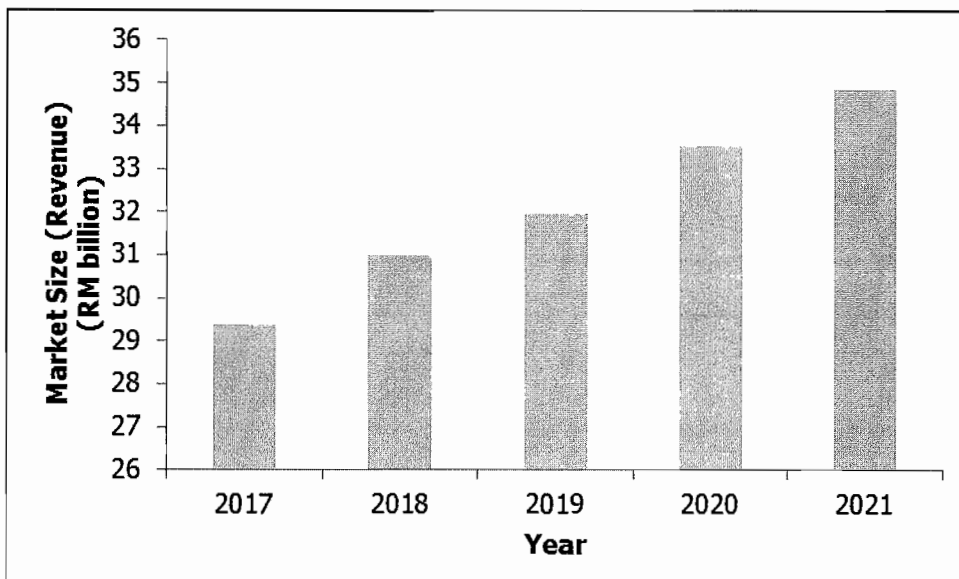
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Similarly, the outlook for the real estate construction market is also positive for the immediate term and is expected to post moderate growth throughout the forecast period from 2017 to 2021. For 2016, the market size (revenue) of the real estate construction market in Malaysia stood at RM27.55 billion and it is expected to grow at a CAGR of 4.9 percent from 2017 to 2021. Protégé Associates projects the market size (revenue) of the real estate construction market in Malaysia to reach RM34.84 billion in 2021.

Figure 17: Market Size (Revenue) and Growth Forecast for the Real Estate Construction Market in Malaysia, 2017-2021



Note: At constant price 2010.

Source: Protégé Associates

Factors priming growth within the construction industry is likely to come from the government-led initiatives and spending particularly that relating to the infrastructure development, a favourable interest rate environment, the push by property developers to boost the sales of properties, a sustained economic growth boosting spending and investment in properties and steady population growth. However, stringent policies imposed on the property market by the Malaysian Government and higher GST-pushed entry price for new properties are expected to dampened demand for properties. In addition, a weakened property market is expected to weigh on the overall performance of the real estate construction market in Malaysia. However, the push for more affordable housing is expected to provide impetus for the growth in the property market in Malaysia.

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On the supply side, the industry is expected to be boosted by efforts from industry bodies such as CIDB and MBAM by providing necessary leadership in spearheading the development of the local construction industry as well as raising profile and pushing for the betterment of the construction industry in Malaysia. In addition, the introduction of the CIPAA has also served as a strengthened mechanism to address payment disputes and facilitate adjudication within the industry. On the other hand, the Malaysian construction industry is expected to be hampered by factors including labour shortage and high dependency on foreign workers, high capital demand from elevated post-GST cost of production, as well as the lack of traction in the adoption of IBS construction.

Protégé Associates has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true and fair view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present a view of the overall industry and may not necessarily reflect the performance of individual companies in this industry. We are not responsible for the decisions and/ or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies.

Thank you.

Yours sincerely,



SEOW CHEOW SENG
Managing Director

Protégé Associates Sdn. Bhd.