

[www.gdbhb.com.my](http://www.gdbhb.com.my)

**GDB HOLDINGS BERHAD**

(Company No. 1036466-U)  
(Incorporated in Malaysia under the Companies Act, 1965  
and deemed registered under the Companies Act, 2016)

No. 1-45 Jalan Puteri 4/8, Bandar Puteri  
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PROSPECTUS

GDB HOLDINGS BERHAD (Company No. 1036466-U)



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(Company No. 1036466-U)  
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# PROSPECTUS

INITIAL PUBLIC OFFERING ("IPO") IN CONJUNCTION WITH THE LISTING OF GDB HOLDINGS BERHAD ("GDB" OR THE "COMPANY") ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING:-

(I) PUBLIC ISSUE OF 125,000,000 NEW ORDINARY SHARES ("SHARES") IN THE FOLLOWING MANNER:-

- 12,500,000 NEW SHARES MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 15,000,000 NEW SHARES MADE AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP;
- 25,625,000 NEW SHARES MADE AVAILABLE BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED INVESTORS; AND
- 71,875,000 NEW SHARES MADE AVAILABLE BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY;

AND

(II) OFFER FOR SALE OF 37,500,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED INVESTORS;

AT AN IPO PRICE OF RM0.35 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

*Principal Adviser, Sponsor, Sole Underwriter  
and Placement Agent*



**Alliance Investment Bank Berhad** (21605-0)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

THIS PROSPECTUS IS DATED 5 MARCH 2018

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER SIX (6) MONTHS FROM THE DATE OF THIS PROSPECTUS.

THIS PROSPECTUS HAS BEEN REGISTERED BY THE SECURITIES COMMISSION MALAYSIA ("SC"). THE REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SHARES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

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

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 27.

**THE ACE MARKET IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.**

**THE ISSUE, OFFER OR INVITATION FOR THE OFFERING 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.**

## **RESPONSIBILITY STATEMENTS**

OUR DIRECTORS, PROMOTERS AND OFFERORS (AS DEFINED IN THIS PROSPECTUS) HAVE SEEN AND APPROVED THIS PROSPECTUS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION. 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.

ALLIANCE INVESTMENT BANK BERHAD, BEING THE PRINCIPAL ADVISER, SPONSOR, SOLE UNDERWRITER AND PLACEMENT AGENT, 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 THE IPO.

## **STATEMENT OF DISCLAIMER**

APPROVAL HAS BEEN GRANTED BY BURSA SECURITIES FOR THE LISTING OF AND QUOTATION FOR OUR SHARES BEING OFFERED. ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE IPO, OUR COMPANY OR OUR SHARES.

BURSA SECURITIES IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY 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 YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORMS (AS DEFINED IN THIS PROSPECTUS), HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES, WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

## **OTHER STATEMENTS**

YOU SHOULD NOTE THAT YOU MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CMSA FOR BREACHES OF SECURITIES LAWS INCLUDING ANY STATEMENT IN THIS PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THIS PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO THE COMPANY.

SHARES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC ON THE PREMISE OF FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE IPO FOR WHICH ANY PERSON SET OUT IN SECTION 236 OF THE CMSA, IS RESPONSIBLE.

OUR SHARES ARE CLASSIFIED AS SHARIAH COMPLIANT BY THE SHARIAH ADVISORY COUNCIL OF THE SC ("**SAC**") BASED ON THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016. THIS CLASSIFICATION REMAINS VALID FROM THE DATE OF ISSUE OF THIS PROSPECTUS UNTIL THE NEXT SHARIAH COMPLIANCE REVIEW UNDERTAKEN BY THE SAC. THE NEW STATUS IS 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 WITH 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 THE 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.

THIS PROSPECTUS IS PREPARED AND PUBLISHED SOLELY FOR THE IPO IN MALAYSIA UNDER THE LAWS OF MALAYSIA. OUR SHARES ARE ISSUED IN MALAYSIA SOLELY BASED ON THE CONTENTS OF THIS PROSPECTUS. OUR DIRECTORS, PROMOTERS, OFFERORS, PRINCIPAL ADVISER, SPONSOR, SOLE UNDERWRITER AND PLACEMENT AGENT TAKE NO RESPONSIBILITY FOR THE DISTRIBUTION OF THIS PROSPECTUS (IN PRELIMINARY OR FINAL FORM) OUTSIDE MALAYSIA. OUR DIRECTORS, PROMOTERS, OFFERORS, PRINCIPAL ADVISER, SPONSOR, SOLE UNDERWRITER AND PLACEMENT AGENT HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THIS PROSPECTUS.

IT SHALL BE YOUR SOLE RESPONSIBILITY, IF YOU ARE OR MAY BE SUBJECT TO THE LAWS OF ANY COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO CONSULT YOUR PROFESSIONAL ADVISER AS TO WHETHER YOUR APPLICATION FOR THE IPO WOULD RESULT IN THE CONTRAVENTION OF ANY LAWS OF SUCH COUNTRIES OR JURISDICTIONS. NEITHER WE NOR OUR PRINCIPAL ADVISER NOR ANY OTHER ADVISERS IN RELATION TO THE 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 SUCH COUNTRY OR JURISDICTION.

FURTHER, IT SHALL BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT YOUR APPLICATION FOR THE IPO WOULD BE IN COMPLIANCE WITH THE TERMS OF THE IPO AND WOULD NOT BE IN CONTRAVENTION OF ANY LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECTED TO. WE WILL FURTHER ASSUME THAT YOU HAD ACCEPTED THE IPO IN MALAYSIA AND WILL BE SUBJECT ONLY TO THE LAWS OF MALAYSIA IN CONNECTION THEREWITH.

HOWEVER, WE RESERVE THE RIGHT, IN OUR ABSOLUTE DISCRETION, TO TREAT ANY ACCEPTANCES AS INVALID IF WE BELIEVE THAT SUCH ACCEPTANCE MAY VIOLATE ANY LAW OR APPLICABLE LEGAL OR REGULATORY REQUIREMENTS.

#### **ELECTRONIC PROSPECTUS**

THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES'S WEBSITE AT [www.bursamalaysia.com](http://www.bursamalaysia.com). THE CONTENTS OF THE ELECTRONIC PROSPECTUS ARE AS PER THE CONTENTS OF THIS PROSPECTUS REGISTERED BY THE SC.

YOU ARE ADVISED THAT THE INTERNET IS NOT A FULLY SECURED MEDIUM, AND THAT YOUR INTERNET SHARE APPLICATION (AS DEFINED IN THIS PROSPECTUS) IS SUBJECT TO THE RISK OF PROBLEMS OCCURRING DURING 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 IN THIS PROSPECTUS). THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

IF YOU ARE IN DOUBT AS TO THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR PRINCIPAL ADVISER OR THE ISSUING HOUSE, A PAPER / PRINTED COPY OF THIS PROSPECTUS.

IN THE EVENT OF ANY DISCREPANCIES ARISING BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS 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 IS IDENTICAL TO THIS PROSPECTUS REGISTERED BY THE SC, SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES ("**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:-

- (I) WE AND OUR PRINCIPAL ADVISER DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY WITH THE THIRD PARTY INTERNET SITES AND ARE 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;
- (II) WE AND OUR PRINCIPAL 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 PRINCIPAL ADVISER ARE ALSO NOT RESPONSIBLE FOR ANY LOSS, DAMAGE OR COST 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 ON ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- (III) ANY DATA, INFORMATION, FILES OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS AT YOUR OWN DISCRETION AND RISK. WE AND OUR PRINCIPAL 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:-

- (I) THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE 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 WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS 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

- (II) 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 COST, 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**

The following events are intended to take place on the following tentative dates:-

<b>Event(s)</b>	<b>Tentative Date(s)</b>
Issuance of this Prospectus / Opening of the application period for the IPO	5 March 2018
Closing of the application period for the IPO	12 March 2018
Balloting of the Applications	14 March 2018
Allotment of Issue Shares / Transfer of Offer Shares to successful applicants	26 March 2018
Listing date	27 March 2018

In the event there is any change to the timetable, we will advertise the notice of the changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia. Following this, we will extend the dates for the balloting of the Applications, allotment of Issue Shares / transfer of Offer Shares and Listing accordingly.

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## PRESENTATION OF INFORMATION

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All references to “our Company” or “GDB” in this Prospectus are to GDB Holdings Berhad, while references to “our Group” are to our Company and our subsidiary. References to “we”, “us”, “our” and “ourselves” are to our Company or our Group or any member of our Group, as the context requires. Unless the context otherwise requires, references to “Management” are to our Executive Directors and our key senior management personnel as disclosed in this Prospectus and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Certain abbreviations, acronyms and technical terms used are defined in the “Definitions” and “Glossary of Technical Terms” sections of this Prospectus. Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include companies and corporations.

In this Prospectus, references to the “Government” are to the Government of Malaysia; and references to “RM” and “sen” are to the lawful currency of Malaysia. 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 hundredth or two (2) decimal places. Any discrepancies in the tables included in this Prospectus between the amounts listed and the total thereof are due to rounding.

Unless otherwise stated, any reference to dates and times in this Prospectus shall be a reference to dates and times in Malaysia.

Any reference to any provisions of the statutes, rules, regulations, enactments or rules of stock exchange in this Prospectus shall (where the context admits), be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactments to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force.

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. Where no source is stated, it can be assumed that the information originates from our Management.

In particular, certain information in this Prospectus is extracted or derived from the Industry Overview prepared by Smith Zander (as defined in this Prospectus), an independent market research company. We have appointed Smith Zander to provide an independent market and industry review. In compiling their data for the review, Smith Zander had relied on industry sources, published materials, their own private databases and direct contacts within the industry. 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.

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**FORWARD-LOOKING STATEMENTS**

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This Prospectus includes forward-looking statements, which include 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 of our Management for future operations. Some of these statements can be identified by words that have a bias towards or are forward-looking such as “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “estimate”, “aim”, “plan”, “forecast”, “project” or similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond our control that could cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements include, without limitation, statements relating to:-

- (i) demand of our services;
- (ii) our business strategies;
- (iii) our plans and objectives for future operations;
- (iv) our financial position; and
- (v) our future earnings, cash flows and liquidity.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we operate. 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 11.4 – Management’s Discussion and Analysis of Financial Conditions, Results of Operations and Prospects, of this Prospectus. We cannot assure you that the forward-looking statements in this Prospectus will be realised.

These forward-looking statements are based on information available to us as at the date of this Prospectus. Should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment of Issue Shares / transfer of Offer Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement 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 in this Prospectus.

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**DEFINITIONS**

The following definitions shall apply throughout this Prospectus unless the definitions are defined otherwise or the context requires otherwise:-

<b>ACE Market</b>	: ACE Market of Bursa Securities
<b>Act</b>	: Companies Act, 2016
<b>ADA</b>	: Authorised Depository Agent
<b>AIBB</b>	: Alliance Investment Bank Berhad (21605-D)
<b>Application(s)</b>	: The application(s) for the Issue Shares by way of Application Form, Electronic Share Application and / or Internet Share Application
<b>Application Form(s)</b>	: The printed application form(s) for the application of the Issue Shares
<b>ATM</b>	: Automated Teller Machine
<b>BGCC Project</b>	: Contract with BBCC Development Sdn Bhd to act as the main contractor for the provision of construction services for a pavilion and two (2) show units for a service apartment at Jalan Pudu, Kuala Lumpur
<b>Board</b>	: Board of Directors of GDB
<b>Bursa Depository</b>	: Bursa Malaysia Depository Sdn Bhd (165570-W)
<b>Bursa Securities</b>	: Bursa Malaysia Securities Berhad (635998-W)
<b>CAGR</b>	: Compound annual growth rate
<b>CDS</b>	: Central Depository System
<b>CDS Account(s)</b>	: Account(s) established for a Depositor by Bursa Depository for the recording of deposits or withdrawals of securities and for dealings in such securities by the Depositor
<b>CHC Holdings</b>	: CHC Holdings Sdn Bhd (1192402-P)
<b>CIDB</b>	: Construction Industry Development Board of Malaysia
<b>CMSA</b>	: Capital Markets and Services Act, 2007
<b>Depositor</b>	: A holder of a CDS Account
<b>Director(s)</b>	: Director(s) of our Company and within the meaning given in Section 2 of the CMSA
<b>Electronic Prospectus</b>	: A copy of this Prospectus that is issued, circulated or disseminated via the Internet, and / or an electronic storage medium, including but not limited to CD-ROMs (compact disc read-only memory)
<b>Electronic Share Application</b>	: An application for the Issue Shares through Participating Financial Institutions' ATM
<b>EPS</b>	: Earnings per share

**DEFINITIONS (CONT'D)**

<b>Etiqua Project</b>	:	Contract with Etiqa Insurance Berhad to act as the main contractor for the provision of construction services for the construction of a 38-storey office tower called Etiqa Office Tower at Jalan Bangsar, Kuala Lumpur
<b>Executive Director</b>	:	A natural person who holds a directorship in an executive capacity in any company within our Group and is on the payroll of that company
<b>FPE</b>	:	Financial period ended
<b>FYE</b>	:	Financial year(s) ended / ending
<b>GDB or Company</b>	:	GDB Holdings Berhad (1036466-U)
<b>GDB Group or Group</b>	:	GDB and Grand Dynamic Builders, collectively
<b>GDB Share(s) or Share(s)</b>	:	Ordinary shares in GDB
<b>Grand Dynamic Builders</b>	:	Grand Dynamic Builders Sdn Bhd (718036-T)
<b>Government</b>	:	Government of Malaysia
<b>HSE</b>	:	Health, safety and environment
<b>Industry Overview</b>	:	Industry overview prepared by Smith Zander
<b>Internet Participating Financial Institution(s)</b>	:	Participating financial institution(s) for the Internet Share Application, as listed in Section 14 of this Prospectus
<b>Internet Share Application</b>	:	Application for the Issue Shares through an online share application service provided by the Internet Participating Financial Institution(s)
<b>IPO</b>	:	Initial public offering comprising the Public Issue and the Offer for Sale, collectively
<b>IPO Price</b>	:	The issue price / offer price of RM0.35 per Issue Share / Offer Share
<b>IPO Share(s)</b>	:	The Issue Share(s) and Offer Share(s), collectively
<b>Issue Share(s)</b>	:	125,000,000 new GDB Shares, representing approximately 20.00% of our enlarged issued share capital, which are to be issued pursuant to the Public Issue and subject to the terms and conditions of this Prospectus
<b>Issuing House or MIH</b>	:	Malaysian Issuing House Sdn Bhd (258345-X)
<b>KL Eco City Project 1</b>	:	Contract with Trans Resources Corporation Sdn Bhd to act as the principal works contractor for the provision of construction services for the construction of diaphragm walls, earthworks, piling, basement and podium for a mixed development project called KL Eco City at Jalan Bangsar, Kuala Lumpur
<b>KL Eco City Project 2</b>	:	Contract with Trans Resources Corporation Sdn Bhd to act as the principal works contractor for the provision of construction services for the construction of a 32-storey office tower and the remaining construction of basement and podium for a mixed development project called KL Eco City at Jalan Bangsar, Kuala Lumpur

**DEFINITIONS (CONT'D)**

<b>Listing</b>	:	The admission to the Official List of Bursa Securities and the listing of and quotation for our entire enlarged issued share capital of RM63,750,000, comprising 625,000,000 GDB Shares on the ACE Market of Bursa Securities
<b>Listing Requirements</b>	:	ACE Market Listing Requirements of Bursa Securities
<b>Listing Scheme</b>	:	Comprising our Public Issue, Offer for Sale and Listing, collectively
<b>LPD</b>	:	6 February 2018, being the latest practicable date prior to the issuance of this Prospectus
<b>Malaysian Public</b>	:	Malaysian citizens and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
<b>Market Day(s)</b>	:	Any day(s) on which Bursa Securities is open for trading of securities
<b>Menara Hap Seng 3 Project</b>	:	Contract with Hap Seng Land Development (Puchong) Sdn Bhd to act as the main contractor for the provision of construction services for the construction of a 26-storey commercial building called Menara Hap Seng 3 at Jalan P. Ramlee, Kuala Lumpur
<b>MITI</b>	:	Ministry of International Trade and Industry of Malaysia
<b>N/A</b>	:	Not applicable
<b>NA</b>	:	Net assets
<b>Offer for Sale</b>	:	The offer for sale of 37,500,000 existing GDB Shares at the IPO Price by our Offerors by way of private placement to identified investors
<b>Offer Share(s)</b>	:	37,500,000 existing GDB Shares, representing approximately 6.00% of our enlarged issued share capital, which are to be offered pursuant to the Offer for Sale and subject to the terms and conditions of this Prospectus
<b>Offeror(s)</b>	:	CHC Holdings and Alexander Lo Tzone Leong, collectively
<b>One Central Park Project</b>	:	Contract with Perdana ParkCity Sdn Bhd to act as the main contractor for the provision of construction services for the construction of a 45-storey condominium called One Central Park at Desa ParkCity, Kuala Lumpur
<b>OSH</b>	:	Occupational, safety and health
<b>Participating Financial Institution(s)</b>	:	Participating financial institution(s) for Electronic Share Application, as listed in Section 14 of this Prospectus
<b>PAT</b>	:	Profit after taxation
<b>PBT</b>	:	Profit before taxation
<b>PE Multiple</b>	:	Price earnings multiple
<b>Pink Form Allocations</b>	:	The allocation of 15,000,000 Issue Shares to our eligible Directors, employees and persons who have contributed to the success of our Group pursuant to the Public Issue
<b>Placement Agent</b>	:	AIBB

**DEFINITIONS (CONT'D)**

<b>Prescribed Security</b>	:	Securities of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the SICDA and the Rules
<b>Principal Adviser</b>	:	AIBB
<b>Promoter(s)</b>	:	CHC Holdings, Alexander Lo Tzone Leong, Cheah Ham Cheia and Cheah Jun Kai, collectively
<b>Prospectus</b>	:	This Prospectus dated 5 March 2018 in relation to the IPO
<b>Public Issue</b>	:	Public issue of 125,000,000 new GDB Shares at the IPO Price comprising:- <ul style="list-style-type: none"> <li>(a) 12,500,000 new GDB Shares made available for application by the Malaysian Public;</li> <li>(b) 15,000,000 new GDB Shares made available for application by our eligible Directors, employees and persons who have contributed to the success of our Group;</li> <li>(c) 25,625,000 new GDB Shares made available by way of private placement to identified investors; and</li> <li>(d) 71,875,000 new GDB Shares made available by way of private placement to Bumiputera investors approved by the MITI</li> </ul>
<b>QESH</b>	:	Quality, environment, safety and health
<b>RM and sen</b>	:	Ringgit Malaysia and sen respectively
<b>Rules</b>	:	Rules of Bursa Depository
<b>SAC</b>	:	Shariah Advisory Council of the SC
<b>SC</b>	:	Securities Commission Malaysia
<b>SC ECU</b>	:	Equity Compliance Unit of the SC
<b>SICDA</b>	:	Securities Industry (Central Depositories) Act, 1991
<b>Smith Zander</b>	:	Smith Zander International Sdn Bhd (1058128-V), an independent market research company
<b>Sole Underwriter</b>	:	AIBB
<b>SPB Project (AIRA Residence)</b>	:	Contract with Selangor Properties Berhad to act as the main contractor for the provision of construction services for main building works, comprising the refurbishment of one (1) existing block of 49 apartment units and construction of one (1) new 19-storey tower block of 105 apartment units, at Jalan Batai, Damansara Heights, Kuala Lumpur
<b>SPKK</b>	:	Sijil Perolehan Kerja Kerajaan, Malaysia (Certificate of Malaysian Government works procurement)
<b>Sponsor</b>	:	AIBB
<b>Underwriting Agreement</b>	:	The underwriting agreement dated 6 February 2018 entered into between our Company and AIBB pursuant to our IPO



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**DEFINITIONS (CONT'D)**

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**Westside III Project** : Contract with Perdana ParkCity Sdn Bhd to act as the main contractor for the provision of construction services for the construction of a 49-storey condominium called Westside III at Desa ParkCity, Kuala Lumpur

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**GLOSSARY OF TECHNICAL TERMS**


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

- 5-S** : The SIRIM 5-S / Green 5-S standard is a performance improvement system that adopts the 5-S Japanese housekeeping activities of: Seiri- Structurise; Seiton- Systematise; Seiso- Sanitise; Seiketsu- Standardise; and Shitsuke- Self-discipline. It incorporates the plan-do-check-act cycle concept on the management systems of safety, health, quality, productivity and environment in order to create a safe and healthy working environment; clean, effective and efficient workplace; waste elimination and continual improvement
- As-built drawings** : Revised set of drawing submitted by a contractor upon completion of a project or a particular job. They reflect all changes made in the specifications and working drawings during the construction process, and show the exact dimensions, geometry, and location of all elements of the work completed under the contract
- BIM** : Building Information Modelling, a digital 3D modeling platform which enables integration of key building elements into a building design and simulates the scheduling, estimation and fabrication processes. The modeling platform provides a virtual reality insight throughout the stages of the building construction with integrated information as well as prompting deviations / exceptions for realignment / rectification
- BQUAS** : Building Quality Assessment System, a system or method to measure and evaluate the quality of workmanship of a construction work based on the relevant approved standard. BQUAS enables the quality of workmanship between construction projects to be objectively compared through a scoring system. A construction company will receive the BQUAS assessment certificate awarded by BQUAS Consulting Pte Ltd, Singapore upon completion of assessment
- CMGD** : Certificate of Making Good Defects is issued by the architect on behalf of the customer after considering that the defects identified have been rectified upon expiry of the defect liability period
- COMBI** : Communication for Behavioural Impact, is a programme initiated by World Health Organisation and implemented by the Ministry of Health, Malaysia. The objective of COMBI programme is to mobilise various sectors to address dengue issues within the community, create common sense of responsibility within the community for dengue issues and influences the decisions, behaviour and social norms in handling dengue issues
- CONQUAS** : Construction Quality Assessment System, a system or method to measure and evaluate the quality of workmanship of a construction work based on the relevant approved standard. CONQUAS enables the quality of workmanship between construction projects to be objectively compared through a scoring system. A construction company will receive the CONQUAS assessment certificate awarded by the Building and Construction Authority, Singapore upon completion of assessment

**GLOSSARY OF TECHNICAL TERMS (CONT'D)**

<b>Coordination drawings</b>	:	Coordination drawings are produced by the contractor by coordinating shop drawings to show work with horizontal and vertical dimensions. Coordination drawings are prepared to avoid interference of structural framing, ceilings, partitions, equipment, lights, mechanical, electrical, conveying systems and other services in and above ceilings, within walls, within cable / wire / pipe casings and in mechanical spaces
<b>CPC</b>	:	Certificate of Practical Completion is issued by the architect on behalf of the customer when the contractor has completed his contractor obligations and has handed over the works to the customer
<b>Diaphragm walls</b>	:	Rectangular reinforced concrete walls
<b>Earthworks</b>	:	The process of excavating the existing land to a suitable level to begin construction
<b>IBS</b>	:	Industrialised Building System, a construction process that utilises techniques, products, components or building systems which involves off-site pre-fabricated components and on-site installation
<b>ISO</b>	:	International Organisation for Standardisation, a developer and publisher of international standards. International standards give state of the art specifications for products, services and good practice, helping to make industries more efficient and effective
<b>Liquidated damages</b>	:	Liquidated damages are damages due to the customer 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
<b>Letter of award</b>	:	Letter of formal acceptance by the customer. Letter of award will be appended in the contract executed between the customer and the contractor
<b>Master Work Program</b>	:	Master Work Program shows the work activities, sequence and milestones according to the project requirements and specifications
<b>OHSAS</b>	:	Occupational Health and Safety Assessment Series is a certification for health and safety management systems. It is intended to help an organisation control occupational health and safety risks
<b>QLASSIC</b>	:	Quality Assessment System in Construction, a system or method to measure and evaluate the quality of workmanship of a construction work based on the relevant approved standard. QLASSIC enables the quality of workmanship between construction projects to be objectively compared through a scoring system. A construction company will receive the QLASSIC assessment certificate awarded by the CIDB upon completion of assessment
<b>SHASSIC</b>	:	Safety and Health Assessment System in Construction, a system to assess and evaluate the safety and health performance of our contractor in construction works / projects. A construction company will receive the SHASSIC assessment certificate awarded by the CIDB upon completion of assessment

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**GLOSSARY OF TECHNICAL TERMS (CONT'D)**

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- Shop drawings** : Drawings produced by the contractor, supplier, manufacturer or fabricator to explain the manufacture, fabrication, assembly and installation of the components based on the design intent drawings and specifications provided by the consultant
- Value engineering** : A systematic and organised approach to provide the necessary functions in a construction project at the lowest cost

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**1. CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name / (Designation)</b>	<b>Address</b>	<b>Nationality</b>
Tan Sri Dato' Ir. Hj. Zaini Bin Omar <i>(Independent Non-Executive Chairman)</i>	637, Jalan 10 Taman Ampang Utama 68000 Ampang Selangor Darul Ehsan	Malaysian
Cheah Ham Cheia <i>(Managing Director)</i>	6, Jalan Konsul Satu U1/10A Glenmarie Court 40150 Shah Alam Selangor Darul Ehsan	Malaysian
Alexander Lo Tzone Leong <i>(Executive Director)</i>	33, Jalan LE 2/1 Lake Edge 47100 Puchong Selangor Darul Ehsan	Malaysian
Cheah Jun Kai <i>(Executive Director)</i>	6, Jalan Konsul Satu U1/10A Glenmarie Court 40150 Shah Alam Selangor Darul Ehsan	Malaysian
Datuk Chia Lui Meng <i>(Independent Non-Executive Director)</i>	71, Jalan SS 2/43 Taman SEA 47300 Petaling Jaya Selangor Darul Ehsan	Malaysian
Kow Poh Gek <i>(Independent Non-Executive Director)</i>	12, Jalan BRP 5/8A Bukit Rahman Putra 47000 Sungai Buloh Selangor Darul Ehsan	Malaysian

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**1. CORPORATE DIRECTORY (CONT'D)****AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Kow Poh Gek	Chairman	Independent Non-Executive Director
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	Member	Independent Non-Executive Chairman
Datuk Chia Lui Meng	Member	Independent Non-Executive Director

**REMUNERATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Datuk Chia Lui Meng	Chairman	Independent Non-Executive Director
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	Member	Independent Non-Executive Chairman
Kow Poh Gek	Member	Independent Non-Executive Director

**NOMINATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Kow Poh Gek	Chairman	Independent Non-Executive Director
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	Member	Independent Non-Executive Chairman
Datuk Chia Lui Meng	Member	Independent Non-Executive Director

**RISK MANAGEMENT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Datuk Chia Lui Meng	Chairman	Independent Non-Executive Director
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	Member	Independent Non-Executive Chairman
Kow Poh Gek	Member	Independent Non-Executive Director
Cheah Ham Cheia	Member	Managing Director
Alexander Lo Tzone Leong	Member	Executive Director

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**1. CORPORATE DIRECTORY (CONT'D)**


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**COMPANY SECRETARY** : Tea Sor Hua  
 77C, Jalan SS21/60  
 Damansara Utama  
 47400 Petaling Jaya  
 Selangor Darul Ehsan  
 Telephone No. : (03) 7725 1777  
 Professional : Malaysian Association of Company  
 Secretaries ("**MACS**")  
 Qualification : (MACS Membership No. : MACS  
 01324)

**REGISTERED OFFICE** : Third Floor, No. 79 (Room A)  
 Jalan SS21/60  
 Damansara Utama  
 47400 Petaling Jaya  
 Selangor Darul Ehsan  
 Telephone No. : (03) 7725 1777  
 Website : <http://www.cospec.com.my>  
 Email : [cms\\_cospec@yahoo.com](mailto:cms_cospec@yahoo.com)

**HEAD OFFICE** : No. 1-45, 1-43 and 2-45  
 Jalan Puteri 4/8  
 Bandar Puteri  
 47100 Puchong  
 Selangor Darul Ehsan  
 Telephone No. : (03) 8066 6960  
 Website : <http://www.gdbhb.com.my>  
 Email : [enquiry@gdbhb.com.my](mailto:enquiry@gdbhb.com.my)

**EXTERNAL AUDITORS AND REPORTING ACCOUNTANTS** : Crowe Horwath (AF1018)  
 Level 16 Tower C  
 Megan Avenue II  
 12 Jalan Yap Kwan Seng  
 50450 Kuala Lumpur  
 Telephone No. : (03) 2788 9999  
 Partner-in-charge : Cheong Tze Yuan  
 Professional : Fellow member of the  
 Qualification : Association of Chartered  
 Certified Accountants, United  
 Kingdom ("**FCCA**")  
 (FCCA Membership No. :  
 0295456)  
 Member of the Malaysian  
 Institute of Accountants ("**MIA**")  
 (MIA Membership No. : 24916)

**SOLICITORS FOR THE LISTING** : Cheang & Ariff  
 39 Court @ Loke Mansion  
 273A, Jalan Medan Tuanku  
 50300 Kuala Lumpur  
 Telephone No. : (03) 2691 0803

**PRINCIPAL ADVISER, SPONSOR, SOLE UNDERWRITER AND PLACEMENT AGENT** : Alliance Investment Bank Berhad  
 Level 3, Menara Multi-Purpose  
 Capital Square  
 8, Jalan Munshi Abdullah  
 50100 Kuala Lumpur  
 Telephone No. : (03) 2604 3333

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**1. CORPORATE DIRECTORY (CONT'D)**


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- SHARE REGISTRAR** : Symphony Share Registrars Sdn Bhd  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Telephone No. : (03) 7849 0777
- PRINCIPAL BANKERS** : Alliance Bank Malaysia Berhad  
Level 3, Menara Multi-Purpose  
Capital Square  
8, Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Telephone No. : (03) 2604 3333
- : HSBC Bank Malaysia Berhad  
No. 2, Leboh Ampang  
50100 Kuala Lumpur  
Telephone No. : (03) 2075 3000
- : United Overseas Bank (Malaysia) Bhd  
1<sup>st</sup> Floor, Bangunan UOB Medan Pasar  
10-12 Medan Pasar  
50050 Kuala Lumpur  
Telephone No. : (03) 2772 8000 / 4819 8800
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Telephone No. : (03) 7841 8289
- INDEPENDENT RESEARCHER** **MARKET** : Smith Zander International Sdn Bhd  
Suite 23-3, Level 23, Office Suite  
Menara 1MK  
1 Jalan Kiara, Mont Kiara  
50480 Kuala Lumpur  
Telephone No. : (03) 6211 2121  
*(Please refer to Section 6 of this Prospectus for the profile of the firm and signing partner)*
- LISTING SOUGHT** : ACE Market of Bursa Securities
- SHARIAH STATUS** : Approved by the SAC

## 2. PROSPECTUS SUMMARY

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**This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding on whether to invest in our Shares.**

### 2.1 PRINCIPAL DETAILS OF THE IPO

#### 2.1.1 Public Issue

Our Public Issue of 125,000,000 Issue Shares at the IPO Price of RM0.35 will be made available for application in the following manner:-

- (i) 12,500,000 Issue Shares by the Malaysian Public via balloting;
- (ii) 15,000,000 Issue Shares by our eligible Directors, employees and persons who have contributed to the success of our Group;
- (iii) 25,625,000 Issue Shares by way of private placement to identified investors; and
- (iv) 71,875,000 Issue Shares by way of private placement to identified Bumiputera investors approved by the MITI.

#### 2.1.2 Offer for Sale

37,500,000 Offer Shares by way of private placement to identified investors at the IPO Price of RM0.35.

Further details of our IPO are disclosed under Section 3.1 of this Prospectus.

#### 2.1.3 Moratorium on Sale of Shares

In compliance with the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Promoters. Further information on moratorium on sale of Shares is disclosed under Section 8.2 of this Prospectus.

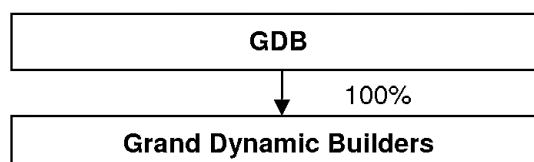
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## 2. PROSPECTUS SUMMARY (CONT'D)

### 2.2 BACKGROUND AND OVERVIEW

Our Company was incorporated on 28 February 2013 in Malaysia under the Companies Act, 1965 as a private limited company under the name of CHC Synergy Venture Sdn Bhd as an investment holding company and deemed registered under the Act. On 15 July 2016, our name was changed to GDB Holdings Sdn Bhd. On 14 September 2017, we were converted into a public limited company and assumed our present name.

Our existing corporate Group structure is as follows:-



Our Group, via our wholly-owned subsidiary Grand Dynamic Builders (incorporated in Malaysia under the Companies Act, 1965), is principally involved in the provision of construction services, focusing on high rise residential, commercial and mixed development projects as main contractor and principal works contractor. We are involved in the implementation of construction projects, which includes daily management of all the works required for timely completion of the projects. We also engage subcontractors to provide certain services such as supply and installation of construction materials, machinery and equipment, and other specialised trade work such as mechanical and electrical engineering works, piping and plumbing works, external paint works, water proofing works and other related works.

Our roles and responsibilities are vital in ensuring timely delivery of construction project to the project developer, which can be summarised but not limited to the following:-

- (i) Plan, manage, supervise and monitor the entire construction activities;
- (ii) Coordinate and develop shop drawings and coordination drawings from construction drawings provided by the consultants;
- (iii) Prepare a Master Work Program which shows the work activities, sequence and milestones according to the project requirements and specifications;
- (iv) Deploy construction machinery and equipment to the construction site and procure construction materials in accordance to project milestone and requirements;
- (v) Engage, manage and supervise specialised subcontractors to perform respective portions of the construction works;
- (vi) Prepare and implement project QESH plan according to the construction progress; and
- (vii) Perform final inspections, testing and commissioning jointly with the customer representative at the end of construction works and handing over to our customer prior to demobilising resources from the construction site.

Under the leadership of our directors, Grand Dynamic Builders began to build its business in the provision of construction services. We have a track record of completing projects ahead of the contractual completion date. Since the commencement of our business in May 2013, we have completed a total of four (4) projects and all four (4) projects were completed ahead of the contractual completion date. As at the LPD, we have four (4) projects in-progress. Details on our completed projects and projects in-progress are set out in Section 5.6.2 of this Prospectus.

Our principal market is in Malaysia for the past three (3) FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2017.

## 2. PROSPECTUS SUMMARY (CONT'D)

Details on the history and business overview of our Group as well as major licences obtained by our Group are set out in Sections 5.1.1 and 5.6.10 of this Prospectus respectively.

### 2.3 COMPETITIVE STRENGTHS

Our Group's competitive strengths are set out below:-

**(i) We have an experienced and technically strong management team**

The experience, drive and passion of our management team, comprising our Managing Director, Executive Directors and key senior management, for our business have been instrumental in leading our Group to its current position within the industry. The commitment and teamwork between them have provided the impetus for the continuous growth of our Group.

**(ii) We have a proven track record in terms of delivery schedule, quality and safety**

We have a track record of completing projects ahead of the contractual completion date. It is the strategy of our Group to ensure projects are well managed and completed on time by assigning necessary staff with relevant experience to be responsible and focus in different areas of the project.

**(iii) We adopt construction practices that enable us to optimise our project efficiencies**

Our Group's adoption of IBS, construction good practices and 5-S standard has enabled us to complete all of our projects to-date ahead of the contractual completion dates, which has contributed to our reputation in high rise construction projects in Malaysia.

**(iv) We have established relationships with our customers and suppliers**

Our track record of delivering quality projects ahead of the contractual completion dates has allowed us to establish relationships with our customers. We are also active in maintaining working relationships with our subcontractors and suppliers to ensure continuous supply of construction materials and skilled workmen to undertake our subcontract works.

**(v) We have invested in technologies to improve efficiency and enhance our business growth**

We have invested in BIM and project management software to optimise our project efficiencies with emphasis on, amongst others, timeline planning, progress monitoring, building modelling and construction coordination.

Further details of our competitive strengths are set out in Section 5.1.2 of this Prospectus.

### 2.4 BUSINESS STRATEGIES

Our Group's business strategies are set out below:-

**(i) We intend to further grow our business in high rise building construction**

We will continue to replenish and grow our order book from high rise residential, commercial and mixed development projects which will enhance our revenue and subsequently increase our market share in the industry.

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**2. PROSPECTUS SUMMARY (CONT'D)**

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**(ii) We intend to expand our construction business to other building segments**

We are seeking to extend our services and looking for opportunities to participate in the construction of different types of buildings (such as hospitals, schools / universities, shopping malls, convention centres and hotels) as an effort to expand our construction business to other building segments.

**(iii) We plan to expand into civil and infrastructure construction services**

We are planning to expand into civil and infrastructure projects, such as construction of roads, highways, bridges and transportation infrastructure, where on-going economic development will spur the demand for infrastructure projects.

**(iv) We intend to purchase a new office, additional construction machinery and equipment, and land for storage to support our business expansion**

In line with our business expansion and our on-going and future projects, we intend to purchase additional four (4) tower cranes, four (4) passenger hoists and two (2) concrete placing booms. The additional construction machinery and equipment will enable us to expand our business further, as we will be able to accept more job orders, ensuring that we will not be constrained by unavailability of construction machinery and equipment. The acquisition of new construction machinery and equipment for our Group's expansion will require us to have a larger storage area. Therefore, we intend to relocate our current rented storage area by acquiring new land to be used as storage area for our construction machinery and equipment. We also intend to acquire a new office to facilitate our Group's expansion.

Further details of our business strategies are set out in Section 5.9 of this Prospectus.

**2.5 RISK FACTORS**

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, certain risks and investment considerations that may affect our future financial performance.

The following is the key risks and investment considerations that we are currently facing or that may develop in the future:-

**(i) Our operations are reliant on certain approvals, licences and permits**

We are primarily involved in the provision of construction services that are bound by the rules and regulations set by government bodies such as the CIDB who governs the registration of contractors. The validity of our approvals, licences, permits and certificates are subject to renewal and in the event we fail to comply with the rules and regulations issued by the governing authorities such as the CIDB, our approvals, licences, permits and any other relevant certificates in relation to our business operations may be revoked, suspended or not renewed.

**(ii) Our Group's operations are dependent on our Executive Directors and key senior management team**

Our Group's continuous success, future business growth and expansion depend on our Executive Directors' experience, expertise and continued efforts. The loss of any of our Executive Directors and / or key senior management team, and our inability to find a suitable replacement in a timely manner, may adversely affect our ability to maintain and / or improve our business performance.



## 2. PROSPECTUS SUMMARY (CONT'D)

### (iii) Our construction works are dependent on the services of our subcontractors

Our Group usually engages subcontractors to provide certain services such as supply and installation of construction materials, machinery and equipment, and other specialised trade works such as mechanical and electrical engineering works, piping and plumbing works, external paint works and water proofing works. Notwithstanding that, our Group still undertakes the overall project planning, coordination and management of all our subcontracted works and we are accountable to our customers for the execution of the contract and the overall management of the project. Any failure of a subcontractor to fulfil its contractual obligations may lead to damages and penalties against our Group in favour of the customer who awarded the construction project to us.

### (iv) 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 provision of construction services. We are awarded with contracts on a project basis to be implemented over an average of two (2) to three (3) years. There is no assurance of continuity from one project to the next project.

Please refer to Section 4 of this Prospectus for the full list of risk factors which should be carefully considered before investing in our Shares.

## 2.6 DIRECTORS AND KEY SENIOR MANAGEMENT OF OUR GROUP

Our Directors and key senior management are as follows:-

Name	Designation
<b>DIRECTORS</b>	
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	Independent Non-Executive Chairman
Cheah Ham Cheia	Managing Director
Alexander Lo Tzone Leong	Executive Director
Cheah Jun Kai	Executive Director
Datuk Chia Lui Meng	Independent Non-Executive Director
Kow Poh Gek	Independent Non-Executive Director
<b>KEY SENIOR MANAGEMENT</b>	
Toh Fong Eng	Chief Financial Officer
Lim Lee Ling	Senior Manager - Human Resources and Administration
Yap Wei Tong	Assistant General Manager - Projects
Wong Chin Tee	Assistant General Manager - Tender and Contracts

Further details on our Directors and key senior management are disclosed in Section 7 of this Prospectus.

## 2. PROSPECTUS SUMMARY (CONT'D)

### 2.7 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The details of our Promoters and substantial shareholders and their respective shareholdings in our Company before and after the IPO are as follows:-

Nationality / Country of Incorporation	Before the IPO / As at the LPD		After the IPO			
	<-----Direct-----> No. of Shares	<-----Indirect-----> %*	Direct-----> No. of Shares	<-----Indirect-----> %# No. of Shares %		
<b>Promoters and substantial shareholders</b>						
CHC Holdings <sup>^</sup>	350,000,000	70.00	-	323,750,000	51.80	
Alexander Lo Tzone Leong	150,000,000	30.00	-	138,750,000	22.20	
Cheah Ham Cheia	-	-	350,000,000 <sup>@</sup>	-	323,750,000 <sup>@</sup>	51.80
<b>Promoter</b>						
Cheah Jun Kai	-	-	-	-	-	

#### Notes:-

\* Based on our issued share capital of 500,000,000 Shares before the IPO.

# Based on our enlarged issued share capital of 625,000,000 Shares after the IPO.

<sup>^</sup> CHC Holdings is held by Cheah Ham Cheia and Cheah Jun Kai with equity interest of 90% and 10% respectively.

<sup>@</sup> Deemed interested by virtue of Section 8(4) of the Act held through CHC Holdings's shareholding.

Further details on our Promoters and substantial shareholders are disclosed in Section 7 of this Prospectus.

## 2. PROSPECTUS SUMMARY (CONT'D)

### 2.8 UTILISATION OF PROCEEDS FROM THE IPO

The total gross proceeds from the Public Issue amounting to RM43.75 million are intended to be used in the following manner:-

<b>Purpose</b>	<b>RM'000</b>	<b>%</b>	<b>Estimated time frame for utilisation (from the listing date)</b>
Capital expenditure			
- Purchase of new construction machinery and equipment	8,670	19.83	Within 36 months
- Acquisition of a new office	8,000	18.28	Within 36 months
- Acquisition of land for storage	8,000	18.28	Within 12 months
Working capital			
- Payment to suppliers and subcontractors	14,900	34.06	Within 12 months
- Payment of salaries for new employees (for infrastructure project team) to be based at our head office	680	1.55	Within 12 months
Estimated listing expenses	3,500	8.00	Within three (3) months
<b>Total</b>	<b>43,750</b>	<b>100.00</b>	

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

Further details on the utilisation of proceeds are set out in Section 3.6 of this Prospectus.

The Offer for Sale will raise gross proceeds of approximately RM13.13 million. All the proceeds from the Offer for Sale will be credited to the Offerors and we will not receive any part of the proceeds. The Offerors shall bear all the expenses on a pro-rated basis including registration and transfer fees, placement fees and miscellaneous expenses relating to their respective portion of the Offer for Sale amounting to approximately RM0.30 million.

The pro forma impact of the utilisation of proceeds on our Pro Forma Consolidated Statements of Financial Position as at 31 October 2017 is reflected in Section 11.2 of this Prospectus.

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## 2. PROSPECTUS SUMMARY (CONT'D)

### 2.9 FINANCIAL HIGHLIGHT

The key financial highlight of our historical audited consolidated statements of profit or loss and other comprehensive income for the past three (3) FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2017:-

	<-----Audited----->			Unaudited	Audited
	<-----FYE 31 December----->			10-month <----FPE 31 October---->	
	2014 RM'000	2015 RM'000	2016 RM'000	2016 RM'000	2017 RM'000
Revenue	86,628	169,539	276,906	240,566	240,665
Cost of sales	(80,253)	(157,163)	(253,146)	(218,896)	(209,682)
Gross profit	6,375	12,376	23,760	21,670	30,983
PBT	3,881	9,698	21,424	19,550	27,286
PAT	3,277	7,177	16,092	14,771	20,047
Gross profit margin <sup>(1)</sup> (%)	7.36	7.30	8.58	9.01	12.87
PBT margin <sup>(2)</sup> (%)	4.48	5.72	7.74	8.13	11.34
PAT margin <sup>(3)</sup> (%)	3.78	4.23	5.81	6.14	8.33

**Notes:-**

- (1) Gross profit margin is calculated based on gross profit divided by revenue.
- (2) PBT margin is calculated based on PBT divided by revenue.
- (3) PAT margin is calculated based on PAT divided by revenue.

Please refer to Section 11 of this Prospectus for further discussion on our historical audited financial information.

### 2.10 DIVIDEND POLICY

It is our Directors' policy to allow our shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group. Upon Listing, our Directors intend to adopt the policy of recommending up to 30.00% of the profit attributable to the owners of our Company in each financial year to be distributed as dividends to allow our shareholders to participate in the profits of our Group. However, our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for working capital of our business. Investors should note that the intention to recommend dividends should not be treated as a legal obligation on our Company to do so.

Further details on our dividend policy are disclosed in Section 11.5 of this Prospectus.

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### 3. PARTICULARS OF THE IPO

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#### 3.1 DETAILS OF THE IPO

##### 3.1.1 Public Issue

Our Public Issue of 125,000,000 Issue Shares representing approximately 20.00% of our enlarged issued share capital, at the IPO Price will be made available for application in the following manner, subject to the terms and conditions of this Prospectus:-

**(i) Malaysian Public**

12,500,000 Issue Shares representing approximately 2.00% of our enlarged issued share capital will be made available for application by the Malaysian Public via balloting, of which at least 50% is to be set aside strictly for Bumiputera investors. Any Issue Shares not subscribed by the Bumiputera investors will be made available for application by other Malaysian Public.

**(ii) Eligible Directors, employees and persons who have contributed to the success of our Group**

15,000,000 Issue Shares representing approximately 2.40% of our enlarged issued share capital will be made available for application by our eligible Directors, employees and persons who have contributed to the success of our Group. Further details of our Pink Form Allocations are set out in Section 3.5 of this Prospectus.

**(iii) 25,625,000 Issue Shares representing approximately 4.10% of our enlarged issued share capital to be allocated by way of private placement to identified investors; and**

**(iv) 71,875,000 Issue Shares representing approximately 11.50% of our enlarged issued share capital to be allocated by way of private placement to identified Bumiputera investors approved by the MITI.**

##### 3.1.2 Offer for Sale

37,500,000 Offer Shares, representing 6.00% of our enlarged share capital, are offered by our Offerors to identified investors by way of private placement at the IPO Price. Our Offer for Sale is subject to the terms and conditions of this Prospectus.

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**3. PARTICULARS OF THE IPO (CONT'D)**

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

Name	Address	Nature of relationship	<--Before IPO / As at the LPD--> No. of Shares	%*	<-----Offer for Sale-----> No. of Shares	%*	<-----After IPO-----> No. of Shares	%
CHC Holdings <sup>^</sup>	No. 1-45, Jalan Puteri 4/8 Bandar Puteri 47100 Puchong Selangor Darul Ehsan	Promoter and substantial shareholder	350,000,000	70.00	26,250,000	5.25	323,750,000	51.80
Alexander Lo Tzone Leong	33, Jalan LE 2/1 Lake Edge 47100 Puchong Selangor Darul Ehsan	Promoter, substantial shareholder and Executive Director	150,000,000	30.00	11,250,000	2.25	138,750,000	22.20

**Notes:-**

\* Based on our issued share capital of 500,000,000 Shares before the IPO.

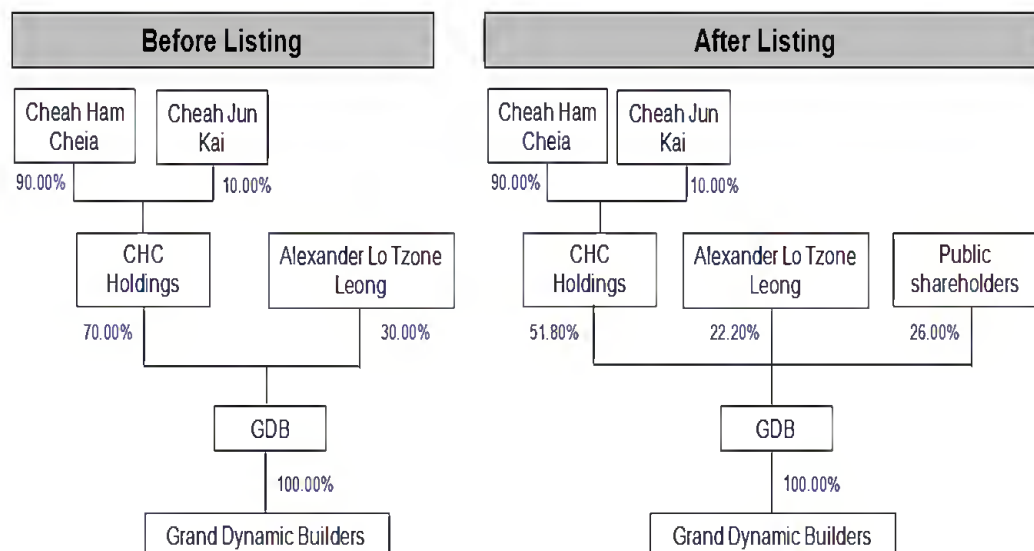
# Based on our enlarged issued share capital of 625,000,000 Shares after the IPO.

<sup>^</sup> CHC Holdings is held by Cheah Ham Cheia and Cheah Jun Kai with equity interest of 90% and 10% respectively.

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### 3. PARTICULARS OF THE IPO (CONT'D)

The corporate structure of our Group before and after the Listing is as follows:-



#### 3.1.3 Underwriting Arrangement and Reallocation

The following Issue Shares have been fully underwritten:-

- 12,500,000 Issue Shares made available for application by the Malaysian Public as set out in Section 3.1.1(i) of this Prospectus; and
- 15,000,000 Issue Shares for application by our eligible Directors, employees or persons who have contributed to the success of our Group as set out in Section 3.1.1(ii) of this Prospectus.

If any Issue Shares allocated to the Malaysian Public under Section 3.1.1(i) of this Prospectus are undersubscribed, the balance portion will be allocated in the following order:-

- Firstly, to our eligible Directors, employees or persons who have contributed to the success of our Group as described in Section 3.1.1(ii) of this Prospectus;
- Secondly, any remaining portion will be made available for application by way of private placement to identified investors under Section 3.1.1(iii) of this Prospectus; and
- Finally, any remaining Issue Shares thereafter will be subscribed by the Sole Underwriter, subject to the terms and conditions of the Underwriting Agreement.

If any Issue Shares allocated to our eligible Directors, employees or persons who have contributed to the success of our Group under Section 3.1.1(ii) of this Prospectus are not fully subscribed, the balance will be allocated in the following order:-

- Firstly, to our Group's other eligible Directors, employees or persons who have contributed to the success of our Group;
- Secondly, any remaining portion will be allocated to the Malaysian Public under Section 3.1.1(i) of this Prospectus;
- Thirdly, any remaining portion will be made available for application by way of private placement to identified investors under Section 3.1.1(iii) of this Prospectus; and



### 3. PARTICULARS OF THE IPO (CONT'D)

- Finally, any remaining Issue Shares thereafter will be subscribed by the Sole Underwriter, subject to the terms and conditions of the Underwriting Agreement.

The 97,500,000 Issue Shares to be allocated by way of private placement to identified investors, and identified Bumiputera investors approved by the MITI as set out in Sections 3.1.1(iii) and 3.1.1(iv) of this Prospectus respectively, as well as the Offer Shares to be offered by way of private placement to identified investors as set out in Section 3.1.2 of this Prospectus, are not underwritten as the irrevocable undertakings from the identified investors to take up the Issue Shares and Offer Shares made available for application under the private placement have been / will be received by our Placement Agent.

In the event of under-subscription of Issue Shares / Offer Shares under Sections 3.1.1(iii), 3.1.1(iv) and 3.1.2 of this Prospectus and subject to a corresponding over-subscription by the Malaysian Public / identified investors, the remaining portion will be clawed-back and be allocated to the Malaysian Public to increase the participation of retail investors under Section 3.1.1(i) of this Prospectus and / or placed to identified investors under Section 3.1.1(iii) of this Prospectus.

There is no over-allotment or 'greenshoe' option that will result in an increase in the amount of Issue Shares.

#### 3.2 SHARE CAPITAL AND RIGHTS ATTACHING TO THE IPO SHARES

Share Capital	No. of Shares	RM
Issued share capital as at the date of this Prospectus	500,000,000	20,000,000
Shares to be issued pursuant to the Public Issue	125,000,000	43,750,000
Enlarged issued share capital upon Listing	<u>625,000,000</u>	<u>63,750,000</u>
Offer for sale	37,500,000	13,125,000
<b>IPO Price (RM)</b>		<b>0.35</b>
- <b>Pro forma consolidated NA per Share</b> (based on the enlarged issued share capital after the IPO and after deducting the estimated listing expenses of approximately RM3.50 million)		<b>0.13</b>
- <b>Market capitalisation upon Listing</b> (based on the IPO Price and enlarged issued share capital after the IPO)		218,750,000

The IPO Price is payable in full upon Application.

We only have one class of shares, being ordinary shares, all of which rank equally with each other. The Issue Shares will, upon allotment and issue, rank equally in all respects with our existing issued share capital, including voting rights and rights to all dividends and distributions that may be declared, the entitlement date of which is subsequent to the allotment date of our Issue Shares.

### 3. PARTICULARS OF THE IPO (CONT'D)

The Offer Shares rank equally in all respects with our existing issued share capital, including voting rights and rights to all dividends and distributions that may be declared, the entitlement date of which is subsequent to the date of transfer of our Offer Shares.

Subject to special rights attaching to any Share which may be issued by us in the future, our shareholders shall, in proportion to the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions. In relation to any surplus in the event of our liquidation, such surplus to be distributed amongst the members in proportion to the issued share capital at the commencement of the liquidation, in accordance with our Constitution and provisions of the Act.

Each shareholder who is entitled to vote, may vote in person or by proxy or by attorney or by duly authorised representative and on a show of hands, every person who is a shareholder, or holder of preference shares, or proxy, or attorney, or representative of a shareholder or holder of preference shares shall have one (1) vote, and on a poll, every shareholder present in person, or by proxy, or attorney, or representative shall have one (1) vote for each share he holds.

#### 3.3 BASIS OF ARRIVING AT THE IPO PRICE

Our Directors and AIBB, as the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent, had determined and agreed upon the IPO Price, after taking into consideration the following factors:-

**(i) Financial and operating history**

We have been actively involved in the construction industry since the commencement of our operations in the provision of construction services in 2013. Based on the historical audited consolidated statements of profit or loss and other comprehensive income of our Group for the FYE 31 December 2016, we recorded a PAT of RM16.09 million representing a basic EPS of 3.22 sen (based on the existing issued share capital of 500,000,000 Shares) and 2.57 sen (based on the enlarged issued share capital of 625,000,000 Shares upon Listing) resulting in net PE Multiple of 10.87 times and 13.62 times respectively. For information, our Group recorded a PAT of RM20.05 million for the 10-month FPE 31 October 2017. Our detailed operating and financial history is outlined in Sections 5 and 11 of this Prospectus respectively.

**(ii) Business strategies**

The business strategies of our Group are outlined in Section 5.9 of this Prospectus.

**(iii) Competitive strengths and industry prospects**

Our competitive strengths and the industry prospects are outlined in Sections 5.1.2 and 6 of this Prospectus respectively.

**(iv) Pro forma consolidated NA**

The pro forma consolidated NA per Share of RM0.13 based on the pro forma consolidated NA as at 31 October 2017 of RM78,468,000 (upon Listing and after utilisation of proceeds) and the enlarged issued share capital of 625,000,000 Shares in our Company.

You should also note that the market price of our Shares upon and subsequent to our Listing is subject to the vagaries of market forces and other uncertainties, which may affect the trading price of our Shares. You are reminded to consider the risk factors set out in Section 4 of this Prospectus before deciding to invest in our Shares.

### 3. PARTICULARS OF THE IPO (CONT'D)

#### 3.4 DILUTION

Our pro forma NA per Share as at 31 October 2017 before adjusting for the net proceeds from the Public Issue and based on the existing issued share capital as at 31 October 2017 of 500,000,000 Shares is approximately RM0.07.

Pursuant to the Public Issue in respect of 125,000,000 Issue Shares at the IPO Price, our pro forma NA per Share after adjusting for the net proceeds from the Public Issue (before utilisation of proceeds) and based on the enlarged issued share capital upon listing of 625,000,000 Shares, would be RM0.13. This represents an increase in NA per Share of RM0.06 to our existing shareholders and a dilution in NA per Share of RM0.22 to our new investors. The following table illustrates such dilution on a per Share basis:-

	RM
IPO Price	0.35
Pro forma NA per Share as at 31 October 2017 before Public Issue	0.07
NA per Share after the Public Issue (before utilisation of proceeds)	0.13
Increase in NA per Share attributable to existing shareholders	0.06
Dilution in NA per Share to new investors	0.22
Dilution in NA per Share as a percentage of the IPO Price	62.86%

Save as disclosed below, there is no acquisition of any existing equity shares in our Company by our substantial shareholders, Directors or key senior management, or persons connected with them from the date of our incorporation to the date of this Prospectus, or which they have the right to acquire:-

Substantial shareholders, Directors and key senior management or persons connected	No. of Shares before IPO	No. of Shares from IPO*	Total consideration RM	Effective cash cost per share RM
<b>Substantial shareholder</b>				
CHC Holdings	323,750,000	-	12,950,000	0.04
<b>Substantial shareholders and Directors</b>				
Cheah Ham Cheia <sup>(1)</sup>	-	-	-	-
Alexander Lo Tzone Leong	138,750,000	-	5,550,000	0.04
<b>Other Directors</b>				
Cheah Jun Kai	-	-	-	-
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	-	400,000	140,000	0.35
Datuk Chia Lui Meng	-	300,000	105,000	0.35
Kow Poh Gek	-	300,000	105,000	0.35
<b>Key senior management</b>				
Toh Fong Eng	-	300,000	105,000	0.35
Lim Lee Ling	-	300,000	105,000	0.35
Yap Wei Tong	-	400,000	140,000	0.35
Wong Chin Tee	-	400,000	140,000	0.35

**3. PARTICULARS OF THE IPO (CONT'D)**

<b>Substantial shareholders, Directors and key senior management or persons connected</b>	<b>No. of Shares before IPO</b>	<b>No. of Shares from IPO*</b>	<b>Total consideration RM</b>	<b>Effective cash cost per share RM</b>
<b>Person connected to Director</b>				
Cheah Ham Cho	-	300,000	105,000	0.35
<b>Public Investors</b>				
Public Issue	-	125,000,000 <sup>^</sup>	43,750,000	0.35
Offer for Sale	-	37,500,000	13,125,000	0.35

**Notes:-**

\* Assuming that all Pink Form Allocations are fully subscribed.

<sup>^</sup> Prior to netting off the Pink Form Allocations.

<sup>(1)</sup> Deemed interested by virtue of Section 8(4) of the Act held through CHC Holdings's shareholdings.

**3.5 ALLOCATION OF THE ISSUE SHARES TO OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP**

The eligible Directors, employees and persons who have contributed to the success of our Group have been allocated a total of 15,000,000 new GDB Shares.

The total number of persons eligible for the allocation is 163 comprising the following:-

<b>Eligibility</b>	<b>No. of persons</b>	<b>Aggregate number of Issue Shares allocated<sup>(3)</sup></b>
Directors of GDB	3	1,000,000
Employees <sup>(1)</sup>	115	9,000,000
Persons who have contributed to the success of our Group <sup>(2)</sup>	45	5,000,000
<b>Total</b>	<b>163</b>	<b>15,000,000</b>

**Notes:-**

(1) The criteria of allocation for the above mentioned Issue Shares to employees of our Group (as approved by our Board) are based on, inter-alia, the following factors:-

- (i) The employee must be a confirmed full time / contract employee and on the payroll of our Group; and
- (ii) The number of Issue Shares allocated to the eligible employees is based on their seniority, position, their length of service, their past performance and respective contribution made to our Group as well as other factors deemed relevant by our Board.

**3. PARTICULARS OF THE IPO (CONT'D)**

- (2) *The Issue Shares to be allocated to the persons who have contributed to the success of our Group shall be based on their contribution to our Group and as approved by our Board. The persons who have contributed to the success of our Group include business contacts, suppliers and customers.*
- (3) *Any Issue Shares which are not taken up by our eligible Directors, employees or persons who have contributed to the success of our Group will be re-offered to our Group's other eligible Directors, employees or persons who have contributed to the success of our Group before being allocated to the Malaysian Public balloting portion.*

The number of Issue Shares to be allocated to our Directors are as follows:-

<b>Name</b>	<b>Designation</b>	<b>Number of Issue Shares allocated</b>
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	Independent Non-Executive Chairman	400,000
Datuk Chia Lui Meng	Independent Non-Executive Director	300,000
Kow Poh Gek	Independent Non-Executive Director	300,000
<b>Total</b>		<b>1,000,000</b>

**3.6 UTILISATION OF PROCEEDS FROM THE IPO**

Based on the IPO Price, the gross proceeds of RM43.75 million will be raised from our Public Issue. The gross proceeds are intended to be used in the following manner:-

<b>Purposes</b>	<b>RM'000</b>	<b>%</b>	<b>Estimated time frame for utilisation (from the listing date)</b>
Capital expenditure			
- Purchase of new construction machinery and equipment <sup>(1)</sup>	8,670	19.83	Within 36 months
- Acquisition of a new office <sup>(2)</sup>	8,000	18.28	Within 36 months
- Acquisition of land for storage <sup>(3)</sup>	8,000	18.28	Within 12 months
Working capital <sup>(4)</sup>			
- Payment to suppliers and subcontractors	14,900	34.06	Within 12 months
- Payment of salaries for new employees (for infrastructure project team) to be based at our head office	680	1.55	Within 12 months
Estimated listing expenses <sup>(5)</sup>	3,500	8.00	Within three (3) months
<b>Total</b>	<b>43,750</b>	<b>100.00</b>	

Pending the eventual utilisation of the proceeds raised from the Public Issue, the proceeds will be placed in interest bearing short-term deposits or money market instruments with licensed banks.

**3. PARTICULARS OF THE IPO (CONT'D)****Notes:-****(1) Purchase of new construction machinery and equipment**

Our Group intends to allocate approximately RM8.67 million, representing approximately 19.83% of the proceeds from our Public Issue for the purchase of new construction machinery and equipment to cater for our current and future construction projects. The details of the new construction machinery and equipment are set out below:-

<b>Machinery and Equipment</b>	<b>No. of Unit(s)</b>	<b>Total Estimated Purchase Cost RM'000</b>	<b>Purposes</b>
Tower crane	4	6,000	Equipment used in the construction of high-rise buildings for lifting of construction materials and equipment
Passenger hoist	4	1,920	Construction elevator used in high-rise buildings to carry personnel between ground and higher floors or between floors
Concrete placing boom	2	750	Equipment used to pump ready-mixed concrete to the designated work areas
<b>Total</b>	<b>10</b>	<b>8,670</b>	

The purchase of new construction machinery and equipment will enable us to have more control and flexibility in deploying our construction machinery and equipment according to our project schedule as and when required without any delay. Flexibility in deploying our construction machinery and equipment would result in better time management as projects implementation will not be hindered by unavailability of construction machinery and equipment.

In addition, the purchase of new construction machinery and equipment is also in accordance with our continuous efforts to further grow our business in high rise building construction as set out in Section 5.9(i) of this Prospectus. As at 26 February 2018, our Group has submitted four (4) project tenders. The availability of these machinery and equipment are expected to increase our operational efficiencies in planning and coordinating our construction projects and enhance our competitiveness to tender for new projects.

Please refer to Sections 5.9 and 11.4.8(b) of this Prospectus for further details of our business strategies and status of our order book, respectively.

**(2) Acquisition of a new office in Selangor, Malaysia**

As at the LPD, our Group operates from our rented office in Puchong, Selangor. As part of our business strategies, we intend to acquire a new office with larger floor space as our new head office.

### 3. PARTICULARS OF THE IPO (CONT'D)

*The intention of our Group to acquire a new office with larger floor space is as set out below:-*

- (i) To accommodate the increase in the number of employees as part of the expansion of our business;*
- (ii) To provide a comfortable and conducive work environment to enhance productivity and performance in view of the expected increase in the number of employees in head office; and*
- (iii) To enhance the visibility of our brand and elevate our corporate image and brand consciousness amongst our customers, suppliers, subcontractors, employees and other stakeholders.*

*As at the LPD, our Group has 31 employees based at our head office and we expect to increase the number of employees in head office to approximately 40 employees over the next three (3) years. The increase in the number of employees in head office is primarily due to the expansion plans into civil and infrastructure construction services disclosed in Section 5.9(iii) of this Prospectus, as we expect to have an infrastructure project team ready within 12 months from our Listing. After the acquisition of the new office, we intend to relocate all our Group's employees from our existing rented office in Puchong, Selangor to our new office.*

*Our Group intends to allocate RM8.00 million, representing approximately 18.28% of the proceeds from our Public Issue to acquire a new office. However, in the event that the allocated proceeds are insufficient for the acquisition of a new office, any shortfall will be funded through internally generated funds and / or bank borrowings.*

*As at the LPD, our Group is in the midst of assessing the preferred location for a new office within Selangor and has yet to identify a suitable property for this purpose.*

#### **(3) Acquisition of land for storage in Selangor, Malaysia**

*As at the LPD, our Group stores our construction machinery and equipment that are not in use in the construction site in our rented storage in Batu Arang, Selangor. As at the LPD, the net book value of the construction machinery and equipment stored are approximately RM1.99 million. This amount will vary at any particular point in time as the construction machinery and equipment will be moved to the construction sites as and when required for our projects.*

*As part of our business strategies, we intend to acquire a piece of land with an approximate area of six (6) acres to store our construction machinery and equipment. We anticipate that larger space is required for storage due to the following:-*

- (i) accommodate existing and new machinery and equipment that are not in use in the construction site with better organisation to optimise efficiency as well as more space to undertake maintenance and reworking of our construction machinery and equipment; and*
- (ii) cater to the expected future growth plans of the business to expand into civil and infrastructure construction services and other building segments.*

*After the acquisition of the land for storage, we intend to relocate our Group's existing storage facilities in Batu Arang, Selangor to our new land.*



**3. PARTICULARS OF THE IPO (CONT'D)**

Our Group intends to allocate RM8.00 million, representing approximately 18.28% of the proceeds from our Public Issue to acquire the land for storage. However, in the event that the allocated proceeds are insufficient for the acquisition of the land for storage, any shortfall will be funded through internally generated funds and / or bank borrowings.

As at the LPD, our Group is in the midst of assessing the preferred location of the land for storage within Selangor and has yet to identify a suitable land for this purpose.

**(4) Working capital**

Our Group's working capital requirement will increase in tandem with the growth of our business. Our Group intends to allocate approximately RM15.58 million, representing approximately 35.61% of the proceeds from our Public Issue to meet our Group's daily operations including the working capital requirements for our Group's future projects. The details of the utilisation are as follows:-

<b>Purposes</b>	<b>RM'000</b>
Payment to suppliers and subcontractors*	14,900
Payment of salaries for new employees (for infrastructure project team) to be based at our head office	680
<b>Total</b>	<b>15,580</b>

**Note:-**

\* Construction materials and subcontractor costs are our largest cost of sales items, contributing approximately 88.41%, 89.79%, 88.20% and 85.02% of our total cost of sales for the past three (3) FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2017 respectively. As such, we have allocated most of the proceeds raised for working capital requirements to pay our suppliers and subcontractors.

We are required to maintain a security in the form of fixed deposits pledged with licensed banks for bank guarantees for performance bonds in favour of our customers. The fixed deposits pledged with licensed banks are accumulated through collection from our customers which reduces the availability of cash flows to pay our suppliers and subcontractors. This amount to be maintained with licensed banks is expected to increase in line with the growth of our business and value of contracts awarded. Accordingly, this allocation is expected to enhance our Group's liquidity and cash flows available to pay our suppliers and subcontractors as well as allowing us to undertake more projects moving forward.

**(5) Estimated listing expenses**

Our listing expenses are estimated to be RM3.50 million, details of which are as follows:-

	<b>RM'000</b>
Professional fees*	1,824
Fees to authorities	78
Estimated underwriting, placement and brokerage fees	667
Printing and advertising	230
Contingencies^	701
<b>Total</b>	<b>3,500</b>

### 3. PARTICULARS OF THE IPO (CONT'D)

**Notes:-**

\* *Includes advisory fees for, amongst others, Principal Adviser, Solicitors, Reporting Accountants and Independent Market Research.*

^ *Other incidental or related expenses in connection with the IPO, which includes translators, media related expenses, IPO event expenses, etc.*

*If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.*

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

The Offer for Sale will raise gross proceeds of approximately RM13.13 million. All the proceeds from the Offer for Sale will be credited to the Offerors and we will not receive any part of the proceeds. The Offerors shall bear all the expenses including registration and transfer fees, placement fees and miscellaneous expenses relating to their respective portion of the Offer for Sale amounting to approximately RM0.30 million on a pro-rated basis.

The financial impact of the utilisation of proceeds on our Pro Forma Consolidated Statements of Financial Position as at 31 October 2017 is reflected in Section 11.2 of this Prospectus.

### 3.7 BROKERAGE FEE, UNDERWRITING COMMISSION AND PLACEMENT FEE

#### 3.7.1 Brokerage fee

We will bear the brokerage fees to be incurred on the issue of the 12,500,000 Issue Shares pursuant to the IPO under Section 3.1.1(i) of this Prospectus at the rate of 1.00% of the IPO Price in respect of successful Applications which bear the stamp of AIBB, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and / or the Issuing House.

#### 3.7.2 Underwriting commission

AIBB, as our Sole Underwriter has agreed to underwrite 27,500,000 Issue Shares as set out in Sections 3.1.1(i) and 3.1.1(ii) of this Prospectus. We will pay our Sole Underwriter an underwriting commission at the rate of 2.00% of the total value of the Shares underwritten at the IPO Price.

#### 3.7.3 Placement fee

AIBB, as our Placement Agent, has agreed to place the 97,500,000 Issue Shares and 37,500,000 Offer Shares available under the placement to identified investors as well as identified Bumiputera investors approved by the MITI set out in Sections 3.1.1(iii), 3.1.2 and 3.1.1(iv) of this Prospectus respectively, at the rate of up to 2.00% of the IPO Price for each Issue Share / Offer Share placed out by the Placement Agent.

The placement fees to be incurred on the sale of 37,500,000 Offer Shares will be fully borne by the Offerors.

### 3. PARTICULARS OF THE IPO (CONT'D)

#### 3.7.4 Underwriting Agreement

Our Company had on 6 February 2018, entered into an Underwriting Agreement with the Sole Underwriter, whereby the Sole Underwriter agreed to underwrite 12,500,000 Issue Shares, which will be made available for application by the Malaysian Public and 15,000,000 Issue Shares which will be made available for application by our eligible Directors, employees, and persons who have contributed to the success of our Group ("**Underwritten Shares**"), upon the terms and subject to the conditions therein contained.

The salient terms of the Underwriting Agreement which may allow the Sole Underwriter to **withdraw from its obligations** are as follows:-

*Pursuant to Clause 12.1 of the Underwriting Agreement, notwithstanding anything contained in the Underwriting Agreement, the Sole Underwriter may by notice in writing to the Company given at any time before the Closing Date or the Extended Closing Date, as the case may be, terminate, cancel and withdraw its commitment to underwrite the Underwritten Shares if:-*

- (a) the approval of Bursa Securities for the Listing is revoked, withdrawn or procured but subject to the conditions not acceptable to the Sole Underwriter;*
- (b) there is any material breach by the Company of any of the representations, warranties or undertakings contained in Clauses 3 (Representations and Warranties by the Company) and 4 (Covenants and Undertakings by the Company), which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given to the Company;*
- (c) there is a material failure on the part of the Company to perform any of its obligations contained in the Underwriting Agreement;*
- (d) there is withholding of information of a material nature from the Sole Underwriter which is required to be disclosed pursuant to the Underwriting Agreement which, in the reasonable opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the IPO or Listing, or the distribution or sale of the Issue Shares;*
- (e) there shall have occurred, or happened any material and adverse change in the business or financial condition of the Group;*
- (f) the Listing does not take place within three (3) months from the date of the Underwriting Agreement or such other extended date as may be agreed by the Sole Underwriter;*
- (g) the imposition of any moratorium, suspension or material restriction on trading in securities generally on ACE Market due to exceptional financial circumstances or otherwise which, in the reasonable opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the IPO, or the distribution or sale of the Issue Shares;*
- (h) a material adverse change in the stock market condition occurs, and for the purposes of this clause, a material adverse change in the stock market condition shall be deemed to have occurred if the FTSE Bursa Malaysia KLCI Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:-*

### 3. PARTICULARS OF THE IPO (CONT'D)

(i) on or after the date of the Underwriting Agreement; and

(ii) prior to the close of the offering of the Public Issue,

lower than 85% of the level of Index at the last close of normal trading on Bursa Securities on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least three (3) consecutive Market Days or any other adverse change in the market conditions which the parties mutually agree to be sufficiently material and adverse to render it to be a terminating event; or

(i) there shall have occurred, or happened any of the following circumstances:-

(i) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or

(ii) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Sole Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);

which, would have or can reasonably be expected to have, a material adverse effect on, and / or materially prejudice the business or the operations of the Group as a whole, the success of the IPO or Listing which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms.

**"Closing Date"** means the last date and time for the receipt of the applications and payment for the Issue Shares in accordance with the Prospectus;

**"Extended Closing Date"** means the extended closing date for the receipt of the applications and payment for the Issue Shares pursuant to the Public Issue which will be notified in a widely circulated Bahasa Malaysia and English daily newspaper in Malaysia.

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#### 4. RISK FACTORS

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**NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF OUR GROUP. YOU SHOULD CAREFULLY CONSIDER THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ALONG WITH OTHER INFORMATION CONTAINED IN THIS PROSPECTUS BEFORE YOU MAKE YOUR INVESTMENT DECISION. IF YOU ARE IN ANY DOUBT AS TO THE INFORMATION CONTAINED IN THIS SECTION, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER.**

#### 4.1 RISKS RELATING TO THE BUSINESS AND OPERATIONS OF OUR GROUP

##### 4.1.1 Our operations are reliant on certain approvals, licences and permits

We are primarily involved in the provision of construction services that are bound by the rules and regulations set by government bodies such as the CIDB who governs the registration of contractors. Under the Lembaga Pembangunan Industri Pembinaan Malaysia Act, 1994, it is mandatory for all contractors who carry out and complete any construction works in Malaysia to be registered and hold a valid certificate of registration issued by the CIDB. There are a total of seven (7) registration grades that determine the capacity of a contractor in tendering for the value of construction work, whereby Grade G7 being the registration grade that allows the contractor to tender for construction works that are of unlimited value and operate throughout Malaysia.

Our wholly-owned subsidiary, Grand Dynamic Builders is currently a Grade G7 contractor registered with the CIDB which allows us to participate in tenders of unlimited value. We also obtained the SPKK from the CIDB as a Grade G7 contractor that enables us to participate in tenders called by the Government authorities that is otherwise regarded to be in the public sector.

The Grade G7 registered contractor certificate issued by the CIDB is the key to the continuity of our core business operations. The list of all our major approvals, licences and permits obtained for our business operations is set out in Section 5.6.10 of this Prospectus.

As stated above, the validity of these approvals, licences, permits and certificates are subject to renewal and in the event we fail to comply with the rules and regulations issued by the governing authorities such as the CIDB, our approvals, licences, permits and any other relevant certificates in relation to our business operations may be revoked, suspended or not renewed. Similarly, any breach of these rules and regulations can result in penalties, fines and / or potential criminal prosecution against us. Such revocation, suspension and / or non-renewal of our approvals, licences, permits and certificates will affect our ability to continue our business operations and hence affect our profitability.

There can be no assurance that future applications by our Group for renewals of licences, permits and certificates will be approved, especially if there are changes to the present rules, guidelines, regulations and / or policies.

##### 4.1.2 Our Group's operations are dependent on our Executive Directors and key senior management team

Our Group's continuous success, future business growth and expansion depend on our Executive Directors' experience, expertise and continued efforts. Our Executive Directors, namely Cheah Ham Cheia and Alexander Lo Tzone Leong, have been actively involved in our Group's operations, and their in-depth knowledge on the construction industry, is invaluable to our Group and our Group's business strategies. In addition, our other Executive Director, Cheah Jun Kai, joined in July 2014 and has been participating actively in our Group's operations since then.

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**4. RISK FACTORS (CONT'D)**

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Our Executive Directors are assisted by our key senior management team, who also has extensive knowledge and experience in our business. Our Executive Directors and key senior management team are vital for the strategic direction, leadership, business planning and development, and management of our Group's operations, in addition to formulating and implementing strategies to drive the future growth of our Group.

The loss of any of our Executive Directors and / or key senior management team, and our inability to find a suitable replacement in a timely manner, may adversely affect our ability to maintain and / or improve our business performance. As such, our ability to retain and also attract competent and experienced personnel is crucial for our continued success, future business growth and expansion.

**4.1.3 Our construction works are dependent on the services of our subcontractors**

Our Group usually engages subcontractors to carry out different parts of our construction activities particularly those requiring other specialised trade works such as mechanical and electrical engineering works, piping and plumbing works, external paint works and water proofing works. In addition, our Group also engages subcontractors to carry out work such as supply and installation of construction materials, machinery and equipment 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 finalisation of pricing and scope of works or bills of quantities, we will enter into formal contracts with the successful subcontractors. Notwithstanding that, our Group still undertakes the overall project planning, coordination and management of all our subcontracted works and we are accountable to our customers for the execution of the contract and the overall management of the project. For the past three (3) FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2017, our total subcontractor costs accounted for approximately 54.10%, 48.09%, 64.67% and 70.22% of our Group's total cost of sales, respectively.

Notwithstanding our formal contractual relationships with our subcontractors, any failure of a subcontractor to fulfil its contractual obligations may lead to damages and penalties against our Group in favour of the customer who awarded the construction project to us. Our projects may be delayed and experience cost overrun or poor quality work attributed to our subcontractors due to instances such as insufficient availability of resources during the course of construction period and poor quality deliverable.

In addition, our subcontractors are also subject to the rules and regulations governed by the regulatory body such as the CIDB and the Immigration Department of Malaysia in relation to the employment of foreign workers in the local construction industry. The non-compliance of these rules and regulations may affect their renewal of relevant registrations or licences and / or may even lead to revocation of their registrations or licences.

There is no assurance that our financial performance and business operations will not be adversely affected due to poor quality deliverables of our subcontractors.



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**4. RISK FACTORS (CONT'D)**

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**4.1.4 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 provision of construction services. We are awarded with contracts on a project basis to be implemented over an average of two (2) to three (3) years. There is no assurance of continuity from one project to the next project. In the construction industry, it is common for projects 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 will adversely affect our long term sustainability and business growth as well as the financial performance of our Group.

As at the LPD, our order book comprised unbilled contracts amounting to a total of RM854.89 million, to be billed over the next three (3) financial years to 2020. The details of our order book are provided in Section 11.4.8(b) of this Prospectus. As at 26 February 2018, we had also tendered for RM817.00 million worth of new contracts. However, there can be no assurance that our current order book can be sustained in the future and there can be no certainty that projects from our order book will not be delayed or terminated and we may face a situation of inability to secure new contracts which in turn may result in an adverse impact on our long term sustainability and business growth as well as the financial performance of our Group.

**4.1.5 Our Group is reliant on external financing which may not be available or is available on terms not favourable to us**

We 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 customer that we will proceed with the contract (as per the tender) upon the acceptance of the tender by our customer. Upon the acceptance of the letter of award, the tender bond will be returned upon submission of performance bond. A performance bond, on the other hand, will provide assurance to the customer on the satisfactory completion of a project by us. The tender bond amount is usually specified in the tender document as determined by the customer, while the performance bond is generally 5.00% of the contract sum awarded. In general, the validity of the tender bond ranges from four (4) to six (6) months, whereas the performance bond will expire after the issuance of the CPC. The tender bonds and performance bonds are generally issued to the customer in the form of bank guarantees.

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.

Besides, there is also risk of simultaneous demand for immediate repayment on our outstanding credit facilities, as well as calling on the tender bonds and performance bonds by our customers 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.

As at the LPD, the bank guarantees utilised by our Group amounted to RM54.33 million. Any significant increase in the rates on our future bank guarantees will adversely affect our profitability and cash flows.

In addition, our Group's ability to expand our business operation is dependent upon continued capital expenditure via internally generated funds and / or external funding. Although we have not encountered significant difficulties with the licensed banks nor default in any of our borrowings repayment, there can be no assurance that we will not, in the future, be exposed to financing risks in which the banking facilities are not made available to us, and if available, such financing terms are not favourable to us.



#### 4. RISK FACTORS (CONT'D)

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Any additional borrowings and / or unexpected increase in interest rates may result in an increase in interest expense, which may affect our profitability and debt repayment obligations. There can be no assurance that we are able to meet our borrowing commitments imposed by the licensed banks in the event of any unexpected increase in interest rates in the future.

Our credit facilities may also be subject to review by the licensed banks and contain certain covenants, which may limit our operating and financing flexibility. Such covenants include consents and approvals by the licensed banks regarding any management structure change in the board or major shareholders and to maintain gearing ratio or level of assets as specified by the licensed banks. For information, GDB Group has obtained credit facilities from two (2) licensed banks, which contain financial covenants that require Grand Dynamic Builders to maintain tangible net worth of not less than RM24.00 million at any time. Any act or omission by us that breaches such covenants may give the licensed banks the rights to withdraw or terminate the relevant credit facilities. This may in turn result in a cross default of other credit facility agreements.

As at the LPD, our Group has no outstanding bank borrowings. Nevertheless, there can be no assurance that our performance will not be adversely affected should we breach any of the covenants in our facility agreements.

##### **4.1.6 Our Group may be subjected to the risks of possible delays in completing our construction projects**

The terms of our construction projects include the agreed milestones and specific completion timeline. However, the completion of our projects may be interrupted due to unforeseen external circumstances, which are beyond our control. Any extensions of time in the completion of the projects would result in project cost overrun, attract negative feedbacks and legal uncertainties such as the possibility of enforcement of the liquidated damages penalties by our customer. As such, the timely completion of our construction projects is vital in maintaining our Group's financial performance and upholding our Group's reputation in the local construction industry.

As at the LPD, our Group has completed four (4) projects and all four (4) projects were completed ahead of the contractual completion date. Notwithstanding, there can be no assurance that there would not be delay in completion of our future projects which may result in legal suits, liabilities and lower profitability that would adversely impact our Group's future earnings and reputation.

##### **4.1.7 Our Group may be affected by the fluctuations in the prices and shortages of construction materials**

Our construction materials consist mainly of steel materials, ready-mix concrete, sanitary wares, tiles, cement, grout and adhesive, timber and plywood, hollow section and galvanised iron pipe, electrical items, brick / block and other construction materials which are required in our construction activities. Thus we are 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 being unable to obtain sufficient quantities of construction materials at competitive prices. Some of our construction materials such as steel materials are commodities and their prices are subjected to the fluctuation in global market prices. For the past three (3) FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2017, steel materials contributed 54.26%, 46.51%, 51.33% and 40.29% of our Group's total purchase of construction materials respectively. Further, any fluctuation in construction materials prices will affect the construction industry as a whole. Nonetheless, any price fluctuations in construction materials caused price volatility and shortages of construction materials, which are beyond our control, could result in increased costs and have a material adverse effect on our future financial performance.

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**4. RISK FACTORS (CONT'D)**

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**4.1.8 Our business may be affected by defects in our construction works**

The nature of our Group's business exposes us to the risk of defects liability claims by our customers due to the defects in our construction works that occur during the defects liability period. Defects liability period usually ranges between 24 to 27 months after the CPC is issued to us upon the completion of our construction works.

Generally, our construction projects are subject to a retention sum of 5.00% of the contract sum awarded to us, which will be set out in the contract with our customer. This retention sum serves as a security to our customer to safeguard and guarantee our performance towards the completion of projects as well as against the defects which may occur during the defects liability period. Our customer will retain the entire retention sum throughout the contract period until the issuance of the CPC, of which half of the total retention sum will be released to us upon the issuance of the CPC, whilst the remaining half of the retention sum will be retained by our customer until the end of the defects liability period and upon the issuance of the CMGD.

We are liable for the repair work and rectification of defects in the event any defects occur due to our fault during the defects liability period. In addition, our customer may utilise the remaining retention sum to remedy such defects if we fail to rectify within the agreed period. As such, we may not be able to receive any of the remaining retention sum. Such failure to receive any of the remaining retention sum could adversely impact our financial results.

**4.1.9 Our Group may suffer inadequate insurance coverage on our assets, construction projects and employees**

Due to the nature of our business which entails risks such as exposure to accidents by our employees as well as theft of our machinery and equipment, we have insurance coverage for our construction projects, assets and our employees. The insurance policies provide coverage against burglary, fire, theft, mobile and heavy equipment, workmen's compensation and contractors' all risks. As at the LPD, the sum insured by the insurance policies is amounted to approximately RM2.26 billion. As at the LPD, we have not made any major insurance claims.

There can be no assurance that our insurance coverage is sufficient to cover all the liabilities incurred and as such, claims for damages arising from our Group's operations may have an adverse impact on our Group's financial condition or results of operations.

Furthermore, there is no assurance that our insurance premiums payable in relation to the above insurance policies or additional insurance required by specific projects will not increase. Such increase or mandatory imposition in insurance premium costs may affect our financial results.

**4.1.10 Reliance on major customers**

During the past three (3) financial years under review and 10-month FPE 31 October 2017, our Group's revenue was mainly contributed by Perdana ParkCity Sdn Bhd, Trans Resources Corporation Sdn Bhd and Etiqa Insurance Berhad amounting to RM86.63 million, RM169.54 million, RM274.51 million and RM233.91 million, representing 100.00%, 100.00%, 99.14% and 97.19% of our total revenue respectively. These customers may continue to account for a significant proportion of our Group's total revenue in the near future in view of our established working relationships with Perdana ParkCity Sdn Bhd, Trans Resources Corporation Sdn Bhd and Etiqa Insurance Berhad. The details of our past projects as well as on-going construction projects are provided in Section 5.6.2 of this Prospectus.

#### 4. RISK FACTORS (CONT'D)

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As mentioned in Section 4.1.4 of this Prospectus, our contracts are usually awarded on a project basis to be implemented over an average of two (2) to three (3) years hence we encounter the risk of not having long term contractual agreements with our customers. There is also no assurance that our major customers will continue to engage us in the future. In the event that they discontinue their business relationships with our Group, we may not be able to secure other customers who can contribute a similar proportion of our revenue on a timely basis. As such, our business operations and financial performance may be adversely affected.

Furthermore, our business operations and financial performance may be adversely affected should there be any adverse changes specific to the operations, financial performance and external factors affecting our major customers that are beyond their control. This may result in the delay and / or default in their contractual payments to us.

##### **4.1.11 There is no assurance that our business strategies can be successfully implemented**

Our Group intends to utilise approximately 92.00% of the proceeds from our Public Issue to support our current operations and business strategies, which include to further grow our business in high rise building construction, explore opportunities to expand into other types of construction projects and enhance our assets via acquisition of office, land and machinery and equipment as well as working capital purposes. The details of the utilisation of proceeds and our business strategies are as disclosed in Sections 3.6 and 5.9 of this Prospectus.

The success of achieving and implementing our business strategies relies on market conditions, sufficient financing resources, our ability to continuously secure new projects and the efficiency of our business operations. There is no assurance that our business strategies will be successful and that the successful implementation of our business strategies will improve our earnings.

In the event we are unable to maintain and improve our operations in tandem with the growth of our Company or if we fail to effectively manage our future investments, our operations and financial position may be adversely affected.

#### **4.2 RISKS RELATING TO OUR INDUSTRY**

##### **4.2.1 The construction activity is dependent on the Malaysian property sector**

Our business operations are dependent on the performance of the Malaysian property sector and the government infrastructure development plan as these developments create demand for construction activities. All our construction projects and customers are concentrated in Malaysia.

The outlook of the Malaysian property sector may be affected by market risks such as the political and economic stability of the country, shortage of labour supply as well as increase in labour and construction material costs. Furthermore, the Malaysian property sector is susceptible to risks such as an increase in financing cost and fluctuating demand for real estate properties. As such, any movement and development in the local property sector and national fiscal policy will have a direct impact on our Group's performance and operations.

According to the Industry Overview, between 2010 to 2016, there were a number of incidents affecting the property market in Malaysia. Since 2010, Bank Negara Malaysia ("BNM") introduced several macro prudential measures to curb excessive speculative activity in the housing market and to deter over-borrowing. For example, in 2010, BNM imposed a maximum loan-to-value ratio of 70% on borrowers with three (3) or more outstanding housing loans, while in 2013, BNM announced that the maximum tenure of 35 years for financing granted for the purchase of residential and non-residential

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**4. RISK FACTORS (CONT'D)**

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properties. These measures had resulted in a four (4)-year decline, from 2013 to 2016 by 30.11%, in loan approved for the purchase of residential and non-residential properties.

The introduction of the Goods and Services Tax in April 2015 has also caused uncertainties in the market, as it caused property buyers and property developers to be more cautious as they monitored its impact on the prices of properties.

In 2015, the drop in the total residential and commercial property transactions was mainly contributed by a reduction in property transactions in Johor. Nevertheless, the overall property market in Malaysia improved in 2016 by 1.63%, contributed by the growth in commercial property transactions in Kuala Lumpur. This is despite the ongoing oversupply in office space and shopping complexes in Kuala Lumpur, reflected by a lower occupancy rate of office space at 77.9% in 2016 from 81.2% in 2015, and shopping complexes at 86.9% in 2016 from 87.4% in 2015.

A decision was made by the Government on 17 November 2017 to temporarily freeze on all approvals for luxury property developments, which include shopping malls, commercial complexes and condominiums worth more than RM1 million, from November 2017 onwards, to control the situation of oversupply and low occupancy rates in these properties. However, for property developers who intend to carry out these new luxury property developments, they may apply to the Ministry of Urban Wellbeing, Housing and Local Government and each application will be evaluated on a case-by-case basis.

There is no assurance that there will be no adverse condition affecting the performance of the local property market that can lead to instability in the construction industry in Malaysia.

**4.2.2 The construction industry is competitive**

Our Group operates in a competitive industry which consists of local and foreign construction companies that include listed and non listed companies. Foreign competitors with global market presence and strong financial resources may enter the local construction industry should they obtain the necessary licenses and permits with relevant human capital and this will intensify the competition. Competition from other players may reduce our market share thereby affecting our market position and financial performance.

As at June 2017, there were a total of 81,301 contractors registered with the CIDB, of which 7,013 were registered with Grade G7 reported by the Construction Statistic Quarterly Bulletin-2017 by CIDB. Generally, the entry into the construction services market in Malaysia requires high capital investment to purchase heavy machinery and equipment for instance, tower crane, passenger hoist and other related machinery by the new entrants in order to undertake large scale projects.

According to the Industry Overview, local industry players dominate the construction industry. However, foreign construction companies have been increasing their presence in Malaysia. In 2010, 11.95% of construction projects were awarded to foreign construction companies, based on the value of projects awarded, and this increased to 37.24% in 2016. The projects awarded to foreign construction companies are primarily infrastructure projects and mainly involve companies from China. (*Source: Industry Overview*)

There can be no assurance that we will be able to compete effectively with current and new entrants into the construction industry in the future and the competition in the tendering process will not intensify in the future.

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**4. RISK FACTORS (CONT'D)**

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**4.2.3 The construction industry is exposed to political, economic and regulatory risks**

The nature of our business and the local construction industry, are subject to prevailing political, economic and regulatory conditions in Malaysia. Any adverse changes in political, economic and regulatory conditions such as political uncertainties, changes in the government's policies and regulations in relation to the construction industry, prolonged and / or widespread economic slowdown in Malaysia, weak investment sentiment in Malaysia, war, terrorism activities and riots could adversely affect our Group's operations and financial prospects.

As stated in Section 4.1.1 of this Prospectus, our construction activities are governed by several government bodies which include, the CIDB. There is no assurance that adverse political condition, cyclical change in the Malaysian economy and regulatory changes, which are beyond our control, will not adversely affect our Group's business.

**4.2.4 The construction industry is dependent on foreign workers**

Our construction services are dependent on foreign workers. For the past three (3) financial years under review and 10-month FPE 31 October 2017, the number of foreign workers directly employed by us who worked at our construction sites was 51, 149, 258 and 96 respectively, representing approximately 14.49%, 13.76%, 25.80% and 9.82% of the total construction workers at our construction sites as at 31 December 2014, 31 December 2015, 31 December 2016 and 31 October 2017. These foreign workers are mainly working as our construction workmen, who have valid permits and licences to perform construction activities. The subcontractors engaged by our Group also employ foreign workers to carry out services and trade works for our construction projects.

As our Group's operations are dependent on the supply of foreign workers, any shortage in its supply would adversely affect our business operations and financial results. The employment of foreign workers are sourced from specific countries as determined by the Immigration Department of Malaysia, mainly from Indonesia and Bangladesh. Should the Government amend their policies and impose any restriction or limit on the number of foreign workers to be employed for construction projects, the completion of projects may be delayed, hence affecting our business operations and financial performance. Such employment risk is also extended to the home countries of the foreign workers should there be changes in their employment policies.

**4.2.5 The construction activities are exposed to risks relating to workplace HSE**

The local construction industry is bound by the laws and regulations relating to workplace safety and workers' health enacted or issued by the government bodies. The primary legislation and regulations that are applicable to our daily construction works are the Occupational Safety and Health Act 1994, the Factories and Machinery Act 1967, the Environmental Quality Act 1974 and the Lembaga Pembangunan Industri Pembinaan Malaysia Act, 1994.

As a construction player, we are obliged to ensure that a healthy and safe working environment is provided especially at our construction sites. The HSE risks include any accidents and injury caused during the course of construction activities. Any failure to comply with the relevant HSE laws and regulations may result in penalties and closure of construction sites.

As at the LPD, our Group has not breached any workplace HSE matters which have adversely impacted our business operations and our existing operations are in compliance with the relevant laws and regulations, save for stop work order due to mosquitoes' larvae found at construction site at KL Eco City Project 1 during the FYE 31 December 2015 and 31 December 2016. No monetary penalty was imposed on our Group and the stop work order did not have an adverse impact as we have completed the project ahead of contractual completion date.



#### 4. RISK FACTORS (CONT'D)

In the event of severe environment occurrence or accidents, it may lead to negative publicity and / or suspension of our relevant licences in which, will adversely impact our reputation, business operations and financial position. Our operations may be affected due to the changes in HSE laws and regulations and the compliance with new laws and regulations may impose a significant cost to our Group.

##### 4.2.6 Our operations may be affected by any occurrence of force majeure events such as weather conditions, natural disasters and other unavoidable accidents

The nature of our business operations is affected by weather and natural disasters which lead to the risk of site flooding and extreme weather condition such as haze due to the fact that our operations are conducted at the construction sites. Any occurrence of force majeure events as mentioned above may prohibit us from performing our construction works and as a result, we may not be able to meet the specified timeline for our projects. This may lead to delay in the completion of our projects and accordingly, we may be liable for the liquidated damages penalties imposed by our customers which could lead to an adverse impact on our business operations and financial performance.

In the event that we have to halt our operations during adverse weather conditions or natural disasters, we are still required to incur operating expenses such as labour cost. In addition, as mentioned in Section 4.1.6 of this Prospectus, we will be liable to liquidated damages penalties if we fail to obtain the approval for extension of time for the completion of our project from our customers. Our Group's operations and financial position may be affected should such events occur and there is also no assurance that we will be able to record profits and have sufficient funds for our operations to recover the damages caused by such events.

#### 4.3 RISKS RELATING TO INVESTING IN OUR SHARES

##### 4.3.1 There has been no prior market for our Shares

Prior to our Listing, there has been no public market for our Shares. Hence, there is no assurance that upon Listing, an active public market for our Shares will develop, or, if developed, that such market can be sustained. The IPO Price was determined after taking into consideration a number of factors including but not limited to our historical earnings, business strategies and our financial and operating history.

There can be no assurance that the IPO Price will correspond to the price at which our Shares will trade on the ACE Market of Bursa Securities upon our Listing and the market price of our Shares will not decline below the IPO Price.

##### 4.3.2 Our Share price and trading volume may be volatile

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. Sentiment is 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.

In addition, the market price of our Shares may be highly volatile and could fluctuate significantly and rapidly in response to, amongst others, the following factors, some of which are beyond our control:-

- (i) Variations in our results and operations;
- (ii) Success or failure in our management team in implementing business and growth strategies;

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**4. RISK FACTORS (CONT'D)**

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- (iii) Changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (iv) Changes in conditions affecting the construction industry, the prevailing global and local economic conditions or stock market sentiments or other events or factors;
- (v) Additions or departures of key personnel;
- (vi) Fluctuations in stock market prices and volumes; or
- (vii) Involvement in litigation.

**4.3.3 Our Promoters will continue to hold a majority of our Shares after the IPO**

As disclosed in Section 7.1.1 of this Prospectus, our Promoters will collectively hold in aggregate approximately 74.00% of our enlarged issued share capital upon Listing. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as having voting control over our Group and as such, will likely influence the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting either by law and / or by the relevant guidelines or regulations.

Our Group has appointed three (3) independent directors and set up an Audit Committee to ensure that any future transactions involving related parties are entered into on an arms-length basis and / or on normal commercial terms that are not more favourable to the related parties than those generally available to third parties and are not detrimental to our minority shareholders, and to facilitate good corporate governance whilst promoting greater corporate transparency.

**4.3.4 There may be a potential delay to or failure of our Listing**

The occurrence of any one or more of the following events, which is not exhaustive, may cause a delay in or failure of our Listing:-

- (i) The MITI approved Bumiputera investors fail to acquire the Shares allocated to them under the Public Issue;
- (ii) Our Sole Underwriter exercising their rights pursuant to the Underwriting Agreement to discharge themselves from its obligations thereunder;
- (iii) The revocation of approvals from the relevant authorities for the Listing and / or admission for whatever reason; or
- (iv) We are unable to meet the public shareholding spread requirement of the Listing Requirements, i.e. at least 25% of our issued share capital for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the point of our Listing.

In such event, investors will not receive any of our IPO Shares and we will return in full, without interest, all monies paid in respect of any application for our IPO Shares within 14 days in compliance with sub-section 243(2) of the CMSA.

Nonetheless, our Board will endeavour to ensure compliance with the various requirements for our successful Listing.



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**4. RISK FACTORS (CONT'D)**

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**4.3.5 There is no assurance of payment of dividends**

Our Company, being an investment holding company, derives income mainly from dividends received from our subsidiary. Hence, our ability to pay future dividends is largely dependent on the performance of our subsidiary.

Upon Listing, our Directors intend to adopt the policy of recommending up to 30.00% of the profit attributable to the owners of our Company in each financial year to be distributed as dividends to allow our shareholders to participate in the profits of our Group. Investors should note that the intention to recommend dividends should not be treated as a legal obligation on our Company to do so.

In determining the size of any dividend recommendation, we will also take into consideration a number of factors, including but are not limited to, our financial performance, cash flow requirements, debt servicing and financing commitments, future expansion plans, loan covenants and compliance with regulatory requirements. Whilst we endeavour to make payments of dividends, no assurance can be given that we are able to pay any dividends in the future as a result of factors stated above. Please refer to Section 11.5 of this Prospectus for further information on our dividend policy.

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## **5. INFORMATION ON OUR GROUP**

### **5.1 INFORMATION ON OUR GROUP**

#### **5.1.1 Our Group's Overview and History**

Our Company was incorporated on 28 February 2013 in Malaysia under the Companies Act, 1965 as a private limited company under the name of CHC Synergy Venture Sdn Bhd as an investment holding company and deemed registered under the Act. On 15 July 2016, our name was changed to GDB Holdings Sdn Bhd. On 14 September 2017, we were converted into a public limited company and assumed our present name.

On 5 April 2013, GDB and Alexander Lo Tzone Leong acquired an equity interest of 66% and 34% respectively in Jelita Megah Sdn Bhd (now known as Grand Dynamic Builders) from independent third parties. Prior to the acquisition, the principal activities of Grand Dynamic Builders were general contractor and trader. Upon the acquisition, Cheah Ham Cheia and Alexander Lo Tzone Leong were appointed as Directors of Grand Dynamic Builders. Subsequently, on 22 April 2013, GDB and Alexander Lo Tzone Leong restructured their shareholdings to 70% and 30% respectively in Grand Dynamic Builders.

Our Group, via our wholly-owned subsidiary Grand Dynamic Builders (incorporated in Malaysia under the Companies Act, 1965), is principally involved in the provision of construction services, focusing on high rise residential, commercial and mixed development projects. Please refer to Section 5.6 of this Prospectus for further details on our principal activities and business overview as well as major licences obtained by our Group.

Under the leadership of our directors, Grand Dynamic Builders began to build its business in the provision of construction services, focusing on high rise residential, commercial and mixed development projects. Please refer to Sections 5.4 and 5.6.1 of this Prospectus for our key milestones and further details on our principal activities and business overview.

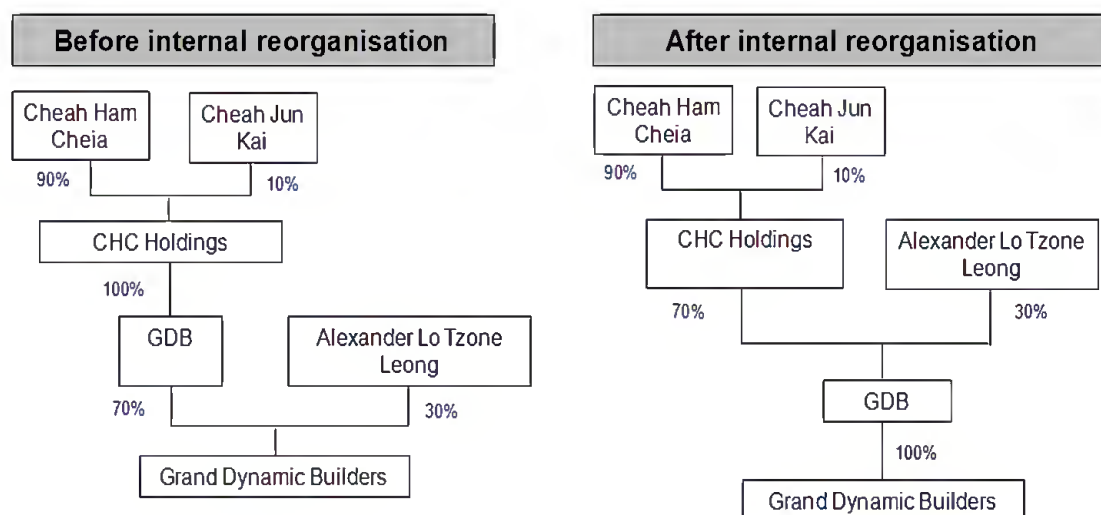
We have a track record of completing projects ahead of the contractual completion date. Since the commencement of our business in May 2013, we have completed a total of four (4) projects and all four (4) projects were completed ahead of the contractual completion date. As at the LPD, we are currently implementing four (4) projects. Details on our completed projects and projects in-progress are set out in Section 5.6.2 of this Prospectus.

On 25 July 2016, our Group underwent an internal reorganisation exercise whereby Grand Dynamic Builders became a wholly-owned subsidiary of GDB. With the internal reorganisation, GDB became 70% held by CHC Holdings (an investment holding company of Cheah Ham Cheia and Cheah Jun Kai) and 30% held by Alexander Lo Tzone Leong. Subsequent thereto, Alexander Lo Tzone Leong was appointed as a Director of GDB on 3 August 2016, joining our existing Directors, Cheah Ham Cheia and Cheah Jun Kai.

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## 5. INFORMATION ON OUR GROUP (CONT'D)

A diagrammatic illustration of the internal reorganisation is shown below:-



As a testament to our quality and safety commitment, our Group has obtained the QLASSIC, CONQUAS, BQUAS and SHASSIC certifications for our projects. Please refer to Section 5.6.6 of this Prospectus for the details of the certifications.

### 5.1.2 Our competitive strengths

#### (i) We have an experienced and technically strong management team

The experience, drive and passion of our management team, comprising our Managing Director, Executive Directors and key senior management, for our business have been instrumental in leading our Group to its current position within the industry. The commitment and teamwork between them have provided the impetus for the continuous growth of our Group.

Our management team comprises:-

Name	Designation	Years of relevant working experience
Cheah Ham Cheia	Managing Director	39
Alexander Lo Tzone Leong	Executive Director	26
Cheah Jun Kai	Executive Director	4
Toh Fong Eng	Chief Financial Officer	36
Lim Lee Ling	Senior Manager – Human Resources and Administration	23
Yap Wei Tong	Assistant General Manager – Project	19
Wong Chin Tee	Assistant General Manager – Tender and Contract	30

## 5. INFORMATION ON OUR GROUP (CONT'D)

Please refer to Sections 7.2.2 and 7.4.2 of this Prospectus for the profiles of our Managing Director, Executive Directors and key senior management team.

Our track record in delivering projects ahead of the contractual completion date and in providing reliable solutions, has been instrumental in attracting new customers, and has enabled us to maintain our business relationships with our existing customers. We believe that the strength and experience of our management team will enable us to continue to further grow our business and expand our market presence.

### (ii) We have a proven track record in terms of delivery schedule, quality and safety

We have a track record of completing projects ahead of the contractual completion date. Since the commencement of our business in May 2013, we have completed a total of four (4) projects and all four (4) projects were completed ahead of the contractual completion date.

Project Title	Contract Duration (Months)	Actual Completion Date	Contractual Completion Date	Days Ahead of Contractual Completion Date
KL Eco City Project 1*				
• Section 1	24	15 February 2016	31 March 2016	45
• Part of Section 2A	39	14 February 2017	26 June 2017	132
• The balance of Section 2A and Section 2B	39	17 May 2017	26 June 2017	40
BBCC Project	2	27 June 2016	30 June 2016	3
One Central Park Project	38	31 October 2016	15 February 2017	107
KL Eco City Project 2	22	2 October 2017	8 December 2017	67

#### Note:-

\* KL Eco City Project 1 consists of three (3) sections namely, Sections 1, 2A and 2B. Section 1 consists of the construction of diaphragm walls, earthworks, piling, basement and podium of the office block A of parcel B, KL Eco City. Section 2A consists of the construction of diaphragm walls, earthworks, piling, basement and podium of the service apartment of parcel B, KL Eco City. Section 2B consists of the construction of diaphragm walls, earthworks, piling, basement and podium of the office block B of parcel B, KL Eco City.

It is the strategy of our Group to ensure projects are well managed and completed on time by assigning necessary staff with relevant experience to be responsible and focus in different areas of the project. We believe that this enables us to anticipate and identify ahead of time any challenges or potential delay in the construction progress.

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**5. INFORMATION ON OUR GROUP (CONT'D)**

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As a testament to our quality and safety commitment, our Group has obtained the following certifications and achievements:-

- ISO 9001:2015 Quality Management System;
- QLASSIC;
- CONQUAS;
- BQUAS;
- OHSAS 18001:2007 Occupational Health and Safety Management System;
- SHASSIC;
- Anugerah COMBI Tapak Binaan 2017;
- ISO 14001:2015 Environmental Management System;
- 5-S standard certification; and
- Green 5S Program certification.

Please refer to Section 5.6.6 of this Prospectus for the details of the certification and achievements.

**(iii) We adopt construction practices that enable us to optimise our project efficiencies**

Our Group's nature of business focuses on high rise buildings and as such, we adopt the IBS in most of our construction projects. IBS is a construction process that utilises techniques, products, components and / or building systems which involve prefabricated components and onsite installation. The main IBS products used for building and infrastructure development in Malaysia are precast concrete framing, panel and box systems, formwork systems, steel framing systems, prefabricated timber framing systems and block work systems. The use of IBS is aimed at increasing productivity, through the speeding up of the construction process to shorten project completion times, and improving quality with the use of prefabricated components manufactured off-site.

Although our Group does not have our own plant for IBS, we source from IBS suppliers and utilise steel, aluminium and other formwork systems in our projects, depending on the specific requirements of the project. Formwork systems act like moulds to form concrete structures, where concrete is poured into the formwork and allowed to set inside the formwork structure.

Further, in all our construction projects, our Group observes and adopts our internal construction practices that includes QESH practices. These are internally developed practices that form part of our standard operating procedures to ensure that all aspects of project delivery are performed based on the same standards and with consistent quality. We also adopt the 5-S standard (i.e. structurise, systematise, sanitise, standardise and self-discipline) currently certified by SIRIM STS Sdn Bhd. The adoption of the 5-S standard enhances the safety, health, quality, productivity and environmental aspects of our projects.

Our Group's adoption of IBS, construction good practices and 5-S standard has enabled us to complete all of our projects to-date ahead of the contractual completion dates, which has contributed to our reputation in high rise construction projects in Malaysia.

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**5. INFORMATION ON OUR GROUP (CONT'D)**

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**(iv) We have established relationships with our customers and suppliers**

Our track record of delivering quality projects ahead of the contractual completion dates has allowed us to establish relationships with our customers. Since our establishment in May 2013, we have secured a total of eight (8) contracts from six (6) customers, namely Perdana ParkCity Sdn Bhd, Trans Resources Corporation Sdn Bhd, BBCC Development Sdn Bhd, Etiqa Insurance Berhad, Selangor Properties Berhad and Hap Seng Land Development (Puchong) Sdn Bhd. Our good track record has resulted in Perdana ParkCity Sdn Bhd awarding us with a second project, namely the Westside III Project.

We are also active in maintaining working relationships with our subcontractors and suppliers to ensure continuous supply of construction materials and skilled workmen to undertake our subcontract works.

**(v) We have invested in technologies to improve efficiency and enhance our business growth**

We have invested in technologies to improve our Group's efficiency and to enhance our business growth.

In particular, we have invested in BIM software. BIM is a digital 3D modeling platform which enables integration of key building elements into a building design and stimulates the scheduling, estimation and fabrication process.

The Government encourages the adoption of BIM among construction industry players as it has the potential to address project implementation issues faced by the construction industry at large. The BIM is a digital construction technology that helps construction industry players plan, design, construct and manage buildings and infrastructure. The BIM can be applied to all phases of construction, from pre-construction to construction and post-construction. The application of BIM is seen to contribute to more efficient project management, where the collaboration between various stakeholders in the construction industry value chain facilitates the design and construction process. During the design phase, the detection of clash and clash analysis can reduce time and construction costs. The BIM also ensures completion of a quality construction project because it assists in organising activities and phasing during the planning stage of a project. *(Source: Industry Overview)*

Our Group uses software such as Autodesk Revit, Autodesk Navisworks and Primavera P6 Professional to improve efficiency and enhance our business growth. Please refer to Section 5.6.8 of this Prospectus for further information on the software invested by our Group.

## 5. INFORMATION ON OUR GROUP (CONT'D)

### 5.1.3 Share capital and changes in share capital

As at the LPD, our present issued share capital is RM20,000,000 comprising 500,000,000 Shares.

Details of the changes in our issued share capital since incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Consideration	Nature of Transaction	Cumulative Issued Share Capital (RM)
28 February 2013	2	Cash	Subscribers' shares	2
11 March 2013	99,998	Cash	Allotment of shares	100,000
31 December 2013	50,000	Cash	Allotment of shares	150,000
31 December 2013	950,000	Otherwise than cash	Capitalisation of amount due to shareholder	1,100,000
26 February 2014	70,000	Cash	Allotment of shares	1,170,000
26 February 2014	1,330,000	Otherwise than cash	Capitalisation of amount due to shareholder	2,500,000
25 July 2016	2,500,000	Otherwise than cash	Issuance pursuant to share swap	5,000,000
12 August 2016	5,000,000	Cash	Allotment of shares	10,000,000
11 October 2016	5,000,000	Cash	Allotment of shares	15,000,000
4 May 2017	5,000,000	Otherwise than cash	Bonus issue	20,000,000
23 August 2017	500,000,000 <sup>^</sup>	N/A	Share split	20,000,000

**Note:-**

<sup>^</sup> Number of subdivided shares.

There were no discounts, special terms or installment payment terms given in consideration of the above allotment.

As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital.

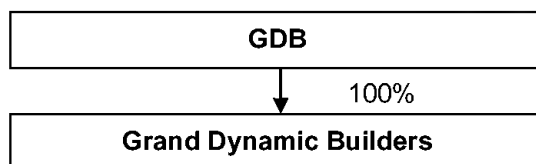
Upon completion of our Listing, our issued share capital will increase to RM63,750,000 comprising 625,000,000 Shares.



## 5. INFORMATION ON OUR GROUP (CONT'D)

### 5.1.4 Subsidiary

Our existing corporate Group structure is as follows:-



Details of our subsidiary are set out below:-

Subsidiary	Date and Place of Incorporation	Principal Place of Business	Date of Commencement of Business	Issued Share Capital	Effective Equity Interest (%)	Principal Activities
Grand Dynamic Builders	13 December 2005 / Malaysia	Malaysia	2 May 2013	23,000,000	100	Provision of construction services

Further details on our subsidiary are set out in Section 5.2 of this Prospectus below. As at the LPD, we do not have any associate company.

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## 5. INFORMATION ON OUR GROUP (CONT'D)

### 5.2 INFORMATION ON OUR SUBSIDIARY

#### 5.2.1 Grand Dynamic Builders

##### (i) Background, history and principal activities

Grand Dynamic Builders was incorporated in Malaysia on 13 December 2005 under the Companies Act, 1965 as a private limited liability company and deemed registered under the Act. On 5 April 2013, GDB and Alexander Lo Tzone Leong acquired an equity interest of 66% and 34% respectively in Grand Dynamic Builders. Subsequently, on 22 April 2013, GDB and Alexander Lo Tzone Leong restructured their shareholdings to 70% and 30% respectively in Grand Dynamic Builders. On 2 May 2013, Grand Dynamic Builders commenced its business operations in the provision of construction services.

On 25 July 2016, our Group underwent an internal reorganisation exercise and Grand Dynamic Builders became a wholly-owned subsidiary of GDB.

##### (ii) Share capital

As at the LPD, the issued share capital of Grand Dynamic Builders is RM23,000,000 comprising 23,000,000 shares.

Details of the changes in the issued share capital of Grand Dynamic Builders since incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Consideration	Nature of Transaction	Cumulative Issued Share Capital (RM)
13 December 2005	2	Cash	Subscribers' shares	2
10 April 2007	99,998	Cash	Allotment of shares	100,000
22 April 2013	900,000	Cash	Allotment of shares	1,000,000
11 June 2013	500,000	Cash	Allotment of shares	1,500,000
23 January 2014	500,000	Cash	Allotment of shares	2,000,000
3 March 2015	1,750,000	Otherwise than cash	Bonus issue	3,750,000
22 April 2015	1,250,000	Otherwise than cash	Bonus issue	5,000,000
20 October 2015	3,000,000	Otherwise than cash	Bonus issue	8,000,000
15 December 2015	2,000,000	Otherwise than cash	Bonus issue	10,000,000

**5. INFORMATION ON OUR GROUP (CONT'D)**

<b>Date of Allotment</b>	<b>No. of Shares allotted</b>	<b>Consideration</b>	<b>Nature of Transaction</b>	<b>Cumulative Issued Share Capital (RM)</b>
16 August 2016	5,000,000	Cash	Allotment of shares	15,000,000
13 October 2016	5,000,000	Cash	Allotment of shares	20,000,000
29 June 2017	3,000,000	Cash	Allotment of shares	23,000,000

There were no discounts, special terms or installment payment terms given in consideration of the above allotment.

As at the LPD, Grand Dynamic Builders does not have any outstanding warrants, options, convertible securities and uncalled capital.

**(iii) Substantial shareholder**

As at the LPD, Grand Dynamic Builders is our wholly-owned subsidiary.

**(iv) Subsidiary and associate**

As at the LPD, Grand Dynamic Builders does not have any subsidiary or associate company.

**5.3 LOCATION OF OPERATIONS**

Please refer to Section 9.1 of this Prospectus for information on material properties for our operations.

**5.4 KEY ACHIEVEMENTS / MILESTONES / AWARDS**

Since the commencement of our business, we have achieved the following key achievements / milestones / awards:-

<b>Year</b>	<b>Key Achievements/Milestones/Awards</b>
2013	<ul style="list-style-type: none"> <li>• Grand Dynamic Builders commenced business in the provision of construction services.</li> <li>• Grand Dynamic Builders registered with the CIDB as a Grade G7 contractor.</li> <li>• Grand Dynamic Builders secured its first contract with Perdana ParkCity Sdn Bhd as the main contractor for One Central Park Project located in Desa ParkCity, Kuala Lumpur.</li> </ul>
2014	<ul style="list-style-type: none"> <li>• Grand Dynamic Builders secured two (2) contracts with Trans Resources Corporation Sdn Bhd as the principal works contractor for KL Eco City Project 1 and KL Eco City Project 2 located in Jalan Bangsar, Kuala Lumpur.</li> </ul>
2015	<ul style="list-style-type: none"> <li>• Grand Dynamic Builders secured another contract with Perdana ParkCity Sdn Bhd as the main contractor for Westside III Project located in Desa ParkCity, Kuala Lumpur.</li> </ul>

**5. INFORMATION ON OUR GROUP (CONT'D)**

<b>Year</b>	<b>Key Achievements/Milestones/Awards</b>
2016	<ul style="list-style-type: none"> <li>Grand Dynamic Builders secured a contract with BBCC Development Sdn Bhd as the main contractor for BBCC Project located in Jalan Pudu, Kuala Lumpur.</li> <li>Grand Dynamic Builders secured a contract with Etiqa Insurance Berhad as the main contractor for Etiqa Project located in Jalan Bangsar, Kuala Lumpur.</li> <li>Grand Dynamic Builders received a SHASSIC certificate from the CIDB by scoring 5 stars (90%) for the One Central Park Project.</li> </ul>
2017	<ul style="list-style-type: none"> <li>Grand Dynamic Builders secured a contract with Selangor Properties Berhad as the main contractor for SPB Project (AIRA Residence) located in Damansara Heights, Kuala Lumpur.</li> <li>Grand Dynamic Builders obtained the SPKK from the CIDB as a Grade G7 contractor that enables us to participate in tenders called by the Government.</li> <li>Grand Dynamic Builders obtained a QLASSIC score of 78% from the CIDB for the One Central Park Project.</li> <li>Grand Dynamic Builders obtained a CONQUAS score of 75.9 points from the Building and Construction Authority, Singapore for the One Central Park Project.</li> <li>Grand Dynamic Builders obtained a SHASSIC certification from the CIDB by scoring 5 stars (98%) for the Westside III Project.</li> <li>Grand Dynamic Builders obtained a BQUAS score of 75.7% from BQUAS Consulting Pte Ltd for the KL Eco City Project 2.</li> <li>Grand Dynamic Builders was awarded first place for Anugerah COMBI Tapak Binaan 2017 from the Health Department Wilayah Persekutuan Kuala Lumpur and Putrajaya, Kuala Lumpur City Hall and CIDB for the Westside III Project.</li> <li>Grand Dynamic Builders secured a contract with Hap Seng Land Development (Puchong) Sdn Bhd as the main contractor for Menara Hap Seng 3 Project located in Jalan P. Ramlee, Kuala Lumpur.</li> </ul>
2018	<ul style="list-style-type: none"> <li>Grand Dynamic Builders obtained a SHASSIC certification from the CIDB by scoring 5 stars (96%) for the Etiqa Project.</li> </ul>

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## 5. INFORMATION ON OUR GROUP (CONT'D)

### 5.5 MATERIAL CAPITAL EXPENDITURE AND DIVESTITURES

Save as disclosed below, our Group did not incur any other material capital expenditure for the past three (3) FYE 31 December 2014 to 2016, 10-month FPE 31 October 2017 and up to the LPD:-

	Transaction value for				
	<-----FYE 31 December----->			10-month FPE 31 October 2017 RM'000	1 January 2017 up to the LPD RM'000
	2014 RM'000	2015 RM'000	2016 RM'000		
<b>Capital expenditure</b>					
Plant and machinery	6,573	486	4,327	2,246	3,595
Site equipment	1,270	1,356	2,087	830	1,110
<b>Total</b>	<b>7,843</b>	<b>1,842</b>	<b>6,414</b>	<b>3,076</b>	<b>4,705</b>

Our material capital expenditure during the FYE 31 December 2014 to 31 December 2016, 10-month FPE 31 October 2017 and up to the LPD comprised capital expenditure on acquisition of plant and machinery and site equipment. Our material capital expenditure was primarily funded via a combination of bank borrowings and internally generated funds.

During the FYE 31 December 2014, our capital expenditure incurred for plant and machinery amounted to RM6.57 million. As our Group commenced business in the provision of construction services in May 2013, we invested heavily in plant and machinery by purchasing, amongst others, one (1) new passenger hoist, three (3) new tower cranes, two (2) used mobile cranes and one (1) new concrete placing boom for our Group's first two (2) projects namely One Central Park Project and KL Eco City Project 1.

Our capital expenditure incurred for plant and machinery decreased to RM0.48 million during the FYE 31 December 2015 as the plant and machinery that were purchased earlier were being utilised in our projects. However, our Group purchased, amongst others, one (1) new concrete placing boom during the FYE 31 December 2015. During the FYE 31 December 2016, our capital expenditure incurred for plant and machinery increased to RM4.33 million as we purchased, amongst others, one (1) new passenger hoist, two (2) new tower cranes and one (1) reconditioned mobile cranes to cater for our construction projects. During the FPE 31 October 2017, our capital expenditure incurred for plant and machinery amounted to RM2.25 million as we purchased, amongst others, one (1) new passenger hoist, one (1) new tower crane, one (1) new concrete placing boom and one (1) used mortar and sand pump based on our project requirements.

Our capital expenditure incurred for site equipment remained constant at RM1.27 million and RM1.36 million respectively for the FYE 31 December 2014 and FYE 31 December 2015. During the FYE 31 December 2016, our capital expenditure incurred for site equipment increased from RM0.73 million to RM2.09 million. This was mainly attributable to the purchase of construction equipment and scaffolding accessories for our construction projects. Our capital expenditure incurred for site equipment decreased to RM0.83 million during the FPE 31 October 2017 as the site equipment that were purchased earlier were being utilised in our projects. However, our Group purchased, amongst others, scaffolding accessories and safety screen during the FPE 31 October 2017.

Our Group had no material divestment for the past three (3) FYE 31 December 2014 to 31 December 2016, 10-month FPE 31 October 2017 and up to the LPD.

From November 2017 up until the LPD, based on our project requirements, we have purchased plant and machinery, namely one (1) new tower crane, as well as site equipments amounting to RM1.35 million and RM0.28 million respectively.

## 5. INFORMATION ON OUR GROUP (CONT'D)

Save for the above and proposed utilisation of proceeds from our IPO for our proposed capital expenditure, we do not have any other material capital expenditures and divestitures in progress currently.

### **Material plans to construct, expand or improve property, plant and equipment**

Save for the proposed utilisation of proceeds from our IPO for our proposed capital expenditure amounting to RM24.67 million (details as set out in Section 3.6 of this Prospectus), as at the LPD, our Group has not paid for any capital expenditure nor made any capital expenditure commitments and do not have any other immediate plans to construct, expand and improve our property, plant and equipment.

## 5.6 BUSINESS OVERVIEW

### 5.6.1 Our principal activities and products / services

We are a building contractor, where we provide construction services mainly for high rise residential, commercial and mixed development buildings.

The roles performed by us as a main contractor and principal works contractor are similar in which we perform the construction of buildings awarded to us. The difference between the two is that a main contractor is awarded the contract directly by the property developer whilst the principal works contractor is awarded the contract by the main contractor.

We are involved in the implementation of construction projects, which includes daily management of all the works required for timely completion of the projects. We also engage subcontractors to provide certain services such as supply and installation of construction materials, machinery and equipment, and other specialised trade works such as mechanical and electrical engineering works, piping and plumbing works, external paint works, water proofing works and other related works.

Our roles and responsibilities are vital in ensuring timely delivery of construction project to the project developer which can be summarised but not limited to the following:-

- (i) Plan, manage, supervise and monitor the entire construction activities;
- (ii) Coordinate and develop shop drawings and coordination drawings from construction drawings provided by the consultants;
- (iii) Prepare a Master Work Program which shows the work activities, sequence and milestones according to the project requirements and specifications;
- (iv) Deploy construction machinery and equipment to the construction site and procure construction materials in accordance to project milestone and requirements;
- (v) Engage, manage and supervise specialised subcontractors to perform respective portions of the construction works;
- (vi) Prepare and implement project QESH plan according to the construction progress; and
- (vii) Perform final inspections, testing and commissioning jointly with the customer representative at the end of construction works and handing over to our customer prior to demobilising resources from the construction site.

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**5. INFORMATION ON OUR GROUP (CONT'D)**

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We generally participate in construction projects via tenders at the invitation of property developers, consultants and repeated customers. As at the LPD, we were appointed as the main contractor for six (6) construction projects (namely One Central Park Project, Westside III Project, BBCC Project, Etiqa Project, SPB Project (AIRA Residence) and Menara Hap Seng 3 Project) and were appointed as principal works contractor for two (2) construction projects (namely KL Eco City Project 1 and KL Eco City Project 2).

In providing construction services, we ensure that works performed are in compliance with the approved drawings and specifications of our customers, as well as regulations and / or guidelines issued by local authorities.

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## 5. INFORMATION ON OUR GROUP (CONT'D)

### 5.6.2 Our Projects

#### (i) Completed projects

Since the commencement of our business in May 2013, we have completed four (4) projects, namely:-

Project Title	Project Description	Customer	Role	Contract Sum RM'000	Commencement Date	Contractual Completion Date	Actual Completion Date
One Central Park Project	Development of one 45-storey condominium block - 359-unit residence including 5-storey podium car park and residents facility on Lot 61964, Jalan Residen 2, Desa ParkCity, Mukim Batu, Kuala Lumpur	Perdana ParkCity Sdn Bhd	Main Contractor	236,750	16 December 2013	15 February 2017	31 October 2016
KL Eco City Project 1#	Development of mixed development consists:- (i) one service apartment - 39-storey (ii) one office block A - 32-storey (iii) one office block B - 42-storey on a 7-storey car park podium and 2-	Trans Resources Corporation Sdn Bhd	Principal works contractor (For diaphragm walls, earthworks, piling, basement and podium)	217,888	Section 1 7 April 2014  Part of Section 2A 7 April 2014  The balance of Section 2A and Section 2B 7 April 2014	Section 1 31 March 2016  Part of Section 2A 26 June 2017  The balance of Section 2A and Section 2B 26 June 2017	Section 1 15 February 2016  Part of Section 2A 14 February 2017  The balance of Section 2A and Section 2B 17 May 2017

## 5. INFORMATION ON OUR GROUP (CONT'D)

Project Title	Project Description	Customer	Role	Contract Sum RM'000	Commencement Date	Contractual Completion Date	Actual Completion Date
BBCC Project	Development of temporary building on top of a part of Lot PT143, Seksyen 56, Jalan Pudu, Mukim Kuala Lumpur, Wilayah Persekutuan for BBCC Development Sdn Bhd	BBCC Development Sdn Bhd	Main Contractor (For pavilion and show units (650sq ft and 850 sq ft) for serviced apartment 1 and 2)	2,399*	9 May 2016	30 June 2016	27 June 2016

## 5. INFORMATION ON OUR GROUP (CONT'D)

Project Title	Project Description	Customer	Role	Contract Sum RM'000	Commencement Date	Contractual Completion Date	Actual Completion Date
KL Eco City Project 2	Development of mixed development consists:- (i) one service apartment - 39-storey (ii) one office block A - 32-storey (iii) one office block B - 42-storey on a 7-storey car park podium and 2-storey car park space, and on top of 3-storey underground car park space on Lots 5,16, 29, 30, 42 and 215; PT22, 23, 24, 72, 73, 74 and a part of PT19 is Government land based on Section 95A and 98, Kampung Haji Abdullah Hukum, Jalan Bangsar, Wilayah Persekutuan for joint venture project between Kuala	Trans Resources Corporation Sdn Bhd	Principal works contractor (For office tower A and balance works on basement and podium)	188,459	16 February 2016	8 December 2017	2 October 2017

5. INFORMATION ON OUR GROUP (CONT'D)

Project Title	Project Description	Customer	Role	Contract Sum RM'000	Commencement Date	Contractual Completion Date	Actual Completion Date
	Lumpur City Hall and KL Eco City Sdn Bhd						

**Notes:-**

- \* Final contract sum pursuant to the finalisation of the final account.
- # KL Eco City Project 1 consists of three (3) sections namely, Sections 1, 2A and 2B. Section 1 consists of the construction of diaphragm walls, earthworks, piling, basement and podium of the office block A of parcel B, KL Eco City. Section 2A consists of the construction of diaphragm walls, earthworks, piling, basement and podium of the service apartment of parcel B, KL Eco City. Section 2B consists of the construction of diaphragm walls, earthworks, piling, basement and podium of the office block B of parcel B, KL Eco City.

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## 5. INFORMATION ON OUR GROUP (CONT'D)

## (ii) Projects in-progress

As at the LPD, the following are our projects in-progress:-

Project Title	Project Details	Customer	Role	Contract Sum RM'000	Commencement Date	Contractual Completion Date
Westside III Project	Development of one 49-storey residence block - 469 residence units with residents' facilities and one 6-storey and one basement car park space on top of Lot 80010, Jalan Residen Utama, Desa ParkCity, Mukim Batu, Wilayah Persekutuan Kuala Lumpur	Perdana ParkCity Sdn Bhd	Main Contractor	245,000	21 December 2015	20 December 2018
Etiqa Project	Development of one 38-storey office tower block with:- (i) 27-storey of office space (ii) 1-storey of mechanical space (iii) 3-storey recreation / facility space (Level 8, 9 and 31) (iv) 7-storey podium carpark space on ground level P1-P7 (v) 3.5-storey of underground carpark space semi B-B3 (vi) 2 Tenaga Nasional Malaysia substation on lower ground	Etiqa Insurance Berhad	Main Contractor (Main building works)	186,634	1 August 2016	31 July 2018

## 5. INFORMATION ON OUR GROUP (CONT'D)

Project Title	Project Details	Customer	Role	Contract Sum RM'000	Commencement Date	Contractual Completion Date
SPB Project (AIRA Residence)	(vii) 1 garbage collection space on top of Lot 422, Jalan Bangsar, Seksyen 96, 59000 Kuala Lumpur for Etiqa Insurance Berhad	Selangor Properties Berhad	Main Contractor (Main building works)	432,000	10 August 2017	9 August 2020
Menara Hap Seng 3 Project	Construction of a one 26-storey commercial building consisting of one 6-storey basement car park, 2-storey exhibition space, 1-storey mechanical and electrical space, 3-storey business space and 20-storey office space at Lot 1246 and 546, Jalan P. Ramlee, Seksyen 57, Bandar Kuala Lumpur	Hap Seng Land Development (Puchong) Sdn Bhd	Main Contractor	312,858	1 November 2017	31 December 2019

**Note:-**

\* SPB Project (AIRA Residence) comprises the refurbishment of one existing block of 49 apartment units at Tower 1 and construction of one new 19-storey tower block of 105 apartment units at Tower 2.

## 5. INFORMATION ON OUR GROUP (CONT'D)

### (iii) Projects Secured

As at the LPD, our order book comprising unbilled portions of projects-in-progress stood at RM854.89 million, derived from Westside III Project, Etiqa Project, SPB Project (AIRA Residence) and Menara Hap Seng 3 Project which will be billed progressively over the next three (3) financial years to 2020.

### (iv) Projects Tendered

As at 26 February 2018, we have four (4) project tenders pending decision. These tenders include high rise serviced apartments, hotel and commercial buildings in Kuala Lumpur and Cyberjaya, with a total tendered sum of RM817.00 million. These tendered projects, if awarded to us, will further increase our order book.

### 5.6.3 Our Principal Markets

Our principal market is in Malaysia for the past three (3) FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2017. Further details on the analysis of total revenue by building segment of our Group are disclosed in Section 11.4.2 of this Prospectus.

### 5.6.4 Key types, sources and availability of supplies

Our purchases and supplies include construction materials, direct labour cost, subcontractor cost and miscellaneous items used for our business.

Our construction materials comprise mainly of steel materials, ready-mix concrete, sanitary wares, tiles, cement, grout and adhesive, timber and plywood, hollow section and galvanised iron pipe, electrical items, brick / block and other construction materials, which comprised 34.31%, 41.70%, 23.53%, 23.86% and 14.80% of the total cost of sales for the FYE 31 December 2014, FYE 31 December 2015, FYE 31 December 2016 and 10-month FPE 31 October 2016 and FPE 31 October 2017 respectively.

The construction materials we use are generally widely available and sourced from local suppliers, including suppliers specified by our customers. The prices of our construction materials such as steel, concrete and cement may be subject to price fluctuations as a result of demand and supply conditions. However, the prices of our construction materials purchased have been within our budgeted cost during the past three (3) financial years and 10-month FPE 31 October 2016 and FPE 31 October 2017 under review.

For the purchase of construction materials and supplies, we generally take into account suppliers' lead times to prevent potential major disruptions to our delivery time. We generally purchase construction materials and supplies on a project or per purchase order basis.

As a main contractor and principal works contractor, we usually engage subcontractors to carry out different parts of our construction activities particularly those requiring other specialised trade works such as mechanical and electrical engineering works, piping and plumbing works, external paint works and water proofing works. In addition, our Group also engages subcontractors to carry out work such as supply and installation of construction materials, machinery and equipment with the objective to reduce the need for our Group to employ a large workforce to control and lower our operating costs.



## 5. INFORMATION ON OUR GROUP (CONT'D)

We have developed policies and procedures that guide our selection of subcontractors and suppliers. All selected subcontractors and suppliers are evaluated in terms of financial performance, production capabilities, ability to deliver products that meet our quality requirements, and ability to deliver in a timely manner. We appoint experienced subcontractors and suppliers that are reliable and financially secure to ensure the quality of our service that we deliver to our customers. We also carry out periodical audits and assessments on our current subcontractors and suppliers as well as conducting evaluation on potential subcontractors and suppliers.

The breakdown of our cost of sales, which includes construction materials, direct labour cost, subcontractor cost and preliminaries, purchased and / or incurred by us during FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2016 and FPE 31 October 2017 are as follows:-

Items	<-----Audited----->						Unaudited		Audited	
	<-----FYE 31 December----->						10-month			
	2014		2015		2016		2016		2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Construction materials										
- Steel materials <sup>(a)</sup>	14,941	18.62	30,484	19.40	30,582	12.08	27,469	12.55	12,506	5.96
- Ready-mix concrete	11,290	14.07	23,531	14.97	23,559	9.31	19,717	9.01	11,616	5.54
- Sanitary wares	-	-	4,498	2.86	427	0.17	294	0.13	2,163	1.03
- Tiles	-	-	3,099	1.97	660	0.26	851	0.39	2,183	1.04
- Cement, grout and adhesive	17	0.02	822	0.52	763	0.30	1,120	0.51	1,073	0.51
- Timber and plywood	75	0.09	1,283	0.82	677	0.27	590	0.27	192	0.09
- Hollow section and galvanised iron pipe	519	0.65	563	0.36	281	0.11	270	0.12	9	0.01
- Electrical items <sup>(b)</sup>	400	0.50	185	0.12	517	0.20	433	0.20	173	0.08
- Brick/ block	28	0.03	302	0.19	558	0.22	441	0.20	330	0.16
- Others <sup>(c)</sup>	266	0.33	775	0.49	1,554	0.61	1,044	0.48	794	0.38
<b>Total construction materials</b>	<b>27,536</b>	<b>34.31</b>	<b>65,542</b>	<b>41.70</b>	<b>59,578</b>	<b>23.53</b>	<b>52,229</b>	<b>23.86</b>	<b>31,039</b>	<b>14.80</b>
Direct labour cost	647	0.81	1,872	1.19	4,099	1.62	3,311	1.51	3,083	1.47
Subcontractor cost	43,416	54.10	75,575	48.09	163,709	64.67	138,423	63.24	147,241	70.22
Preliminaries <sup>(d)</sup>	8,654	10.78	14,174	9.02	25,760	10.18	24,933	11.39	28,319	13.51
<b>Total cost of sales</b>	<b>80,253</b>	<b>100.00</b>	<b>157,163</b>	<b>100.00</b>	<b>253,146</b>	<b>100.00</b>	<b>218,896</b>	<b>100.00</b>	<b>209,682</b>	<b>100.00</b>

### Notes:-

(a) Steel materials comprise mainly steel bar and wire mesh.

(b) Electrical items comprise temporary lighting for site during construction stage, which includes cable, distribution board, bulb, metal halite, earth leakage circuit breaker, switch socket, etc.

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**5. INFORMATION ON OUR GROUP (CONT'D)**

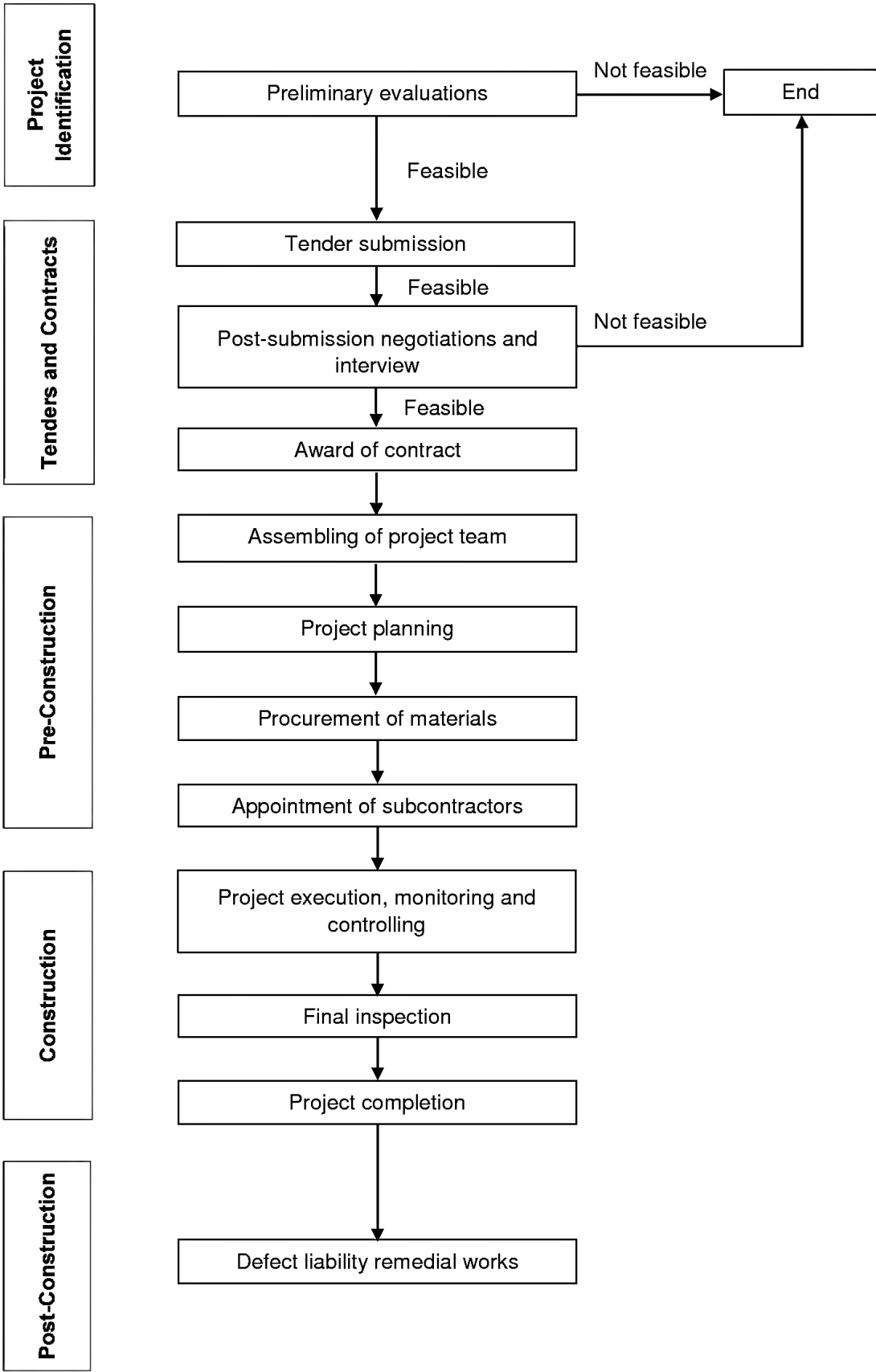
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- (c) *Other construction materials comprise sand, quarry products, skim coat, concrete spacer, curing compound, waterstop, epoxy, bonding agent, paint, diesel, form tie system, etc.*
- (d) *Preliminaries comprise site management cost, hiring machinery and equipment, utilities, depreciation and other related projects maintenance and overhead expenses.*

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5. INFORMATION ON OUR GROUP (CONT'D)

5.6.5 Process flow



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**5. INFORMATION ON OUR GROUP (CONT'D)**

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**(i) Project Identification**

We identify potential projects via recommendations from consultants, referral from existing customers, direct invitations from our existing customers and other property developers, and through tender notices. We will conduct preliminary evaluations on the potential projects, focusing on the financial feasibility of the project such as capital requirements and potential return of the project, risk assessment on the financial position of the potential customers, prospects of the projects based on current market demand, as well as the required and availability of skilled resources for the project.

**(ii) Tender and Contract**

If a project is feasible, our Tender and Contract department will communicate with the customers to prepare a proposal based on the customers' requirements and is responsible for costing for the tender submission. In selected tender exercises, we are required to complete the pre-qualification exercises where our customer will evaluate our track record and financial statement before we are being invited for the tender exercise.

A tender bond will be submitted together with the tender documents to provide assurance to our customer that we will proceed with the contract (as per the tender) upon the acceptance of the tender by our customer.

We may be invited by the customer to present our proposal, or provide clarification on technical details or commercial terms. If our proposal is accepted by the customer, the customer will present us with a letter of award prior to signing of a contract.

**(iii) Pre-construction**

Upon the acceptance of the letter of award, the tender bond will be returned upon submission of performance bond. A performance bond will provide assurance to the customer on the satisfactory completion of a project by us. Our Tender and Contract department will provide project information and customer's requirements to our project team to initiate project planning.

Our project team will be headed by a head of project who is responsible for assembling a project team which will oversee the management and implementation of all aspects of the project, such as construction works, quality control, safety, health and environment, time management, project costing and procurement of construction materials and supplies as well as appointment of subcontractors.

In the pre-construction phase, detailed planning activities will be carried out to ensure successful delivery of the project, where we are involved in planning activities such as design works (where applicable), preparation of project QESH plan, Master Work Program, project budget, construction methodology and resource requirements.

The project team will be responsible for submitting and procuring the relevant approvals and permits from the local authorities and based on site throughout the construction period.

The project team will work together with our Purchasing department who is responsible for sourcing quotations from our pre-approved or new suppliers as well as purchasing from the project's nominated supplier, if any.

The project team will also work together with our Tender and Contract department who is responsible for sourcing and appointing subcontractors that meet our technical, cost and quality requirements from our list of pre-approved subcontractors to provide services such as the supply and installation of construction materials, machinery and equipment, and other specialised trade works.

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**5. INFORMATION ON OUR GROUP (CONT'D)**

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During the subcontracting process, apart from nominated subcontractors, our Tender and Contract department will source and call for tenders from our approved subcontractor list. Upon closing of the tender, the Tender and Contract department will evaluate quotations and tenders submitted by our subcontractors. We will issue a letter of award to the appointed subcontractors upon identifying the subcontractors that meet our technical, cost and quality requirements.

**(iv) Construction**

We will commence construction work once we have obtained the required approvals from the local authorities. We will submit progress billings for the project according to the billing intervals as specified in the contract and receive progress payments from our customers on a monthly basis throughout the duration of a project. Similarly, our subcontractors are also 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 process and release the payment to them based on the credit period stated in the subcontractors' contract.

Our project team will provide technical support and value engineering input, where applicable, to our customers to ensure cost effectiveness and methodology efficiency. Our project team will coordinate and develop shop drawings and coordination drawings from construction drawings provided by the consultants.

Our project team will prepare a Master Work Program which shows the work activities, sequence and milestones according to the project requirements and specifications. Individual tasks in the project will be closely followed based on the timeline planned in the Master Work Program and the timeline will be monitored to ensure construction works are completed in a timely manner.

During the construction works phase, our project team will act as the site administrator in which the personnel will devise a detailed construction plan, coordinate and supervise subcontractors, liaise with customers and consultants as well as implement and monitor construction milestones.

Our Purchasing department will coordinate the transfer and/or procurement of the equipment and construction materials needed to the construction site according to the Master Work Program. Our project team will set up site facilities, plan, coordinate and allocate manpower resources, enforce a site management system throughout the project and liaise with the utility provider for utility relocation and temporary diversion. Our Tender and Contract department will evaluate work done on site, prepare interim claims and resolving contractual issues.

Our QESH department will monitor the construction site to ensure compliance to the quality, site occupational safety, health and environmental guidelines and policies. Project QESH plan will be developed and implemented according to the construction progress.

Our project team will carry out final inspections, testing and commissioning jointly with the customer representative at the end of construction works and prior to demobilising resources from the construction site. The Head of Project is responsible for assembling final project documentation such as as-built drawings, warranties, and operations and maintenance manuals where a complete set of project documents will be presented to the customer during the handover stage by our project team. Thereafter, the project team will demobilise resources from the construction site in stages.

The project is practically completed when we obtain the CPC issued by the architect. Upon receiving the CPC, we will submit our penultimate claim which will include claim for release of the first portion of the retention sum.

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**5. INFORMATION ON OUR GROUP (CONT'D)**

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**(v) Post Construction**

The defects liability period will begin when we obtain the CPC. During the defects liability period, upon receiving report on defects identified by the customer, our Project department will investigate and rectify the issue by getting our relevant subcontractors to rectify the defects. The length of the defects liability period generally ranges from 24 to 27 months after issuance of the CPC.

Upon expiry of the defects liability period and the complete rectification of all defects identified, our customer will issue the CMGD.

We will also extend a joint warranty or guarantee together with the relevant supplier in respect of certain proprietary systems, materials and good installed such as external paint work and water proofing work beyond the defects liability period, subject to the terms of the contract. Any defects identified during this period will be rectified by our respective subcontractors if the defects are due to defective materials or workmanship.

**Final settlement and release of retention sum**

We will generally submit to the architect and quantity surveyor all documents supporting the draft final accounts within 6 to 12 months after the issuance of the CPC. The final account shall be completed and issued by the architect in accordance to the terms of the contracts.

Generally, our customers are entitled to retain 10.00% of each progress billing, as retention sum, up to a maximum of 5.00% of the contract sum awarded. Our customer will retain the entire retention sum throughout the contract period until the issuance of the CPC, of which half of the total retention sum will be released to us upon the issuance of the CPC, whilst the remaining half of the retention sum will be retained by our customer until the end of the defects liability period and upon the issuance of the CMGD. The remaining retention sum may be utilised by our customer to remedy defects if we fail to rectify within the agreed period. Similarly, we also retain 10.00% of each certified work done against our subcontractors as retention sum, up to a maximum of 5.00% of the awarded sub-contract value. We will release the retention sum to our subcontractors, of which half of the retention sum will be released upon the issuance of the CPC, whilst the remaining half of the retention sum will be released at the end of the defects liability period and upon the issuance of the CMGD.

**5.6.6 Quality, Environment, Safety and Health**

Our Group places strong emphasis on quality management to ensure that the quality of our projects comply with relevant regulations. We are also committed to complying with all relevant occupational safety, health and environmental requirements.

In September 2013, we developed and implemented an integrated management system, the QESH management system to optimise resources and standardise processes in our organisation. Our QESH management system meets the requirements of international standards, and thus our Group's services are well defined at every stage of construction in terms of quality, environmental, safety and health requirements.

We have a dedicated QESH department who is responsible for the implementation of QESH management system within our Group. We have at least one QESH supervisor and one QESH officer on site for all of our on-going projects. Our on site QESH team ensures QESH plans are carried throughout the construction in accordance to international standards and to our Group's quality and safety practices. We conduct regular inspections which include quality and safety assessments throughout the construction period. Our project team work together with our subcontractors to coordinate and solve any technical matters pertaining to the construction project prior to commencement of construction work.

## 5. INFORMATION ON OUR GROUP (CONT'D)

Our on site QESH officer follows a set of stringent procedures that include the set-up of a detailed monitoring, controlling and inspection work sequence, periodical internal quality and safety audits and quality assessment practices on internal finishes such as floors, walls, ceiling, door, window, internal fixtures (i.e. build-in cabinet and storage), and mechanical and electrical fittings.

We participate in QCLASSIC and CONQUAS or BQUAS assessments upon completion of our construction projects to further endorse our workmanship quality based on the approved standards. The assessments enable the quality of workmanship between construction projects to be objectively compared through a scoring system.

For QCLASSIC, CONQUAS and BQUAS, the construction elements that need to be assessed are determined through a sampling and statistical approach. These samples are distributed evenly throughout the project and the assessment samples are then selected from drawings and plans of the construction project.

### QCLASSIC assessment

QCLASSIC is issued by the CIDB. QCLASSIC covers four (4) components of assessment, namely structural works, architectural works, mechanical and engineering works and external works. The weightages for structural works, architectural works, mechanical and electrical works and external works are allocated according to the different categories of buildings. The weightages for stratified housing which we are involved in are as follows:-

Components	Stratified housing which includes flats, apartments, condominiums, service apartments, small office / home office and town houses (%)
Structural works	20
Architectural works	60
Mechanical and electrical works	10
External works	10

We obtained a QCLASSIC score of 78% from the CIDB for the One Central Park Project based on the four (4) components of assessment.

### CONQUAS assessment

CONQUAS is developed by the Building and Construction Authority, Singapore, an agency under the Ministry of National Development, Singapore to lead the development of buildings, structures and infrastructures in the surrounding of Singapore that provide the settings for community's activities. The Building and Construction Authority, Singapore offers CONQUAS assessment and CONQUAS trainings.

Generally, the CONQUAS assessment covers three (3) components, namely structural works, architectural works, and mechanical and electrical works. Besides inspection on the construction site, the assessment also includes tests on the materials and the functional performance of services and installations. These tests help to safeguard the interest of building occupants in relation to safety, comfort and aesthetic defects which will surface only after sometime.

The weightings for structural works, architectural works, and mechanical and electrical works are allocated according to the different categories of buildings. The weightings for mixed development and private housing which we are involved in are as follows:-



## 5. INFORMATION ON OUR GROUP (CONT'D)

<b>Components</b>	<b>Commercial, industrial, institution, mixed development and others (%)</b>	<b>Private housing (%)</b>
Structural works	30	25
Architectural works	60	65
Mechanical and electrical works	10	10

The Building and Construction Authority, Singapore provides CONQUAS assessment to projects in overseas, including Malaysia but only limited to the assessment on architectural works. The score for the architectural works will be calculated on a total of 100.0 points. We participated in the CONQUAS assessment for One Central Park Project and achieved 75.9 points out of 100.0 points.

### **BQUAS assessment**

BQUAS assessment is a third party assessment system developed by BQUAS Consulting Pte Ltd, Singapore to provide assessment on building quality for projects outside Singapore. BQUAS Consulting Pte Ltd, Singapore offers BQUAS assessment and BQUAS trainings to developers and contractors.

BQUAS assessment covers two (2) components, namely architectural works and mechanical and electrical works, and the weightages of the two (2) components are allocated according to the different categories of buildings. The weightages for commercial development which we are involved in are as follows:-

<b>Components</b>	<b>Commercial, industrial, institution, mixed development and others (%)</b>
Architectural works	95.2
Mechanical and electrical works	4.8

We obtained a BQUAS score of 75.7% from BQUAS Consulting Pte Ltd, Singapore for the KL Eco City Project 2 based on the two (2) components of assessment.

### **SHASSIC assessment**

We also participated in SHASSIC assessments to assess and evaluate the safety and health performance of our contractor in construction works / projects. SHASSIC assessments are carried out with the purpose to benchmark the level of safety and health performance of the construction industry in Malaysia. SHASSIC score is assessed and issued by CIDB.

SHASSIC covers three (3) components of assessment, namely document check, workplace inspection and employees interview, covering components such as 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.

The assessment will start off with document checks which accounts for 40% of the total 100% score. This section involves the checking of construction OSH record-keeping of the contractor. The assessment will move on to workplace inspection which accounts for another 40% of the total 100% score. The assessor will inspect five (5) high risk areas of the construction to calculate the section score. Lastly, in the employees' interview, which accounts for the final 20% of the total 100% score, the assessor will select ten (10) workers to take part in the interview. The interviewees involved will include management personnel, OSH committee members and on site workers.

We received SHASSIC certificates from the CIDB by scoring 5 stars (90%) for the One Central Park Project, 5 stars (98%) for the Westside III Project and 5 stars (96%) for the Etiqa Project.

## 5. INFORMATION ON OUR GROUP (CONT'D)

### Anugerah COMBI Tapak Binaan

Anugerah COMBI Tapak Binaan is an award jointly awarded by the Health Department Wilayah Persekutuan Kuala Lumpur and Putrajaya, Kuala Lumpur City Hall and CIDB, to the contractors for their effort in creating an Aedes breeding free construction site.

COMBI, the short form for "Communication for Behavioural Impact", is a programme initiated by World Health Organisation and implemented by the Ministry of Health, Malaysia. The programme is currently implemented in Kuala Lumpur, Putrajaya, Selangor and Johor, and it is expected to be implemented throughout the country soon. The objective of COMBI programme is to mobilise various sectors to address dengue issues within the community, create common sense of responsibility within the community for dengue issues and influences the decisions, behaviour and social norms in handling dengue issues.

We were awarded first place for our Westside III Project in the Anugerah COMBI Tapak Binaan 2017.

As a testament to our safety and quality commitment, our Group has obtained the following certifications and achievements:-

<b>Certifications / Achievements</b>	<b>Scope</b>	<b>Certification/ Issuance Body</b>	<b>Year First Achieved</b>	<b>Current Validity Period</b>
ISO 9001:2015 Quality Management System	Provision of construction services for building and infrastructure works	SIRIM QAS International Sdn Bhd and International Certification Network	2014	Issuance Date: 14 September 2017 Validity Date: 26 November 2020
OHSAS 18001:2007 Occupational Health and Safety Management System	Provision of construction services for building and infrastructure works	SIRIM QAS International Sdn Bhd and International Certification Network	2014	Issuance Date: 5 September 2017 Validity Date: 26 November 2020
ISO 14001:2015 Environmental Management System	Provision of construction services for building and infrastructure works	SIRIM QAS International Sdn Bhd and International Certification Network	2015	Issuance Date: 27 September 2017 Validity Date: 26 November 2020
<b><u>One Central Park Project</u></b>				
5-S standard	Implementation of the 5-S standards aims at cultivating "Structurise, Systematise, Sanitise, Standardise and Self-Discipline" practice	SIRIM Training Services & International 5-S Organisation	2015	Valid for 1 year until 1 August 2016*

## 5. INFORMATION ON OUR GROUP (CONT'D)

<b>Certifications / Achievements</b>	<b>Scope</b>	<b>Certification/ Issuance Body</b>	<b>Year First Achieved</b>	<b>Current Validity Period</b>
SHASSIC	Scored 5 stars (90%)	CIDB	2016	N/A
QLASSIC	Scored 78%	CIDB	2017	N/A
CONQUAS	Scored 75.9 points	Building and Construction Authority, Singapore	2017	N/A
<b><u>KL Eco City Project 1</u></b>				
5-S standard	Implementation of the 5-S standards aims at cultivating "Structurise, Systematise, Sanitise, Standardise and Self-Discipline" practice	SIRIM Training Services & International 5-S Organisation	2015	Valid for 1 year until 1 August 2016*
<b><u>KL Eco City Project 2</u></b>				
BQUAS	Scored 75.7%	BQUAS Consulting Pte Ltd, Singapore	2017	N/A
<b><u>Westside III Project</u></b>				
SHASSIC	Scored 5 stars (98%)	CIDB	2017	N/A
Green 5S Program	Implementation of the 5-S standards aims at cultivating green "Structurise, Systematise, Sanitise, Standardise and Self-Discipline" practice	SIRIM STS Sdn Bhd	2017	16 May 2017 – 15 May 2018
Anugerah COMBI Tapak Binaan 2017	Awarded first place	Health Department Wilayah Persekutuan Kuala Lumpur and Putrajaya, Kuala Lumpur City Hall and CIDB	2017	N/A
<b><u>Etiga Project</u></b>				
Green 5S Program	Implementation of the 5-S standards aims at cultivating green "Structurise, Systematise, Sanitise, Standardise and Self-Discipline" practice	SIRIM STS Sdn Bhd	2017	16 May 2017 – 15 May 2018

**5. INFORMATION ON OUR GROUP (CONT'D)**

<b>Certifications / Achievements</b>	<b>Scope</b>	<b>Certification/ Issuance Body</b>	<b>Year First Achieved</b>	<b>Current Validity Period</b>
SHASSIC	Scored 5 stars (96%)	CIDB	2018	N/A

**Note:-**

\* No renewal for 5-S standard certification for One Central Park Project and KL Eco City Project 1 as the assessments were taken on a voluntary basis.

**5.6.7 Research and development**

Due to the nature of our Group's business, we are not involved in research and development activities.

**5.6.8 Technology**

Our Group uses licensed computer software for tendering, project management, BIM, 2D drawing and 3D navigation to assist our construction services. The following software is being used for our business:-

<b>Software</b>	<b>Technology</b>	<b>Description</b>
AutoCAD LT	2D drawing	A commercial aided design and drafting software application to help create 2D drawings with precision.
Autodesk Revit	BIM	Building information modelling software allowing users to plan and develop a building together with its elements for example, structural, architectural, mechanical, electrical and plumbing in 2D and 3D format. It also provides advance coordination on the construction of a building, allowing users to detect clashes in the building elements as well as better visualisation on the overall view of a building.
Autodesk Navisworks	3D navigation	A 3D Navigation software which can integrate with Autodesk Revit to allow users to open and combine 3D models and navigate around them in real-time and review the model using a set of tools including comments, viewpoints and measurements. This will allow better understanding of building outcomes before and during construction with advance coordination, analysis and simulation tools thus improving the accuracy, efficiency and quality of the finished product.
BIM software	BIM	BIM software is a digital 3D modeling platform which enables integration of key building elements into a building design and simulates the scheduling, estimation and fabrication processes. The modeling platform provides a virtual reality insight throughout the stages of the building construction with integrated information as well as prompting deviations / exceptions for realignment / rectification. BIM software integrates Autodesk Revit and Autodesk Navisworks.

**5. INFORMATION ON OUR GROUP (CONT'D)**

<b>Software</b>	<b>Technology</b>	<b>Description</b>
Binalink QS System	Tendering system	Fully windows based tendering system with optical character recognition (“OCR”) and scanning and printing function, OCR and image linked pricing, central library, comprehensive pricing functions, total resources report, tender reconciliation and budget control.
Microsoft Project Professional	Project management	Project management software designed to assist a project manager in developing a plan, assigning resource to task, tracking progress, managing the budget and analysing workloads.
Microsoft Visio Standard	Project management	Diagramming and vector graphics application.
Primavera P6 Professional	Project management	Enterprise project portfolio management software for planning and monitoring the progress of large scaled projects.

**5.6.9 Modes of marketing, distribution and sales**

Our track record as a reliable construction company in delivering quality projects ahead of the contractual completion dates is expected to bring in new businesses either through repeat business or by referrals from past customers and consultants to other prospective customers. We also identify potential customers and their upcoming projects through tender notices.

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## 5. INFORMATION ON OUR GROUP (CONT'D)

## 5.6.10 Major approvals, licences and permits obtained

Details of major approvals, licences and permits applicable to our Group as at the LPD are as follows:-

Company	Description of licence/approval	Authority	Licence / Reference no.	Issue Date / Expiry Date	Major conditions imposed	Status of compliance
Grand Dynamic Builders	<p>Certificate of Registration issued to Grand Dynamic Builders pursuant to Part VI of Akta Lembaga Pembangunan Industri Pembinaan Malaysia 1994 in respect of:</p> <ul style="list-style-type: none"> <li>• Grade G7, Category B, registration specialisation B04</li> <li>• Grade G7, Category CE, registration specialisation CE21</li> <li>• Grade G7, Category ME, registration specialisation M15</li> </ul>	CIDB	<p>License No. 256817 A</p> <p>Registration No. 0120130723-SL151456</p>	<p>Issuance Date: 3 January 2017</p> <p>Validity Period: 3 January 2017 – 10 September 2018</p>	<p><b>1. General Conditions</b></p> <p>a) This certificate is non-transferable.</p> <p>b) CIDB reserves the right to review the registration grade of the registered contractor from time to time.</p> <p><b>2. Responsibilities of the Contractor</b></p> <p>a) The contractor shall comply with the provisions of the Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994, the regulations made thereunder and any term, condition or restriction imposed by CIDB from time to time.</p>	Complied

5. INFORMATION ON OUR GROUP (CONT'D)

Company	Description of licence/approval	Authority	Licence / Reference no.	Issue Date / Expiry Date	Major conditions imposed	Status of compliance
					<p>b) The contractor shall not participate in any tender or execute any construction works after the expiration of this certificate unless it is renewed.</p> <p>c) The contractor shall not undertake any construction projects which exceeds the value of construction works specified under the registration grade and shall not execute any type of construction work outside of its registered category(ies).</p> <p>d) The contractor shall submit information regarding any new construction works or contract(s) within one (1) month of the award.</p> <p>e) The contractor shall submit any information required by CIDB from time to time.</p>	



5. INFORMATION ON OUR GROUP (CONT'D)

Company	Description of licence/approval	Authority	Licence / Reference no.	Issue Date / Expiry Date	Major conditions imposed	Status of compliance
					<p>f) The contractor shall display the certificate of registration issued by CIDB or a certified true copy of the same by CIDB at the place of business.</p> <p>g) The contractor shall display its registration number on the signboard at each construction site.</p> <p>h) The contractor shall apply for a renewal of registration within sixty (60) days before the expiry date specified in this certificate. Any application received by CIDB later than thirty (30) days before the expiry of the certificate of registration shall incur a penalty fee of RM200 for late renewal.</p>	

5. INFORMATION ON OUR GROUP (CONT'D)

Company	Description of licence/approval	Authority	Licence / Reference no.	Issue Date / Expiry Date	Major conditions imposed	Status of compliance
					<p>i) The contractor shall comply with all requirements and stipulations in the Contractor's Code of Ethics.</p> <p>j) The contractor shall employ skilled construction workers and site supervisors who are accredited and certified by Lembaga.</p> <p>k) All employees at the site must have valid construction personnel ID.</p> <p><b>3. Disciplinary Actions</b></p> <p>The contractor's registration shall be cancelled, suspended or revoked if:-</p> <p>a) The contractor fails to comply with the requirement of any other written law;</p> <p>b) The contractor has been adjudicated bankrupt;</p> <p>c) A winding-up petition in relation to the contractor has been presented;</p>	

5. INFORMATION ON OUR GROUP (CONT'D)

Company	Description of licence/approval	Authority	Licence / Reference no.	Issue Date / Expiry Date	Major conditions imposed	Status of compliance
					<p>d) The contractor contravenes or fails to comply with any provision of the Lembaga Pembinaan Industri Pembinaan Malaysia Act 1994;</p> <p>e) The contractor has obtained the certificate by making or causing to be made any false or fraudulent declaration, or certification or representation either in writing or otherwise;</p> <p>f) The contractor has abandoned any construction works undertaken without good reason;</p> <p>g) The contractor is found negligent by the court or by any board of enquiry established under any written law in connection with any construction works undertaken; or</p>	

## 5. INFORMATION ON OUR GROUP (CONT'D)

Company	Description of licence/approval	Authority	Licence / Reference no.	Issue Date / Expiry Date	Major conditions imposed	Status of compliance
Grand Dynamic Builders	<p><i>Sijil Perolehan Kerja Kerajaan (SPKK)</i> Grade G7 government contracts for:-</p> <ul style="list-style-type: none"> <li>• Category B (building construction)</li> <li>• Category CE (civil engineering construction)</li> <li>• Category ME (mechanical and electrical)</li> </ul>	CIDB	<p>License No.: A131078</p> <p>Registration No.: 0120130723-SL151456</p>	<p>Issuance Date: 4 January 2017</p> <p>Validity Period: 3 January 2017 – 10 September 2018</p>	<p>h) The contractor contravenes or fails to fulfil any of the contractor's responsibilities and obligations as specified in paragraph 2.</p> <p><b>1. General Conditions</b></p> <p>a) This certificate is issued based on the information provided by the applicant / company.</p> <p>b) This certificate shall not be used as acknowledgement for initiating or undertaking to execute construction work. This certificate shall be used to participate in government procurement or any work with government agencies only.</p>	Complied

5. INFORMATION ON OUR GROUP (CONT'D)

Company	Description of licence/approval	Authority	Licence / Reference no.	Issue Date / Expiry Date	Major conditions imposed	Status of compliance
					<p>c) This certificate will be revoked automatically if the certificate of registration as a contractor has expired or is cancelled / revoked / suspended in accordance with Regulation 15 of the Registration of Contractors (Construction Industry) 1995.</p> <p>d) This certificate must be submitted together with the certificate of registration as contractor during the tender for government procurement work or any work with government agencies.</p> <p>e) This acknowledgement of registration certificate shall be renewed together with the certificate of registration issued by CIDB as contractor.</p>	

5. INFORMATION ON OUR GROUP (CONT'D)

Company	Description of licence/approval	Authority	Licence / Reference no.	Issue Date / Expiry Date	Major conditions imposed	Status of compliance
					<p>f) This certificate which is not renewed within six (6) months from the date of expiry of the certificate of registration as contractor will be removed from the register of CIDB. Any application made thereafter is deemed to be a new application and the terms and conditions for the issuance of SPKK for the new application shall be complied with.</p> <p><b>2. Responsibilities of the Company / Holder of the Certificate</b></p> <p>a) The company / holder of the certificate shall not lend, lease, transfer, permit or cause the certificate to be used by someone who has not been named to use this certificate for the purpose of procuring government work.</p>	

5. INFORMATION ON OUR GROUP (CONT'D)

Company	Description of licence/approval	Authority	Licence / Reference no.	Issue Date / Expiry Date	Major conditions imposed	Status of compliance
					<p>b) Only officers of the company who are named in this certificate are authorised to sign the company contract documents and take or authorise the employees to take document tendered.</p> <p>c) The company / holder of the certificate shall ensure all terms and conditions to obtain this certificate are complied with at all times during the period of validity of this certificate.</p> <p>d) The company / holder of the certificate shall inform CIBB of any change in information within twenty-one (21) days from the date of occurrence of the said change.</p>	



5. INFORMATION ON OUR GROUP (CONT'D)

Company	Description of licence/approval	Authority	Licence / Reference no.	Issue Date / Expiry Date	Major conditions imposed	Status of compliance
					<p>e) The company / holder of the certificate shall comply with all instructions and resolutions of the government via treasury instructions, treasury circular letters and circulars issued by Jabatan Teknikal (Jabatan Kerja Raya / Jabatan Pengairan &amp; Saliran) from time to time.</p> <p>f) The company / holder of the certificate shall comply with all instructions and resolutions issued by CIDB from time to time.</p> <p><b>3. Disciplinary Actions</b></p> <p>a) The company / holder of the certificate shall be subject to such disciplinary actions set out in Regulation 15 of the Registration of Contractors (Construction Industry) Regulations 1995 in the event of failure to comply with item 2 above.</p>	

5. INFORMATION ON OUR GROUP (CONT'D)

Company	Description of licence/approval	Authority	Licence / Reference no.	Issue Date / Expiry Date	Major conditions imposed	Status of compliance
					<p>b) CIDB has the right to take disciplinary action and impose any punishment on the registered contractor.</p> <p>c) The company / holder of the certificate who has been blacklisted, suspended, revoked or where this certificate has been withdrawn due to disciplinary proceedings shall not participate in any tender or government procurement work.</p> <p>d) The company / holder of the certificate whose certificate has been revoked or withdrawn will be removed from the register of CIDB. Such company who wishes to obtain a SPKK shall comply with the terms and conditions for the issuance of SPKK for new applications. A blacklisted key management personnel is prohibited from obtaining SPKK for a period of three (3) years.</p>	

5. INFORMATION ON OUR GROUP (CONT'D)

Company	Description of licence/approval	Authority	Licence / Reference no.	Issue Date / Expiry Date	Major conditions imposed	Status of compliance
					<p>e) The company / holder of the certificate who has been blacklisted and suspended shall participate in tender or government procurement work only after the expiry of the blacklisting or suspension period.</p> <p><b>4. Financial Limits</b></p> <p>a) SPKK registered contractor shall only participate in tender under the registration grade it is registered under.</p>	

## 5. INFORMATION ON OUR GROUP (CONT'D)

Company	Description of licence/approval	Authority	Licence / Reference no.	Issue Date / Expiry Date	Major conditions imposed	Status of compliance
Grand Dynamic Builders	Certificate issued to Grand Dynamic Builders at No. 1-45, Jalan Puteri 4/8, Bandar Puteri 47100 Puchong, Selangor Darul Ehsan Malaysia for implementing and maintaining an Occupational Health and Safety Management System which fulfils the requirements of OHSAS 18001:2007 for the provision of construction services for building and infrastructure works.	SIRIM QAS International Sdn Bhd and International Certification Network	MY-SR 0779	Issuance Date: 5 September 2017 Validity Date: 26 November 2020	Nil	N/A

## 5. INFORMATION ON OUR GROUP (CONT'D)

Company	Description of licence/approval	Authority	Licence / Reference no.	Issue Date / Expiry Date	Major conditions imposed	Status of compliance
Grand Dynamic Builders	Certificate issued to Grand Dynamic Builders at No. 1-45, Jalan Puteri 4/8, Bandar Puteri 47100 Puchong, Selangor Darul Ehsan Malaysia for implementing an Occupational Health and Safety Management System complying with OHSAS 18001:2007 for the provision of construction services for building and infrastructure works	SIRIM QAS International Sdn Bhd	SR 0779	Issuance Date: 5 September 2017 Validity Date: 26 November 2020	Nil	N/A
Grand Dynamic Builders	Certificate issued to Grand Dynamic Builders at No. 1-45, Jalan Puteri 4/8, Bandar Puteri 47100 Puchong, Selangor Darul Ehsan Malaysia for implementing and maintaining a Quality Management System which fulfils the requirements of ISO 9001:2015 for the provision of construction services for building and infrastructure works	SIRIM QAS International Sdn Bhd and International Certification Network	MY-AR 6227	Issuance Date: 14 September 2017 Validity Date: 26 November 2020	Nil	N/A

## 5. INFORMATION ON OUR GROUP (CONT'D)

Company	Description of licence/approval	Authority	Licence / Reference no.	Issue Date / Expiry Date	Major conditions imposed	Status of compliance
Grand Dynamic Builders	Certificate issued to Grand Dynamic Builders at No. 1-45, Jalan Puteri 4/8, Bandar Puteri 47100 Puchong, Selangor Darul Ehsan Malaysia for implementing a Quality Management System which fulfils the requirements of ISO 9001:2015 for the provision of construction services for building and infrastructure works	SIRIM QAS International Sdn Bhd	AR 6227	Issuance Date: 14 September 2017 Validity Date: 26 November 2020	Nil	N/A
Grand Dynamic Builders	Certificate issued to Grand Dynamic Builders at No. 1-45, Jalan Puteri 4/8, Bandar Puteri 47100 Puchong, Selangor Darul Ehsan Malaysia for implementing an Environmental Management System complying with ISO 14001:2015 for the provision of construction services for building and infrastructure works	SIRIM QAS International Sdn Bhd	ER 0938	Issuance Date: 27 September 2017 Validity Date: 26 November 2020	Nil	N/A

5. INFORMATION ON OUR GROUP (CONT'D)

Company	Description of licence/approval	Authority	Licence / Reference no.	Issue Date / Expiry Date	Major conditions imposed	Status of compliance
Grand Dynamic Builders	Certificate issued to Grand Dynamic Builders at No. 1-45, Jalan Puteri 4/8, Bandar Puteri 47100 Puchong, Selangor Darul Ehsan Malaysia for implementing and maintaining an Environmental Management System complying with ISO 14001:2015 for the provision of construction services for building and infrastructure works	SIRIM QAS International Sdn Bhd and International Certification Network	MY-ER 0938	Issuance Date: 27 September 2017  Validity Date: 26 November 2020	Nil	N/A



## 5. INFORMATION ON OUR GROUP (CONT'D)

Company	Description of licence/approval	Authority	Licence / Reference no.	Issue Date / Expiry Date	Major conditions imposed	Status of compliance
Grand Dynamic Builders	Business License for No. 1-45, 1-43, 1 <sup>st</sup> Floor, and 2-45, Jalan Puteri 4/8 Bandar Puteri, 47100 Puchong Selangor, Darul Ehsan <ul style="list-style-type: none"> <li>• Iklan menganjur / tak bersinar / muka</li> <li>• Iklan melintang / tak bersinar</li> <li>• Pejabat Urusan</li> </ul>	Majlis Perbandaran Subang Jaya	2120130600026	Expiry Date: 11 June 2018	<ol style="list-style-type: none"> <li>1. This license and QR sticker must be displayed at the trading premises.</li> <li>2. License must be renewed 3 months before the expiry of the license.</li> <li>3. The licensee must comply with the terms of the business license set by the council. Please visit <a href="http://www.mpsj.gov.my">www.mpsj.gov.my</a> to review the terms of the license.</li> <li>4. Disposable plastic bags (disposable / single use) are no longer provided to consumers for free.</li> <li>5. The use of food containers and equipment from polystyrene has been stopped.</li> </ol>	Complied
Grand Dynamic Builders	Certificate of fitness under the Factories and Machinery Act 1967 for mobile crane located at Grand Dynamic Builders Sdn Bhd: No.1 – 45, Jalan Puteri 4/8, Bandar Puteri Puchong, 47100 Selangor	Department of Occupational Safety and Health, Kuala Lumpur	Certificate No.: PMA-WP/17 02727 Registration No.: WP PMA 19443	Issuance Date: 16 March 2017 Expiry Date: 15 June 2018 Last Inspection Date: 16 March 2017	According to Regulation 26(1) of the Factories and Machinery (Notification, Certificate of Fitness and Inspections) Regulations, 1970, after the inspection of a machinery, it is required for this machinery to be operated by a person qualified and registered with Department of Occupational Safety and Health.	Complied

## 5. INFORMATION ON OUR GROUP (CONT'D)

Company	Description of licence/approval	Authority	Licence / Reference no.	Issue Date / Expiry Date	Major conditions imposed	Status of compliance
Grand Dynamic Builders	Certificate of fitness under the Factories and Machinery Act 1967 for rough terrain crane located at Grand Dynamic Builders Sdn Bhd: No.1 – 45, Jalan Puteri 4/8, Bandar Puchong, Puchong 47100 Selangor	Department of Occupational Safety and Health, Kuala Lumpur	Certificate No.: PMA-WP/17 13277 Registration No.: SL PMA 29158	Issuance Date: 24 October 2017 Expiry Date: 23 January 2019 Last Inspection Date: 24 October 2017	According to Regulation 26(1) of the Factories and Machinery (Notification, Certificate of Fitness and Inspections) Regulations, 1970, after the inspection of a machinery, it is required for this machinery to be operated by a person qualified and registered with Department of Occupational Safety and Health.	Complied
Grand Dynamic Builders	Certificate of fitness under the Factories and Machinery Act 1967 for rough terrain crane located at Takenaza (Malaysia) Sdn Bhd, Lot 2.01, Level 2 Menara John Hancock, 6, Jalan Gelenggang, Damansara Heights Kuala Lumpur 50490 Wilayah Persekutuan Kuala Lumpur	Department of Occupational Safety and Health, Kuala Lumpur	Certificate No.: PMA-WP/17 03567 Registration No.: SL PMA 44617	Issuance Date: 10 April 2017 Expiry Date: 9 July 2018 Last Inspection Date: 10 April 2017	According to Regulation 26(1) of the Factories and Machinery (Notification, Certificate of Fitness and Inspections) Regulations, 1970, after the inspection of a machinery, it is required for this machinery to be operated by a person qualified and registered with Department of Occupational Safety and Health.	Complied

## 5. INFORMATION ON OUR GROUP (CONT'D)

Company	Description of licence/approval	Authority	Licence / Reference no.	Issue Date / Expiry Date	Major conditions imposed	Status of compliance
Grand Dynamic Builders	Certificate of fitness under the Factories and Machinery Act 1967 for Tower Crane located at Grand Dynamic Builders Sdn Bhd: No.1 – 45, Jalan Puteri 4/8, Bandar Puchong, Selangor 47100	Department of Occupational Safety and Health, Kuala Lumpur	Certificate No.: PMA-WP/17 04942 Registration No.: WP PMA 20143	Issuance Date: 12 May 2017 Expiry Date: 10 August 2018 Last Inspection Date: 11 May 2017	According to Regulation 26(1) of the Factories and Machinery (Notification, Certificate of Fitness and Inspections) Regulations, 1970, after the inspection of a machinery, it is required for this machinery to be operated by a person qualified and registered with Department of Occupational Safety and Health.	Complied
Grand Dynamic Builders	Certificate of fitness under the Factories and Machinery Act 1967 for Tower Crane QTZ 5522 located at Grand Dynamic Builders Sdn Bhd: No.1 – 45, Jalan Puteri 4/8, Bandar Puchong, Selangor 47100	Department of Occupational Safety and Health, Kuala Lumpur	Certificate No.: PMA-WP/17 04943 Registration No.: WP PMA 25785	Issuance Date: 12 May 2017 Expiry Date: 10 August 2018 Last Inspection Date: 11 May 2017	According to Regulation 26(1) of the Factories and Machinery (Notification, Certificate of Fitness and Inspections) Regulations, 1970, after the inspection of a machinery, it is required for this machinery to be operated by a person qualified and registered with Department of Occupational Safety and Health.	Complied
Grand Dynamic Builders	Certificate of fitness under the Factories and Machinery Act 1967 for Tower Crane located at Grand Dynamic Builders Sdn Bhd: No. 1 – 45, Jalan Puteri 4/8, Bandar Puchong, Selangor 47100	Department of Occupational Safety and Health, Kuala Lumpur	Certificate No.: PMA – WP/18 20139 Registration No.: WP PMA 26058	Issuance Date: 25 January 2018 Expiry Date: 24 April 2019 Last Inspection Date: 25 January 2018	According to Regulation 26(1) of the Factories and Machinery (Notification, Certificate of Fitness and Inspections) Regulations, 1970, after the inspection of a machinery, it is required for this machinery to be operated by a person qualified and registered with Department of Occupational Safety and Health.	Complied

## 5. INFORMATION ON OUR GROUP (CONT'D)

Company	Description of licence/approval	Authority	Licence / Reference no.	Issue Date / Expiry Date	Major conditions imposed	Status of compliance
Grand Dynamic Builders	Certificate of fitness under the Factories and Machinery Act 1967 for Tower Crane located at Grand Dynamic Builders Sdn Bhd: No.1 – 45, Jalan Puteri 4/8, Bandar Puchong, Puchong 47100 Selangor	Department of Occupational Safety and Health, Kuala Lumpur	Certificate No.: PMA – WP/17 17770 Registration No.: WP PMA 21464	Issuance Date: 21 December 2017 Expiry Date: 20 March 2019 Last Inspection Date: 21 December 2017	According to Regulation 26(1) of the Factories and Machinery (Notification, Certificate of Fitness and Inspections) Regulations, 1970, after the inspection of a machinery, it is required for this machinery to be operated by a person qualified and registered with Department of Occupational Safety and Health.	Complied
Grand Dynamic Builders	Certificate of fitness under the Factories and Machinery Act 1967 for Tower Crane located at Grand Dynamic Builders Sdn Bhd: No. 1 – 45, Jalan Puteri 4/8, Bandar Puchong, Puchong 47100 Selangor	Department of Occupational Safety and Health, Kuala Lumpur	Certificate No.: PMA – WP/17 17771 Registration No.: WP PMA 21546	Issuance Date: 21 December 2017 Expiry Date: 20 March 2019 Last Inspection Date: 21 December 2017	According to Regulation 26(1) of the Factories and Machinery (Notification, Certificate of Fitness and Inspections) Regulations, 1970, after the inspection of a machinery, it is required for this machinery to be operated by a person qualified and registered with Department of Occupational Safety and Health.	Complied

## 5. INFORMATION ON OUR GROUP (CONT'D)

Company	Description of licence/approval	Authority	Licence / Reference no.	Issue Date / Expiry Date	Major conditions imposed	Status of compliance
Grand Dynamic Builders	Certificate of fitness under the Factories and Machinery Act 1967 for Passenger Hoist located at Grand Dynamic Builders Sdn Bhd: No. 1 – 45, Jalan Puteri 4/8, Bandar Puchong, Puchong 47100 Selangor	Department of Occupational Safety and Health, Kuala Lumpur	Certificate No.: PMA – WP/17 17331 Registration No.: WP PMA 22513	Issuance Date: 19 December 2017 Expiry Date: 18 March 2019 Last Inspection Date: 19 December 2017	According to Regulation 26(1) of the Factories and Machinery (Notification, Certificate of Fitness and Inspections) Regulations, 1970, after the inspection of a machinery, it is required for this machinery to be operated by a person qualified and registered with Department of Occupational Safety and Health.	Complied
Grand Dynamic Builders	Certificate of fitness under the Factories and Machinery Act 1967 for Passenger Hoist located at Grand Dynamic Builders Sdn Bhd: No. 1 – 45, Jalan Puteri 4/8, Bandar Puchong, Puchong 47100 Selangor	Department of Occupational Safety and Health, Kuala Lumpur	Certificate No.: PMA – WP/17 17332 Registration No.: WP PMA 22514	Issuance Date: 19 December 2017 Expiry Date: 18 March 2019 Last Inspection Date: 19 December 2017	According to Regulation 26(1) of the Factories and Machinery (Notification, Certificate of Fitness and Inspections) Regulations, 1970, after the inspection of a machinery, it is required for this machinery to be operated by a person qualified and registered with Department of Occupational Safety and Health.	Complied
Grand Dynamic Builders	Certificate of fitness under the Factories and Machinery Act 1967 for Passenger Hoist located at Grand Dynamic Builders Sdn Bhd, Etiqa Tower, Lot 422, Jalan Bangsar, Seksyen 96 56000 Kuala Lumpur	Department of Occupational Safety and Health, Kuala Lumpur	Certificate No.: PMA – WP 183062 Registration No.: WP PMA 27189	Issuance Date: 21 July 2017 Expiry Date: 16 July 2018 Last Inspection Date: 17 April 2017	Nil	N/A

**5. INFORMATION ON OUR GROUP (CONT'D)**

Company	Description of licence/approval	Authority	Licence / Reference no.	Issue Date / Expiry Date	Major conditions imposed	Status of compliance
Grand Dynamic Builders	Certificate of fitness under the Factories and Machinery Act 1967 for Passenger Hoist located at Grand Dynamic Builders Sdn Bhd, Etiqa Tower, Lot 422, Jalan Bangsar, Seksyen 96 56000 Kuala Lumpur	Department of Occupational Safety and Health, Kuala Lumpur	Certificate No.: PMA – 183063 Registration No.: WP PMA 27190	Issuance Date: 21 July 2017 Expiry Date: 16 July 2018 Last Inspection Date: 17 April 2017	Nil	N/A

**5.6.11 Patents, trademarks and registrations**

As at the LPD, our Group does not have patent, trademarks and registrations.

**5.6.12 Contracts / arrangements / documents on which our Group is materially dependent**

As at the LPD, save for the major approvals, licenses and permits as set out in Section 5.6.10 of this Prospectus, there are no other contracts / arrangements / documents entered into by our Group which we are materially dependent on for our business or profitability.

**5.6.13 Interruptions to business and operations**

Our Group has not experienced any interruption in business which had a significant effect on operations during the 12 months period prior to the date of this Prospectus.

**5.6.14 Seasonality**

The construction industry has experienced cyclical, however we do not experience any material seasonality or cyclical in our business as the demand for our construction services is neither subject to seasonal fluctuations nor cyclical variations.

## 5. INFORMATION ON OUR GROUP (CONT'D)

## 5.6.15 Major customers

Top five (5) major customers by revenue for each of the past three (3) FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2017 are as follows:-

	-----Audited----->						Length of business relationship (years)		
	2014			2015				Audited	
	FYE 31 December----->			FYE 31 December----->				10-month FPE	
	RM'000	% of Total Revenue@	RM'000	% of Total Revenue@	RM'000	% of Total Revenue@	31 October 2017	% of Total Revenue@	
Perdana ParkCity Sdn Bhd	31,892	36.81	89,746	52.94	133,844	48.34	77,595	32.24	More than four (4) years
Trans Resources Corporation Sdn Bhd	54,736	63.19	79,793	47.06	128,927	46.56	74,818	31.09	More than three (3) years
BBCC Development Sdn Bhd	-	-	-	-	2,399	0.86	-	-	More than one (1) year
Etiqa Insurance Berhad	-	-	-	-	11,736	4.24	81,500	33.86	More than one (1) year
Selangor Properties Berhad	-	-	-	-	-	-	6,752	2.81	Less than one (1) year
<b>Total</b>	<b>86,628</b>	<b>100.00</b>	<b>169,539</b>	<b>100.00</b>	<b>276,906</b>	<b>100.00</b>	<b>240,665</b>	<b>100.00</b>	

**5. INFORMATION ON OUR GROUP (CONT'D)**

**Note:-**

@ Total revenue for the FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2017 were RM86.63 million, RM169.54 million, RM276.91 million and RM240.67 million respectively.

Since the commencement of our business in May 2013, we have secured a total of eight (8) contracts from six (6) customers, namely Perdana ParkCity Sdn Bhd, Trans Resources Corporation Sdn Bhd, BBCC Development Sdn Bhd, Etiqa Insurance Berhad, Selangor Properties Berhad and Hap Seng Land Development (Puchong) Sdn Bhd. While we are dependent on our major customers for business, we are currently not materially dependent on a single major customer as we have been securing more projects from different customers over the years.

Please refer to Section 4.1.10 of this Prospectus on the risk factor pertaining to reliance on major customers.

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## 5. INFORMATION ON OUR GROUP (CONT'D)

### 5.6.16 Major suppliers

Top five (5) major suppliers by cost of sales for each of the past three (3) FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2017 are as follows:-

Major Suppliers	Type of services / construction materials provided	Audited						Length of business relationship (years)		
		2014		2015		2016			10-month FPE	
		RM'000	% of Total Cost of Sales@	RM'000	% of Total Cost of Sales@	RM'000	% of Total Cost of Sales@		RM'000	% of Total Cost of Sales@
Trans Resources Corporation Sdn Bhd	Steel bar, ready-mix concrete, tiles, sanitary wares and cement as well as specialised trade works*	12,459	15.52	38,365	24.41	84,137	33.24	42,441	20.24	More than four (4) years
Aneka Jaringan Sdn Bhd	Provision of piling and diaphragm wall works	23,487	29.27	3,463	2.20	212	0.08	-	-	More than four (4) years
Buildcon Concrete Sdn Bhd	Ready-mix concrete	3,735	4.65	6,859	4.37	5,988	2.37	7,153	3.41	More than four (4) years
NBH Marketing Sdn Bhd	Steel bar	2,502	3.12	2,992	1.90	5,468	2.16	6,574	3.14	More than four (4) years
Chai Heng Construction & Trading	Provision of bar bender works	1,629	2.03	4,671	2.97	4,381	1.73	2,448	1.17	More than four (4) years
Kemajuan Aluminium (M) Sdn Bhd	Provision of aluminium glazing works	-	-	6,729	4.28	12,883	5.09	4,111	1.96	More than three (3) years

## 5. INFORMATION ON OUR GROUP (CONT'D)

Major Suppliers	Type of services / construction materials provided	Audited				Audited		Length of business relationship (years)		
		FYE 31 December		2016		10-month FPE				
		2014	2015	2016	2016	31 October 2017	31 October 2017			
	RM'000	% of Total Cost of Sales <sup>②</sup>	RM'000	% of Total Cost of Sales <sup>②</sup>	RM'000	% of Total Cost of Sales <sup>②</sup>	RM'000	% of Total Cost of Sales <sup>②</sup>		
City-Lite Sdn Bhd	Letrik	197	0.25	3,095	1.97	6,283	2.48	235	0.11	More than four (4) years
Alform Sdn Bhd	System	640	0.80	6,610	4.21	4,681	1.85	6,667	3.18	More than four (4) years
Ainofurnishing Sdn Bhd		-	-	4,305	2.74	14,361	5.67	1,098	0.52	More than three (3) years
Green Generation Industries Bhd		-	-	613	0.39	6,437	2.54	209	0.10	More than three (3) years
Angkasa Sdn Bhd	Jasa	-	-	-	-	-	-	13,212	6.30	More than one (1) year
<b>Subtotal</b>		<b>44,649</b>	<b>55.64</b>	<b>77,702</b>	<b>49.44</b>	<b>144,831</b>	<b>57.21</b>	<b>84,148</b>	<b>40.13</b>	

## 5. INFORMATION ON OUR GROUP (CONT'D)

### Notes:-

- @ Total cost of sales for the FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2017 were RM80.25 million, RM157.16 million, RM253.15 million and RM209.68 million respectively.
- \* Specialised trade works such as provision of mechanical and electrical services, aluminium and glazing works, sanitary wares and fittings, facade light and fittings as well as tiling, brick and plastering works.

Trans Resources Corporation Sdn Bhd is our major supplier and main contractor, contributing 15.52%, 24.41%, 33.24% and 20.24% of our total cost of sales in the FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2017. The gradual increase in purchases from Trans Resources Corporation Sdn Bhd for the FYE 31 December 2014 to the FYE 31 December 2016 and 10-month FPE 31 October 2017 was due to the purchase of steel bar, ready-mix concrete, tiles, sanitary wares and cement for KL Eco City Project 1 and KL Eco City Project 2. These construction materials were purchased from Trans Resources Corporation Sdn Bhd, who is the main contractor, for the construction of KL Eco City Project 1 and KL Eco City Project 2.

In our industry, it is common practise for the main contractor to appoint subcontractors that are nominated by the property developers and /or project owner to undertake certain services and specialised trade works. Accordingly, for KL Eco City Projects, those subcontractors nominated to carry out services and specialised trade works such as provision of mechanical and electrical services, aluminium and glazing works, sanitary wares and fittings, facade light and fittings as well as tiling, brick and plastering works, were appointed by Trans Resources Corporation Sdn Bhd (being the main contractor) who will then bill us for those subcontractor costs incurred. As such, we pay the subcontractor costs incurred by these nominated subcontractors directly to Trans Resources Corporation Sdn Bhd, being our supplier of specialised trade works, as stated in the contracts.

The purchase of construction materials and supplies are sourced on project basis from the main contractor, nominated suppliers and subcontractors or from our list of pre-approved suppliers and subcontractors. Generally, the construction materials and services required for our construction projects are readily available from local suppliers. Hence, we are not dependent on our major suppliers as we have alternative sources of suppliers.

### 5.7 KEY MACHINERY AND EQUIPMENT

As at 31 October 2017, our Group's key construction machinery and equipment owned and used are as follows:-

Key construction machinery and equipment	Description	No. of Unit	Audited Net Book Value as at 31 October 2017 RM'000
Mobile crane	Equipment used for lifting of construction materials and equipment, it is mounted on a mobile carrier and can be easily transported.	3	715
Tower crane	Equipment used in the construction of high-rise buildings for lifting of construction materials and equipment.	6	4,916

## 5. INFORMATION ON OUR GROUP (CONT'D)

Key construction machinery and equipment	Description	No. of Unit	Audited Net Book Value as at 31 October 2017 RM'000
Scaffolding system	Temporary metal framework used as a working platform to support workers or formwork structure during the construction of buildings.	N/A <sup>(a)</sup>	1,680
Safety screen	Protection panel placed around construction floors.	N/A <sup>(b)</sup>	900
Passenger hoist	Construction elevator used in high rise buildings to carry personnel between ground and higher floors or between floors.	3	879
Concrete placing boom	Equipment used to pump ready-mix concrete to the designated work areas.	3	692
Excavation / backhoe	Used for earthwork excavation at construction site.	4	154
Mortar and sand pump	Used for pumping mortar and sand to the designated work areas.	5	204
Trackable material loading platform	Construction elevator used in high rise buildings to carry construction materials between ground and higher floors or between floors.	2	90
Mechanical distributor	Equipment used for direct distribution of concrete to designated work areas.	2	13
<b>Total</b>			<b>10,243</b>

**Notes:-**

(a) The scaffolding system is not quantified in units.

(b) Safety screen is not quantified in units.

## 5.8 OPERATING CAPACITIES AND OUTPUT

Due to the nature of our Group's business, operating capacity and output is not applicable to us.

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**5. INFORMATION ON OUR GROUP (CONT'D)**

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**5.9 BUSINESS STRATEGIES**

Our Group's future growth is premised on the following business strategies:-

**(i) We intend to further grow our business in high rise building construction**

We will continue to replenish and grow our order book from high rise residential, commercial and mixed development projects which will enhance our revenue and subsequently increase our market share in the industry.

As at 26 February 2018, we have four (4) project tenders pending decision. These tenders include high rise serviced apartments, hotels and commercial buildings in Kuala Lumpur and Cyberjaya, with a total tendered sum of RM817.00 million. These tendered projects, if awarded to us, will further increase our order book.

Our previous success in delivering high end condominiums such as the One Central Park Project and mixed development such as the KL Eco City Project 1 and KL Eco City Project 2 are our reference to secure future tenders as we are equipped with the required knowledge and technical skills to manage the construction of these projects. Besides, our current Etiqa Project with a commercial title has equipped us with the knowledge and skills for the construction of commercial buildings. Moving forward, we will participate in more tender exercises of high end condominiums of residential, mixed development and also commercial buildings where our growth prospects appear promising.

Further, our track record also allows us to seek and establish strategic alliances with reputable joint venture partners and customers to pursue and undertake large scale construction projects. Our Managing Director and Executive Directors constantly engage with potential joint venture partners and customers to explore opportunities for collaborations. We will actively pursue strategic alliances once our Managing Director and Executive Directors identify viable opportunities. As at the LPD, we have yet to make any formal arrangements with other companies to establish strategic alliances.

These strategic alliances are expected to allow us to learn and benefit further from our potential partners, in terms of industry experience, technical expertise and overall trends in the market. These strategic alliances will also enhance our Group's profile and experience as a construction company through the participation of more large scale construction projects, as well as enable us to gain further expertise in the industry. We believe this will contribute to the further growth of our business performance, and enhance our revenue and profitability.

**(ii) We intend to expand our construction business to other building segments**

We are seeking to extend our services and looking for opportunities to participate in the construction of different types of buildings as an effort to expand our construction business to other building segments. We intend to participate in the construction of other building segments such as hospitals, schools/universities and shopping malls. We have recently submitted a tender for convention centre and hotel. We believe our Group's expertise and experience in the construction of high rise residential, commercial and mixed development buildings provides us with the knowledge and technical skills required in the construction of other building segments.

The Industry Overview also states that, between the period of 2010 and 2016, transactions in the commercial property segment increased from RM23.84 billion to RM36.07 billion. Based on the growth in commercial property segment which includes shopping malls and hotels, we believe that our intention is supported by the demand of the market.

Our expansion into other building segments and different types of buildings will enable us to further increase our revenue stream and project portfolio, as well as improve our Group's profile.

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**5. INFORMATION ON OUR GROUP (CONT'D)**

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**(iii) We plan to expand into civil and infrastructure construction services**

We are planning to expand into civil and infrastructure projects where on-going economic development will spur the demand for infrastructure projects.

Civil and infrastructure projects include the construction of roads, highways, bridges and transportation infrastructure. According to the Industry Overview, in terms of value of projects awarded for the construction of infrastructure, it increased at a CAGR of 31.41% from RM26.65 billion in 2010 to RM137.21 billion in 2016. Based on the growth in infrastructure segment, we believe that our plan to expand into civil and infrastructure projects is supported by the demand of the market.

Our Directors and key senior management team have previous experience from their respective past employments to manage civil and infrastructure projects, which will enable us to build a strong profile during the tendering process. Further, our registration with CIDB as a Grade G7 contractor includes civil engineering construction works.

As at the LPD, we are sourcing for suitable personnel to form a management and project team to venture into this area of construction projects. We expect to have an infrastructure project team ready within 12 months from our Listing. We will immediately commence active participation in seeking for opportunities in this market upon setting up of our civil and infrastructure team.

**(iv) We intend to purchase a new office, additional construction machinery and equipment, and land for storage to support our business expansion**

As at 31 October 2017, we have six (6) tower cranes, three (3) mobile cranes, three (3) concrete placing booms, four (4) excavators / backhoes, five (5) mortar and sand pumps and three (3) passenger hoists, amongst our other construction machinery and equipment. These construction machinery and equipment allow us to conduct our daily construction activities. We also hire construction machinery and equipment as and when required.

From November 2017 up until the LPD, based on our project requirements, we have purchased one (1) tower crane as well as site equipments. As at the LPD, we have not made any material capital expenditure commitments.

In line with our business expansion and our on-going and future projects, we intend to purchase additional four (4) tower cranes, four (4) passenger hoists and two (2) concrete placing booms. We have allocated a total of RM8.67 million for the purchase of these construction machinery and equipment from the proceeds of our Public Issue which shall be utilised within 36 months of our Listing.

The additional construction machinery and equipment will enable us to expand our business further, as we will be able to accept more job orders, ensuring that we will not be constrained by unavailability of construction machinery and equipment.

The acquisition of new construction machinery and equipment for our Group's expansion will require us to have a larger storage area. Therefore, we intend to relocate our current rented storage area by acquiring a land with an approximate area of six (6) acres to be used as storage area for our construction machinery and equipment. We have allocated a total of RM8.00 million for the purchase of this land from the proceeds of our Public Issue which we intend to utilise within 12 months of our Listing.

We also intend to acquire a new office to facilitate our Group's expansion. We have allocated a total of RM8.00 million for the purchase of a new office from the proceeds of our Public Issue which shall be utilised within 36 months of our Listing.

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**6. INDUSTRY OVERVIEW**

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SMITH ZANDER INTERNATIONAL SDN BHD (1058128-V)  
Suite 23-3, Level 23, Office Suite, Menara 1MK,  
1 Jalan Kiara, Mont' Kiara,  
50480 Kuala Lumpur, Malaysia.  
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www.smith-zander.com

SMITH ZANDER

21 FEB 2018

The Board of Directors

**GDB Holdings Berhad**  
Third Floor, No 79 (Room A)  
Jalan SS21/60  
Damansara Utama  
47400 Petaling Jaya  
Selangor Darul Ehsan

Dear Sir,

**Industry Overview of the Construction Industry and Property Market in Malaysia**

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This Industry Overview of the Construction Industry and Property Market in Malaysia has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("SMITH ZANDER") for inclusion in the Prospectus in conjunction with the listing of GDB Holdings Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

For and on behalf of SMITH ZANDER:

  
\_\_\_\_\_  
DENNIS TAN  
MANAGING PARTNER

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**6. INDUSTRY OVERVIEW (CONT'D)**

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**SMITH ZANDER**

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**About SMITH ZANDER INTERNATIONAL SDN BHD**

*SMITH ZANDER is a professional independent market research company based in Kuala Lumpur, Malaysia, offering market research, industry intelligence and strategy consulting solutions. SMITH ZANDER is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other fund-raising and corporate exercises.*

**Profile of the signing partner, Dennis Tan Tze Wen**

*Dennis Tan is the Managing Partner of SMITH ZANDER. Dennis Tan has 20 years of experience in market research and strategy consulting, including over 15 years in independent market research and due diligence studies for capital markets throughout the Asia Pacific region. Dennis Tan has a Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada.*



## 1 INTRODUCTION

### Objective of the study

This Industry Overview has been prepared in conjunction with the listing of GDB Holdings Berhad ("GDB") on the ACE Market of Bursa Malaysia Securities Berhad.

The objective of this Industry Overview is to provide an independent view of the industry and market in which GDB operates and to offer a clear understanding of industry and market dynamics.

### Rationale and scope of work

GDB is principally involved in provision of construction services, focusing on high rise residential, commercial and mixed development projects.

The scope of work for this Industry Overview will thus address the following two (2) areas:

- (i) construction industry in Malaysia in relation to the construction services undertaken by GDB; and
- (ii) property market in Malaysia which is one of the key drivers for construction activities.

## 2 CONSTRUCTION INDUSTRY IN MALAYSIA

### Overview

Construction activities in Malaysia are largely influenced by the nation's economic development as the construction of buildings (i.e. property) and infrastructure are essential for national development and progress.

The Government encourages the adoption of Building Information Modelling ("BIM") among construction industry players as it has the potential to address project implementation issues faced by the construction industry at large. The BIM is a digital construction technology that helps construction industry players plan, design, construct and manage buildings and infrastructure. The BIM can be applied to all phases of construction, from pre-construction to construction and post-construction.

The application of BIM is seen to contribute to more efficient project management, where the collaboration between various stakeholders in the construction industry value chain facilitates the design and construction process. During the design phase, the detection of clash and clash analysis can reduce time and construction costs. The BIM also ensures completion of a quality construction project because it assists in organising activities and phasing during the planning stage of a project.

The construction industry can broadly be divided into two (2) key major segments, namely the construction of buildings (i.e. property) and infrastructure.

### Industry Performance, Size and Growth

As GDB is involved in the construction of high rise residential, commercial and mixed development projects, focusing in the Central region of Malaysia, this section will cover the following:

1. Performance of construction industry in Malaysia; and
2. Performance of construction industry in Malaysia by region.

### Performance of construction industry in Malaysia

The vibrancy of construction activities reflects the growth of a country's economy. The growth in construction is cyclical as it follows relatively closely to the gross domestic product ("GDP") growth of a country. A common measure of construction activities is based on the value of projects awarded during a certain period.

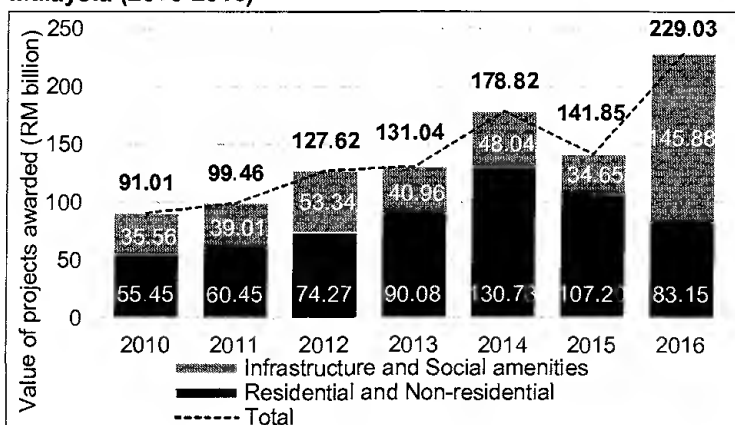
From 2010 to 2016, construction activities in Malaysia, as measured by the value of projects awarded, grew from RM91.01 billion to RM229.03 billion at a compound annual growth rate ("CAGR") of 16.63%.

6. INDUSTRY OVERVIEW (CONT'D)

Residential and non-residential construction activities witnessed a CAGR of 6.99%, increasing from RM55.45 billion in 2010 to RM83.15 billion in 2016.

Infrastructure and social amenities construction activities recorded a CAGR of 26.52%, increasing from RM35.56 billion in 2010 to RM145.88 billion in 2016, which is in line with the Government's focus to improve public transportation under the 11<sup>th</sup> Malaysia Plan ("11MP") period beginning 2016 until 2020.

**Value of projects awarded in the construction industry in Malaysia (2010-2016)**



Note:

Figures may not add up due to rounding.

Source: Construction Industry Development Board ("CIDB"); SMITH ZANDER

In 2014, the construction industry witnessed an exceptionally high growth due to the Iskandar Malaysia development in Johor, registering a 36.46% increase from 2013.

Construction activities normalised in 2015, recording a growth of 8.25% over 2013 if the outlying year of 2014 was excluded. Subsequently in 2016, the value of projects awarded increased to RM229.03 billion, largely contributed by infrastructure and social amenities, in line with the Government's initiative to improve public transportation and infrastructure.

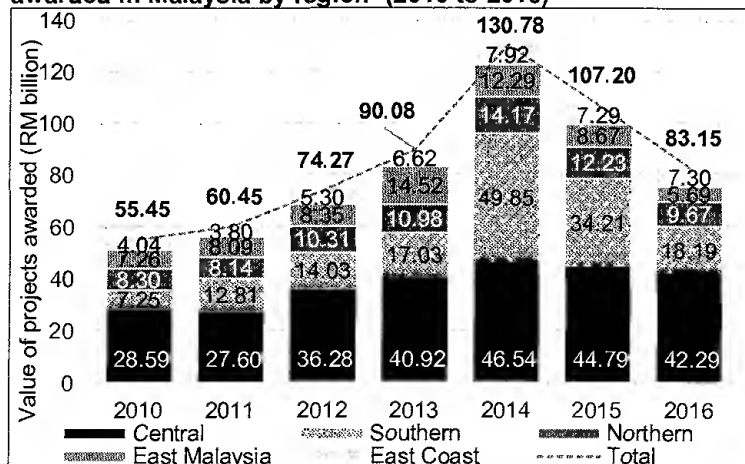
SMITH ZANDER expects construction activities in Malaysia, based on the value of projects awarded, to grow from RM229.03 billion in 2016 to RM280.04 billion in 2019 at a CAGR of 6.93%.

**Performance of construction industry in Malaysia by region**

The growth of residential and non-residential projects has been strongest in the Central region, comprising the states of Selangor and Negeri Sembilan as well as the Federal Territory of Kuala Lumpur ("Kuala Lumpur") and Federal Territory of Putrajaya ("Putrajaya").

The Central region had recorded the largest share in the total value of residential and non-residential construction projects awarded in Malaysia between 2010 and 2016, except in 2014 when Southern region dominated at 49.85%, followed by Central region at 46.54%. The residential and non-residential construction projects awarded in the Central region was recorded at 50.86% of total value of residential and non-residential construction projects awarded in Malaysia in 2016.

**Value of residential and non-residential construction projects awarded in Malaysia by region<sup>1</sup> (2010 to 2016)**



Source: CIDB; SMITH ZANDER

The total value of residential and non-residential construction projects awarded in the Central region grew from RM28.59 billion in 2010 to RM42.29 billion in 2016 at a CAGR of 6.74%.

<sup>1</sup> Northern region includes Perlis, Kedah, Penang and Perak. East Malaysia region includes Sabah and Sarawak. East Coast region includes Kelantan, Terengganu and Pahang. Total refers to whole of Malaysia.

## 6. INDUSTRY OVERVIEW (CONT'D)

SMITH ZANDER

**Competitive Overview**

The construction industry in Malaysia is competitive due to the large pool of industry players that compete for residential, non-residential, infrastructure and social amenities construction projects in the country.

Local industry players dominate the construction industry. However, foreign construction companies have been increasing their presence in Malaysia. In 2010, 11.95% of construction projects were awarded to foreign construction companies, based on the value of projects awarded, and this increased to 37.24% in 2016. The projects awarded to foreign construction companies are primarily infrastructure projects and mainly involve companies from China.

**Key Industry Players**

The key industry players have been derived on the basis that they are local construction companies incorporated in Malaysia that are mainly involved in the construction of high rise residential, commercial and mixed development projects, amongst other business activities, based on publicly available information on the projects that they are involved in. As such, they are deemed the closest comparable competitors to GDB.

The following sets out the latest available revenue, gross profit margin and profit after tax margin of the key industry players. In instances where the segmental revenues of certain key industry players are not publicly available, it is included in this report on the basis that they are involved in the provision of construction services for the same building types as GDB.

Industry player	Business activities	Latest available financial year ended	Group/ Company revenue (RM million)	Segmental revenue for construction and construction-related activities* (RM million)	Gross profit (RM million)	Gross profit margin <sup>(a)</sup> (%)	Profit after tax ("PAT") (RM million)	PAT Margin <sup>(b)</sup> (%)
Accord Construction Sdn Bhd	Civil engineering, building construction, project management and interior fit out works	31 December 2016	255.67	Not available	(4.21)	(1.65)	(7.04)	(2.75)
Alphazen Contract Sdn Bhd	Civil engineering, building contracting and construction; mechanical and electrical engineering; project management	30 April 2016	135.91	Not available	7.78	5.72	2.45	1.80
Castmet Sdn Bhd	Construction and property development	31 August 2016	113.52	Not available	8.22	7.24	0.90	0.79
Crest Builder Holdings Berhad	Construction, concession arrangement, investment holding, property development	31 December 2016	282.20	169.72	98.02	34.73	14.99	5.31
Eng Han Bina Sdn Bhd	Construction and property development	31 July 2016	133.87	Not available	8.19	6.12	3.13	2.34
GDB Holdings Berhad	Construction services	31 December 2016	276.91	276.91	23.76	8.58	16.09	5.81

## 6. INDUSTRY OVERVIEW (CONT'D)

SMITH ZANDER

Industry player	Business activities	Latest available financial year ended	Group/ Company revenue (RM million)	Segmental revenue for construction and construction-related activities (RM million)	Gross profit (RM million)	Gross profit margin (a) (%)	Profit after tax ("PAT") (RM million)	PAT Margin (b) (%)
HAB Construction Sdn Bhd	Building construction services	30 June 2016	381.89	Not available	28.06	7.35	5.05	1.32
IJM Corporation Berhad	Construction, property development, building materials, plantation and concession	31 March 2017	6,065.34	2,151.46	1,427.01	23.53	766.80	12.64
Kerjaya Prospek Group Berhad	Construction, property development; and manufacturing and sales of light fittings, kitchen cabinetry, furniture and related products	31 December 2016	798.69	757.72	148.23	18.56	99.83	12.50
MCC Overseas (M) Sdn Bhd	EPC contracting and general contracting	31 December 2016	683.61	Not available	16.04	2.35	3.50	0.51
Pesona Metro Holdings Berhad	Construction works, manufacturing and trading of polyurethane, others	31 December 2016	393.02	389.44	41.30	10.51	20.03	5.10
Putra Perdana Construction Sdn Bhd (subsidiary of Putrajaya Perdana Berhad)	Construction, property development and concession	31 December 2016	847.35	Not available	26.63	3.14	15.42	1.82
SIAB (M) Sdn Bhd	Construction and civil engineering	31 December 2016	184.73	Not available	9.69	5.25	3.36	1.82
Taghill Projects Sdn Bhd (subsidiary of Taghill Group of Companies)	Construction services	31 December 2016	59.25	Not available	8.03	13.55	2.10	3.54

## Notes:

\* Due to differing segmental revenue definitions of industry players, this may include some revenue derived from businesses other than construction and revenue derived from outside Malaysia.

(a) Computed based on gross profit over revenue, and multiplied by 100.

(b) Computed based on PAT over revenue, and multiplied by 100.

1. This list is not exhaustive.

2. The above list was arranged in alphabetical order.

Source: Master Builders Association Malaysia; annual reports of various industry players; SMITH ZANDER



## 6. INDUSTRY OVERVIEW (CONT'D)

SMITH ZANDER

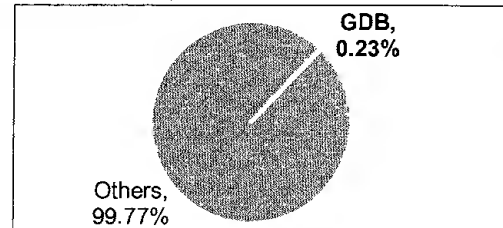
### Market Share

#### Value of projects awarded

In 2016, Malaysia's residential and non-residential construction industry, measured by the total value of projects awarded, was registered at RM83.15 billion.

During the same period, GDB was awarded projects amounting to RM188.43 million for the FYE 31 December 2016, and thereby garnered a market share of 0.23% based on the total value of projects awarded for residential and non-residential construction in Malaysia in 2016.

#### Market share based on value of projects awarded (2016)



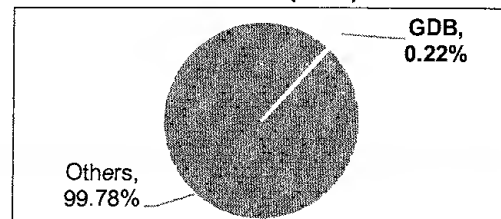
Source: CIDB; SMITH ZANDER

#### Value of construction work done

In 2016, the total value of construction work done in Malaysia was RM126.84 billion.

During the same period, GDB's revenue was registered at RM276.91 million for the FYE 31 December 2016, and thereby garnered a market share of 0.22% based on the total value of construction work done in 2016.

#### Market share based on value of construction work done (2016)



Source: Department of Statistics Malaysia; SMITH ZANDER

### Key Industry Drivers

#### Demand for property result in demand for construction services

The demand for property fuels the demand for construction services. Please refer to **Chapter 3: The Property Market in Malaysia: Key Industry Drivers** of this Industry Overview for further information on the key market drivers for property market.

#### Government expenditure to drive development of infrastructure and social amenities generates demand for construction services

The Government, in the Budget 2015 announced the launch of the 11MP commencing 2016. The 11MP is significant as it is the final five-year phase before Vision 2020 is achieved, and it provides a crucial platform to ensure that Malaysia transitions into an advanced economy and inclusive nation.

Some examples of the initiatives announced under 11MP, specific to the construction industry in Malaysia include improving transportation networks in regional economic corridors, increasing public transportation in cities, upgrading air navigation system and airport infrastructure as well as enhancing knowledge content and increasing productivity in the construction industry.

The infrastructure development segment of the construction industry is typically reliant on public funding from the Government. In terms of value of projects awarded for the construction of infrastructure, it increased at a CAGR of 31.41% from RM26.65 billion in 2010 to RM137.21 billion in 2016.

The Government is committed to the implementation of several toll highways for Selangor, namely the East Klang Valley Expressway, Sungai Besi – Ulu Klang Expressway, Damansara – Shah Alam Highway, Serdang Kinrara Putrajaya Expressway and West Coast Highway, which collectively will require an investment of RM18.09 billion.

Under the Budget 2017 announced in October 2016, the Government announced several infrastructure and social amenities projects that will result in greater demand for construction services.

Some examples of the construction projects in Malaysia, specific to infrastructure and social amenities include building and upgrading 616 kilometres of village roads and bridges, building and upgrading new hospitals and clinics and implementation of the new 600 kilometres East Coast Rail Line project

## 6. INDUSTRY OVERVIEW (CONT'D)

SMITH ZANDER

connecting the Klang Valley to the East Coast. The spillover effect from the implementation of these infrastructure and social amenities projects will benefit the construction industry.

### Availability of investments drive overall economic growth, and subsequently, demand for construction services

Malaysia's industrial sector continues to grow at a healthy pace spurred by strong levels of foreign and domestic investments. In 2016, Malaysia attracted RM207.90 billion in approved direct investments. Of the total investments approved in 2016, domestic investments accounted for RM148.90 billion or 71.62%, while foreign direct investment accounted for the remaining RM59.00 billion or 28.38%<sup>2</sup>.

Continued investments in the country is expected to maintain growth in industrial development, leading to increase in demand for construction services.

As the nation strives to position itself as an ideal destination for investments in high value-added, high technology, knowledge-intensive and innovation-based industries, businesses and companies will need to grow in terms of business practices and infrastructure in order to expand in scale and reach. This signifies positively for the commercial and industrial property segments, and the infrastructure and social amenities development segments in Malaysia, where increased investments in construction services for the buildings and infrastructure to support the expanding business operations are expected to witness growth.

## 3 THE PROPERTY MARKET IN MALAYSIA

### Overview

The property market comprises three (3) major types of buildings, namely residential, commercial and industrial. GDB is involved in the residential and commercial segments of the property market.

### Market Performance, Size and Growth

As GDB is involved in the construction of high rise residential, commercial and mixed development projects, focusing in the central region of Malaysia, this section will cover the following:

1. The performance of the property market in Malaysia; and
2. The performance of the residential and commercial property markets in Malaysia by region.

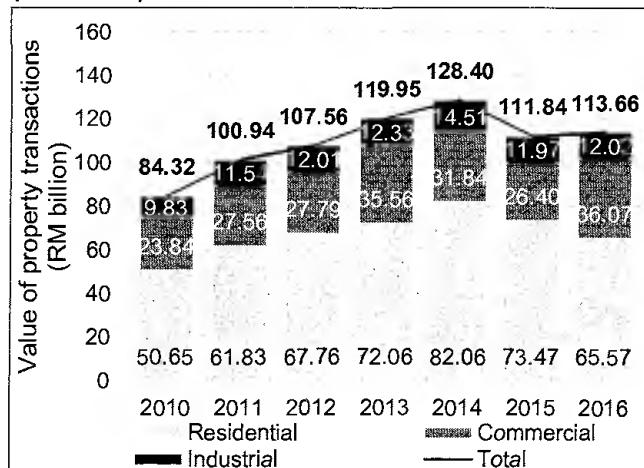
### The performance of property market in Malaysia

The performance of the property market in Malaysia, measured by value of property transactions, witnessed an increase from RM84.32 billion in 2010 to RM113.66 billion in 2016 at a CAGR of 5.10%.

In 2016, transactions for residential properties dominated the total property transactions at 57.69% (RM65.57 billion), while the remaining 31.73% (RM36.07 billion) and 10.58% (RM12.02 billion) were recorded for transactions for commercial and industrial properties respectively.

Between the period of 2010 and 2016, transactions in the commercial property segment increased from RM23.84 billion to RM36.07 billion.

**Total value of property transactions in Malaysia (2010-2016)**



Note:

Figures may not add up due to rounding.

Source: National Property Information Centre ("NAPIC")

<sup>2</sup> Malaysian Investment Development Authority

6. INDUSTRY OVERVIEW (CONT'D)

Between 2010 to 2016, there were a number of incidents affecting the property market in Malaysia. Since 2010, Bank Negara Malaysia ("BNM") introduced several macro prudential measures to curb excessive speculative activity in the housing market and to deter over-borrowing. For example, in 2010, BNM imposed a maximum loan-to-value ratio of 70% on borrowers with three or more outstanding housing loans, while in 2013, BNM announced that the maximum tenure of 35 years for financing granted for the purchase of residential and non-residential properties. These measures had resulted in a 4-year decline, from 2013 to 2016 by 30.11%, in loan approved for the purchase of residential and non-residential properties.

The introduction of the Goods and Services Tax in April 2015 has also caused uncertainties in the market, as it caused property buyers and property developers to be more cautious as they monitored its impact on the prices of properties.

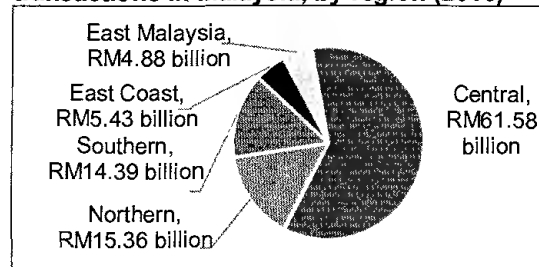
In 2015, the drop in the total residential and commercial property transactions was mainly contributed by a reduction in property transactions in Johor. Nevertheless, the overall property market in Malaysia improved in 2016 by 1.63%, contributed by the growth in commercial property transactions in Kuala Lumpur. This is despite the ongoing oversupply in office space and shopping complexes in Kuala Lumpur, reflected by a lower occupancy rate of office space at 77.9% in 2016 from 81.2% in 2015, and shopping complexes at 86.9% in 2016 from 87.4% in 2015.

**The performance of residential and commercial property markets in Malaysia, by region**

The Central region, which includes the Klang Valley, is the most significant regional property market in Malaysia. In 2016, RM61.58 billion worth of residential and commercial property transactions took place in the Central region.

In the same year, residential and commercial property transactions in the Northern and Southern regions of Malaysia were RM15.36 billion and RM14.39 billion respectively, while the smaller regional property markets of East Coast and East Malaysia achieved transaction values of RM5.43 billion and RM4.88 billion respectively.

**Value of residential and commercial property transactions in Malaysia, by region (2016)**



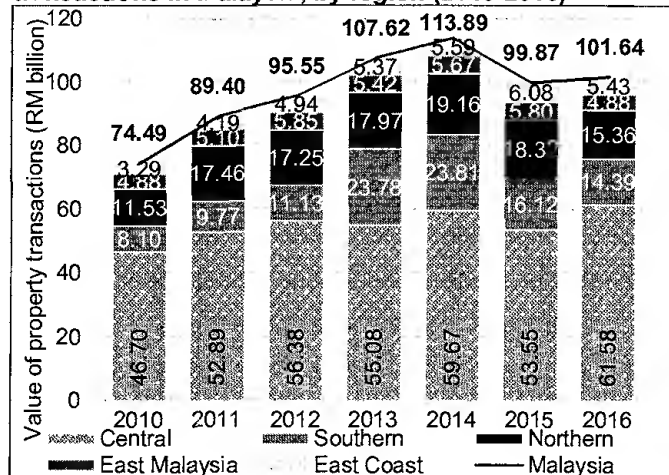
Source: NAPIC; SMITH ZANDER

The residential and commercial property transaction value for Malaysia grew at a CAGR of 5.32% from RM74.49 billion to RM101.64 billion over the period of 2010 and 2016.

The most significant growth in residential and commercial property transaction value by region over the period of 2010 and 2016 was witnessed in the Southern region, which recorded a CAGR of 10.05% from RM8.10 billion to RM14.39 billion.

During the same period, the East Coast recorded a CAGR of 8.71% from RM3.29 billion to RM5.43 billion, while Northern, Central and East Malaysia regions witnessed a slightly lower, but nevertheless still positive growth, at CAGRs of 4.90% from RM11.53 billion to RM15.36 billion, 4.72% from RM46.70 billion to RM61.58 billion, and 0.02%<sup>3</sup> from RM4.88 billion to RM4.88 billion respectively.

**Value of residential and commercial property transactions in Malaysia, by region (2010-2016)**



Source: NAPIC; SMITH ZANDER

<sup>3</sup> Calculated from raw data of RM4,877.11 million in 2010 and RM4,882.20 million in 2016.

## 6. INDUSTRY OVERVIEW (CONT'D)

SMITH ZANDER

Regional growth is strongly driven by growth of property demand in key sub-markets, with the Klang Valley strongly driving growth in the Central region, Johor driving growth in the Southern region and Penang and Perak driving growth in the Northern region.

In Kuala Lumpur, the residential and commercial property transactions increased from RM16.82 billion to RM28.95 billion, at a CAGR of 9.47% over 2010 to 2016. The commercial property segment in Kuala Lumpur witnessed the higher growth rate, increasing from RM6.43 billion in 2010 to RM19.99 billion in 2016, at a CAGR of 20.81%.

The residential and commercial property transactions in Selangor increased from RM27.70 billion in 2010 to RM27.92 billion in 2016 at a CAGR of 0.13%. In Selangor, the residential property segment recorded the highest growth rate, increasing from RM20.19 billion in 2010 to RM21.93 billion in 2016 at a CAGR of 1.39%.

Several prime commercial developments, most notably the Tun Razak Exchange, Merdeka PNB 118 and Bandar Malaysia are currently being constructed in Klang Valley especially in areas close to the on-going Klang Valley Mass Rapid Transit ("MRT") project route.

### Key Industry Drivers

#### Demand for properties as a result of increasing economic wealth

The key indicator that influences the property market is the stability of the nation's economy. A robust economy has a positive impact on the property market while a sluggish economy will likewise result in a slowdown in property demand.

Economic growth is thus a catalyst for development and growth in construction activities. Between 2010 and 2016, Malaysia's wealth, as depicted by its real GDP, increased from RM821.43 billion to RM1,108.23 billion.

Economic growth has the potential to increase disposable incomes among the population arising from higher employment and increased earnings for businesses and companies, consequently leading to increased demand for residential, commercial and industrial properties.

#### Increasing disposable income and affluence of the population signifies growth opportunities in the property market

Malaysia is an upper-middle income developing economy with aspirations to achieve developed status by the year 2020. Malaysia's GDP per capita increased from approximately RM26,969.00 in 2010 to RM37,759.00 in 2016 while purchasing power parity per capita income increased from approximately USD20,670.30 to USD27,680.80 during the same period.

This increase in disposable income has led to a rise in a more affluent population that has greater spending power. The increasing disposable income of Malaysia's population has a positive correlation to the demand for residential properties, whereby the growth trend in the number and value of residential property transactions has generally reflected the trend in the growth in disposable income.

In an effort to reduce the burden of the population and increase disposable income of lower-income population, the Government has improved the *Bantuan Rakyat 1Malaysia* (BR1M) to households and single individuals in line with the targeted subsidy programme.

Malaysia launched the Economic Transformation Programme ("ETP") (2011 – 2020) in 2010 with a goal to promote Malaysia into an inclusive and sustainable high-income country by the year 2020. The ETP is a comprehensive initiative comprising 131 high impact projects under 12 economic focus areas that have the potential to stimulate economic growth.

The potential growth opportunities for the property segment in Malaysia are underscored by the nation's economic potential as well as Government interventions via economic plans, policies and stimulus.



## 6. INDUSTRY OVERVIEW (CONT'D)

SMITH ZANDER

### **Plans, policies and stimulus by the Government to spur socio-economic development positively impact the property market in Malaysia**

In October 2016, the Government announced the Budget 2017, whereby the Government will take measures to ensure that the country will achieve sustainable economic growth.

Under the Budget 2017, the Government announced several construction projects for residential properties. Some examples of the construction projects for residential properties include completion of 30,000 units of 1Malaysia Civil Servants Housing, 5,000 units of MyBeautiful New Home under the National Blue Ocean Strategy initiative, 11,240 units of house under People's Housing Programme and 5,000 units of People's Friendly Home. These fiscal measures by the Government is expected to promote growth in demand for residential properties.

In addition to the measures in the Budget 2017, the Government previously introduced a "My First Home Scheme" in Budget 2011 to assist purchasers below age 35 with a monthly income of less than RM5,000, to purchase their first residential property valued between RM100,000 and RM400,000. The scheme allows purchasers to obtain up to 100% financing from various financial institutions.

Changes in the country's monetary policy, such as a material change in interest rates, may affect the accessibility to borrowings and subsequently influence market sentiment. Various parties involved in the property market such as the property buyers, construction companies and property developers, use financing facilities to partially or fully fund their involvement in the property market such as for purchasing properties and for working capital used for construction and property development projects.

For example, an increase in interest rates will translate to higher monthly repayment amounts for the property purchasers to finance their property purchase. Higher interest rates also translate to higher borrowing costs for the construction companies and property developers to partially or fully fund the construction and property development projects. This in turn may affect the value of property transactions as new property purchasers experience higher borrowing costs, and the number of property launches may be affected by the higher financing costs for the construction companies and property developers. Thus, any material changes in the interest rates is expected to affect the value of property transactions in Malaysia.

Between 2010 and 2016, the Overnight Policy Rate ("OPR") in Malaysia was recorded between 2.00% to 3.25%. The most recent revisions of the OPR was in July 2014 where the OPR was increased from 3.00% to 3.25%, and in July 2016 where the OPR was reduced from 3.25% to 3.00%. These revisions in OPR in 2014 and 2016 showed no significant impact to the property market in Malaysia, as there was no significant decrease or increase in property transactions in 2014 and 2016, respectively.

For illustrative purposes only, if the OPR in Malaysia is revised downwards by 2%, which can be considered to be a material change, property buyers are expected to benefit from a significant reduction in borrowing costs, and may lead to increase in property transactions. With such a significant change in interest rate, it can also be an incentive for construction companies and property developers to carry out their construction projects or property development plans as borrowing cost is expected to be lower, leading to an increase in number of property launches and construction activities.

Thus, the residential property segment is expected to benefit from the plans, policies and stimulus by the Government, which in turn will lead to greater demand for residential properties.

### **Growth prospects of end-user sectors drive demand for commercial and industrial properties and supporting infrastructure**

The economic sectors that contribute to construction activities, namely the services, manufacturing, and mining and quarrying sectors, demonstrated growth in 2015 and 2016.

The services sector remains a major driver of growth, contributing 54.25% to GDP in 2016. Given its importance, the Government formulated the Services Sector Blueprint 2014 to further develop the sector and strengthen its competitiveness. The services sector also recorded an annual change of 5.62% in 2016 as compared to 2015, indicating positive growth. The positive growth, together with the expected growth driven by the Services Sector Blueprint 2014, would lead to an increase in the demand for commercial properties to facilitate this growth, and subsequently the demand for construction services

**6. INDUSTRY OVERVIEW (CONT'D)**

SMITH ZANDER

for these commercial properties. For instance, more commercial properties such as purpose-built offices, office lots, shop units or retail lots will be required to facilitate growing business operations in the services sector.

The manufacturing sector being the second largest contributor, contributing 22.99% to GDP in 2016 recorded an annual change of 4.43% as compared to in 2015, also indicating positive growth. The mining and quarrying sector contributed 8.82% to GDP in 2016 together with an annual change of 2.20% as compared to in 2015.

The positive growth in these sectors is expected to lead to an increase in the demand for commercial and industrial properties, and subsequently, the demand for construction service. For instance, industrial properties such as factories and industrial complexes would be required for the expansion of the manufacturing sector.

**4 PROSPECTS AND OUTLOOK FOR GDB HOLDINGS BERHAD**

Construction activities in Malaysia are largely influenced by the nation's economic development as the construction of buildings (i.e. property) and infrastructure are essential for national development and progress.

From 2010 to 2016, construction activities in Malaysia, as measured by the value of projects awarded, grew from RM91.01 billion to RM229.03 billion at a CAGR of 16.63%.

Residential and non-residential construction activities witnessed a CAGR of 6.99%, increasing from RM55.45 billion in 2010 to RM83.15 billion in 2016.

The growth of residential and non-residential projects has been strongest in the Central region, comprising the Selangor, Negeri Sembilan, Kuala Lumpur and Putrajaya. Approximately 50.86% of the total value of residential and non-residential construction projects awarded in 2016 was for the Central region.

Driven by the demand for property, Government expenditure to drive infrastructure and social amenities and availability of investments to drive overall economic growth, SMITH ZANDER expects construction activities in Malaysia to grow from RM229.03 billion in 2016 to RM280.04 billion in 2019 at a CAGR of 6.93%.

The demand for property fuels the demand for construction services. The performance of the property market in Malaysia, measured by value of property transactions, witnessed an increase from RM84.32 billion in 2010 to RM113.66 billion in 2016 at a CAGR of 5.10%. The residential and commercial property transactions recorded a CAGR of 5.32% between 2010 and 2016, from RM74.49 billion to RM101.64 billion.

The Central region, which includes the Klang Valley, is the most significant regional property market in Malaysia. In 2016, RM61.58 billion worth of residential and commercial property transactions took place in the Central region.

Residential and commercial property transactions in Selangor increased from RM27.70 billion in 2010 to RM27.92 billion in 2016, at a CAGR of 0.13%. The residential and commercial property transactions in Kuala Lumpur increased from RM16.82 billion in 2010 to RM28.95 billion in 2016, at a CAGR of 9.47%.

The property market in Kuala Lumpur and Selangor is expected to recover following a 2-year decline in new residential property launches since 2015, following the launch of the Klang Valley MRT System which will have an impact on Kuala Lumpur and Selangor's property market.

SMITH ZANDER believes that the prospects for GDB will be supported by the overall growth in the construction industry and the property market in Malaysia.

## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

### 7.1 PROMOTERS AND / OR SUBSTANTIAL SHAREHOLDERS

#### 7.1.1 Promoters' and substantial shareholders' shareholdings

The details of our Promoters and substantial shareholders and their respective shareholdings in our Company before and after the IPO are as follows:-

Nationality / Country of Incorporation	Before the IPO / As at the LPD		After the IPO	
	Direct<-----> No. of Shares	Indirect<-----> %* No. of Shares	Direct<-----> No. of Shares	Indirect<-----> %# No. of Shares
<b>Promoters and substantial shareholders</b>				
CHC Holdings <sup>^</sup>	350,000,000	70.00	323,750,000	51.80
Alexander Lo Tzone Leong	150,000,000	30.00	138,750,000	22.20
Cheah Ham Cheia	-	- 350,000,000 <sup>@</sup>	-	- 323,750,000 <sup>@</sup>
<b>Promoter</b>				
Cheah Jun Kai	-	-	-	-

#### Notes:-

\* Based on our issued share capital of 500,000,000 Shares before the IPO.

# Based on our enlarged issued share capital of 625,000,000 Shares after the IPO.

@ Deemed interested by virtue of Section 8(4) of the Act held through CHC Holdings's shareholding.

<sup>^</sup> CHC Holdings is held by Cheah Ham Cheia and Cheah Jun Kai with equity interest of 90% and 10% respectively.

## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

### 7.1.2 Profile of Promoters and / or substantial shareholders

#### (i) CHC Holdings

*Promoter and substantial shareholder*

CHC Holdings was incorporated in Malaysia on 24 June 2016 and registered under the Act. As at the LPD, CHC Holdings's issued share capital is RM2,500,000 comprising 2,500,000 ordinary shares. The principal activity of CHC Holdings is investment holding.

As at the LPD, the directors and shareholders of CHC Holdings are as follows:-

Directors and shareholders	Nationality	<-----Direct----->		<--Indirect-->	
		No. of shares	%	No. of shares	%
Cheah Ham Cheia	Malaysian	2,250,000	90.00	-	-
Cheah Jun Kai	Malaysian	250,000	10.00	-	-

#### (ii) Cheah Ham Cheia

*Promoter, substantial shareholder and Managing Director*

Please refer to Section 7.2.2 of this Prospectus for his profile.

#### (iii) Alexander Lo Tzone Leong

*Promoter, substantial shareholder and Executive Director*

Please refer to Section 7.2.2 of this Prospectus for his profile.

#### (iv) Cheah Jun Kai

*Promoter and Executive Director*

Please refer to Section 7.2.2 of this Prospectus for his profile.

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**7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**
**7.1.3 Changes in our Promoters' and / or substantial shareholders' shareholdings**

The changes in our Promoters' and / or substantial shareholders' shareholdings in our Company since incorporation to the LPD are as follows:-

	As at 28 February 2013 (Date of incorporation)				As at 31 December 2013			
	Direct No. of Shares	%	Indirect No. of Shares	%	Direct No. of Shares	%	Indirect No. of Shares	%
<b>Promoters and substantial shareholders</b>								
CHC Holdings <sup>^</sup>	-	-	-	-	-	-	-	-
Alexander Lo Tzone Leong	-	-	-	-	-	-	-	-
Cheah Ham Cheia	1	50.00	-	-	1,045,000	95.00	-	-
<b>Promoter</b>								
Cheah Jun Kai	1	50.00	-	-	55,000	5.00	-	-
As at 31 December 2014 and 2015								
	Direct No. of Shares	%	Indirect No. of Shares	%	Direct No. of Shares	%	Indirect No. of Shares	%
<b>Promoters and substantial shareholders</b>								
CHC Holdings <sup>^</sup>	-	-	-	-	10,500,000	70.00	-	-
Alexander Lo Tzone Leong	-	-	-	-	4,500,000	30.00	-	-
Cheah Ham Cheia	2,375,000	95.00	-	-	-	-	10,500,000*	70.00
<b>Promoter</b>								
Cheah Jun Kai	125,000	5.00	-	-	-	-	-	-

**7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

	As at 4 May 2017			As at the LPD		
	Direct	Indirect	%	Direct	Indirect	%
	No. of Shares	No. of Shares		No. of Shares	No. of Shares	
<b>Promoters and substantial shareholders</b>						
CHC Holdings <sup>^</sup>	14,000,000	-	70.00	350,000,000	-	70.00
Alexander Lo Tzone Leong	6,000,000	-	30.00	150,000,000	-	30.00
Cheah Ham Cheia	-	14,000,000*	70.00	-	350,000,000*	70.00
<b>Promoter</b>						
Cheah Jun Kai	-	-	-	-	-	-

**Notes:-**

- \* Deemed interested by virtue of Section 8(4) of the Act held through CHC Holdings's shareholding.
- <sup>^</sup> CHC Holdings is held by Cheah Ham Cheia and Cheah Jun Kai with equity interest of 90% and 10% respectively.

As at the LPD, our Promoters and substantial shareholders have the same voting rights with the other shareholders of our Group and there is no arrangement between GDB and its shareholders with any third parties, the operation of which may at a subsequent date result in the change in control of GDB.

**7.1.4 Promoters and / or substantial shareholders' remuneration and benefits**

Save for the dividends to be paid or proposed to be paid (if any) to our Promoters and / or substantial shareholders and the aggregate remuneration and benefits paid or proposed to be paid to our Promoters and / or substantial shareholders for services rendered to our Group in all capacities for the FYE 31 December 2017 and FYE 31 December 2018 as set out in Section 7.2.6 of this Prospectus, there are no other amount or benefits that has been paid or intended to be paid to our Promoters and / or substantial shareholders within the two (2) years preceding the date of this Prospectus.

## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

### 7.2 DIRECTORS

7.2.1 Our Board comprises the following members:-

Name	Age	Nationality	Date of Appointment	Designation
Tan Sri Dato' Ir. Hj. Zaini Bin Omar (M)	69	Malaysian	18 September 2017	Independent Non-Executive Chairman
Cheah Ham Cheia (M)	62	Malaysian	28 February 2013	Managing Director
Alexander Lo Tzone Leong (M)	46	Malaysian	3 August 2016	Executive Director
Cheah Jun Kai (M)	31	Malaysian	28 February 2013	Executive Director
Datuk Chia Lui Meng (M)	63	Malaysian	18 September 2017	Independent Non-Executive Director
Kow Poh Gek (F)	61	Malaysian	14 December 2017	Independent Non-Executive Director

**Notes:-**

(M) Male

(F) Female

### 7.2.2 Profiles

The profiles of the Directors of our Group are as follows:-

**Tan Sri Dato' Ir. Hj. Zaini Bin Omar**  
*Independent Non-Executive Chairman*

Tan Sri Dato' Ir. Hj. Zaini bin Omar, a Malaysian, aged 69, is our Independent Non-Executive Chairman and was appointed to our Board on 18 September 2017. He has vast experience in the electricity sector, the aviation sector, the water supply sector and the works sector.

He graduated with a Bachelor of Engineering from James Cook University of North Queensland, Australia in November 1974 and holds a Bachelor of Laws from the University of London awarded in July 1985. In November 1986, he obtained his Professional Engineer status from the Board of Engineers, Kuala Lumpur and in September 1988, he was admitted and enrolled as an Advocate and Solicitor of the High Court in Malaya. In April 2003, he was conferred with a Doctor of Philosophy (Engineering) by University Tun Hussein Onn, Malaysia. He was, from February 2000 to July 2005, the President of the Board of Engineers Malaysia and is currently the Honorary Fellow of the Institution of Engineers Malaysia and a fellow of the CIDB.

In April 1975, he began his career as an Electrical Engineer at the Public Works Department, Malaysia and was responsible for the electrical engineering works of project involved by the department. In October 1990, he was seconded to the Department of Electrical Supply as a Director of Operations and was responsible for overseeing the overall operations of the department. In October 1995, he joined the Department of Civil Aviation as the Director General where he was involved in the construction of the Kuala Lumpur International Airport.



**7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

In January 2000, he returned to the Public Works Department, Malaysia as the Deputy Director General 1 and was responsible for assisting the Director General in managing the department. In October 2000, he was promoted to Director General and was responsible for leading his team in implementing all government projects and served as the technical advisor to the Government. In July 2005, he retired from his position in the Public Works Department and was appointed as the Chairman of the National Water Services Commission and also the head of The Special Unit for Overseas Projects in the Economic Planning Unit, Malaysia until 2009.

Presently, he is an Independent Non-Executive Chairman of Digistar Corporation Berhad, a company listed on the Main Market of Bursa Securities and he also sits on the board of several private companies as disclosed in Section 7.2.4 of this Prospectus.

**Cheah Ham Cheia**

*Promoter, substantial shareholder and Managing Director*

Cheah Ham Cheia, a Malaysian, aged 62, is our Managing Director. He was appointed to our Board on 28 February 2013 and is responsible for the overall guidance on our Group's business direction and manages the strategic development of our Group. He graduated with a Bachelor of Science in Engineering from University of Aberdeen, United Kingdom in July 1985. He has spent his entire career in the construction industry with over 38 years of experience.

In November 1977, he began his career with Mitsui Construction Co Ltd as a supervisor for Pasir Panjang Wharf Project in Singapore and Prima Flour Mill Project in Sri Lanka. In February 1980, he joined Maltimor Sendirian Berhad as a Supervisor for Batu Niah Water Treatment Plant and reclamation works at Sejingkat Naval Base Project in Sarawak. In July 1982, he joined Mitsui Jurutama Joint Venture to act in the capacity of a Site Engineer for the Federal Highway Phase II infrastructure improvement works.

In October 1983, he furthered his studies in University of Aberdeen, United Kingdom. Upon graduation in July 1985, he returned to Mitsui Construction Co Ltd as a Site Engineer for the construction of the interchange and related facilities at the intersection of Jalan Kepong with Jalan Kuching and the upgrading work for Jalan Kuching. In July 1987, he was promoted to Chief Engineer and was responsible for the overall planning and supervision of the construction of Electrolux Factory Project in Shah Alam. In January 1989, he was appointed as Engineer and was responsible for liaising with the Government authorities and consultants for the construction of Kuala Lumpur Interchanges along Jalan Pahang, Bulatan Kampung Pandan, Jalan Cheras and Bulatan Edinburgh. In July 1992, he was appointed as the Quality Control Manager and was responsible for the quality control and procurement of construction materials for Kafco Fertiliser Plant Project in Bangladesh.

In June 1994, he left Mitsui Construction Co Ltd to join Kamunting Construction Sdn Bhd (now known as Putra Perdana Construction Sdn Bhd) as an Assistant General Manager. He was responsible for the management of construction activities on site and the development and planning of construction for new projects.

In July 1996, he was promoted to General Manager of Putra Perdana Construction Sdn Bhd, a wholly-owned subsidiary of Putrajaya Perdana Berhad, and was responsible for establishing work plans and staffing for projects, directing and coordinating activities of project personnel, and providing technical advice to resolve problems. In July 1997, he was promoted to Senior General Manager and was responsible for planning, directing and coordinating project activities to ensure projects are completed within the stipulated timelines and funding parameters.



**7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

In January 2001, he was promoted to Chief Operating Officer of Putra Perdana Construction Sdn Bhd. He was responsible for managing the company's daily operations and ensuring efficient and effective resource management. In August 2007, he was promoted to Deputy Chief Executive Officer and was responsible for assisting the Chief Executive Officer in overseeing the company's operation and maximising the company's profit margins and efficiencies.

In September 2009, he was appointed as the Deputy Chief Executive Officer of Putrajaya Perdana Berhad (the holding company of Putra Perdana Construction Sdn Bhd) and was responsible for assisting the Group Chief Executive Officer in implementing policies to achieve commercial objectives, short term and long-term goals. In May 2011, he was appointed as the Group Chief Executive Officer and held this position until April 2013. As the Group Chief Executive Officer, he was responsible for planning strategic business objectives and ensuring positive growth of revenue and profit margins of the Putrajaya Perdana group. During his tenure with Putrajaya Perdana group, he was involved in numerous projects. The notable projects including The Intermark in Kuala Lumpur, Sarawak Energy Berhad Headquarters in Kuching, Light Rail Transit Infrastructure Works in Putrajaya, Government Administrative Offices in Putrajaya (namely Parcel C and Parcel D) and Pavilion Kuala Lumpur, among others.

In April 2013, GDB acquired Grand Dynamic Builders and in May 2013, he became the Managing Director of Grand Dynamic Builders.

**Alexander Lo Tzone Leong**

*Promoter, substantial shareholder and Executive Director*

Alexander Lo Tzone Leong, a Malaysian, aged 46, is our Executive Director. He was appointed to our Board on 3 August 2016 and is responsible for assisting our Managing Director in the overall management and operation of our Group as well as overseeing the overall operations of our construction projects. He graduated with a Certificate in Technology (Building) from Kolej Tunku Abdul Rahman, Malaysia in May 1992. He has spent more than 25 years in the construction industry.

In May 1992, he began his career at Teamwork Corporation Sdn Bhd as a Site Supervisor. He was responsible for coordinating and supervising workers, overseeing the coordination of all subcontractors, organising machineries and equipment and maintaining safety and quality standards at the construction site. He was involved in the construction of STAR LRT Phase 1 and Wisma Denmark in Kuala Lumpur. In June 1994, he joined Kamunting Construction Sdn Bhd (now known as Putra Perdana Construction Sdn Bhd) as a Site Supervisor. He was responsible for assisting the project manager in overseeing operations on a daily basis, ensuring work is done safely, on time, within budget and to the right quality standards. He was involved in the construction of Bangsar Shopping Complex.

In January 1995, he was promoted to Senior Site Supervisor at Putra Perdana Construction Sdn Bhd, a wholly-owned subsidiary of Putrajaya Perdana Berhad. He was responsible for overseeing all civil, structural and architectural construction works at the construction sites and the supervision of work progress during the construction of Ampang Flamingo Hotel, Ampang Commercial Complex and Wisma John Hancock in Damansara Heights. In April 1997, he was promoted to Assistant Site Agent and was responsible for assisting the Project Manager in supervising the sub-contractors, trades and material delivery. In January 1998, he was promoted to Site Agent and was responsible for managing the construction of Parcel D, Putrajaya and ensuring work is completed on time, within budget, safely and to the right quality standards.

**7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

In March 1999, he was re-designated to Project Manager at Putra Perdana Construction Sdn Bhd and was responsible for planning, budgeting, risk managing and overseeing onsite and offsite construction activities, preparing contracts, obtaining the necessary permits and approval for construction and maintaining safety and quality standards throughout the entire construction process. In January 2003, he was promoted to Senior Project Manager. He was responsible for project planning, risk managing, overseeing project budgets, and monitoring and facilitating construction works for Sub Package 5, P14 housing development and Maritime Centre in Putrajaya. He was also the Head of Project for the construction of Pavilion Kuala Lumpur. In January 2007, he was promoted to Assistant General Manager and was responsible for supporting the General Manager in the overall management of the construction site for Pavilion Kuala Lumpur and Pavilion Residence in Kuala Lumpur. In May 2009, he was appointed as the General Manager and was responsible for overseeing all projects, liaison with customers and appointment of subcontractors.

In January 2010, he was promoted to Senior General Manager at Putra Perdana Construction Sdn Bhd and was responsible for planning, directing and coordinating of designated projects to ensure goals and objectives of the projects are accomplished within prescribed time frame and budget parameters. He was involved in the construction of Felda Tower Platinum Park, The Intermark in Kuala Lumpur and Menara PJH in Putrajaya. In March 2012, he was promoted to Deputy Chief Operating Officer. He was responsible for assisting overall planning and development during the construction of The Z Residence, Breezeway Condominium Project and Ara Green Wellness & Healthcare City in Kuala Lumpur. In April 2013, he was promoted to Chief Operating Officer and was responsible for all daily operations of the company and routinely reports to the Chief Executive Officer. He left the Putra Perdana group in May 2013.

In April 2013, he acquired Grand Dynamic Builders and in May 2013, he became the Executive Director of Grand Dynamic Builders and is responsible for overseeing the management and operations of construction projects undertaken by our Group.

**Cheah Jun Kai**

*Promoter and Executive Director*

Cheah Jun Kai, a Malaysian, aged 31, is the Executive Director for our Group and the Senior Manager for Finance, Risk Management and Business Development division in Grand Dynamic Builders. He was appointed to our Board on 28 February 2013 and is responsible for managing and overseeing the Finance, Risk Management and Business Development division of our Group. He graduated with a Bachelor of Arts in Accounting from University of Hertfordshire, United Kingdom in July 2011.

In July 2011, he began his career as a Management Trainee at AmlInvestment Bank Berhad. He was responsible for performing credit administration tasks including computing and commenting on company's financials, analysing the repayment ability, and presenting his findings to supervisor. He took a career break from October 2011 to February 2012.

In March 2012, he joined WorleyParsons Business Service Sdn Bhd as an Accounts Payable Graduate Officer. He was responsible for performing analysis of accounts for account payable module, performing accounts payable reconciliation to General Ledger and process supplier invoices. In July 2012, he was promoted to Accounts Payable Officer after getting confirmed by WorleyParsons Business Service Sdn Bhd. In February 2013, he was promoted to General Ledger Accountant. He was responsible for the month-end financial reporting, the profit-loss fluctuation analysis and the balance sheet accounts reconciliation. In November 2013, he was promoted to Senior Business Analyst. He was responsible for the account payable stream of the company by developing, managing and monitoring the key performance indexes and developing key controls upon high risk function before leaving in July 2014.

**7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

In July 2014, he joined Grand Dynamic Builders as an Executive for Finance, Risk Management and Business Development division. Under the guidance of our Managing Director and Executive Director, namely Cheah Ham Cheia and Alexander Lo Tzone Leong as part of the management succession plan, he was involved in our Group's budgeting, forecast and planning, establishing and monitoring key risk indicators and implementing corrective action plans to mitigate risks as well as screening potential business deals by analysing market strategies, deal requirements and financial evaluations. In addition, he was also responsible in managing our Group's information technology and computer systems. In January 2016, he was promoted to Assistant Manager for Finance, Risk Management and Business Development division. He was responsible for managing our Group's overall budgeting, forecasting and planning, designing and implementing overall risk management processes for our Group, and develop and coordinate systems, policies and procedures for our Group.

In January 2017, he was promoted to Manager for Finance, Risk Management and Business Development division and was responsible for developing a financial management mechanism to minimise financial risks, and overseeing our Group's security data, network access and backup systems. In May 2017, he was promoted to his current position as Senior Manager for Finance, Risk Management and Business Development division.

**Datuk Chia Lui Meng**

*Independent Non-Executive Director*

Datuk Chia Lui Meng, a Malaysian, aged 63, is our Independent Non-Executive Director and was appointed to our Board on 18 September 2017. He has 40 years of experience in the property development and construction industry and has worked in both the public and private sectors.

He graduated with a Bachelor of Quantity Surveying (Hons) from Universiti Teknologi Malaysia in December 1978. He also holds a Bachelor of Laws (Hons) Degree from the University of London awarded in August 1994 and completed the Certificate of Legal Practice awarded by the Legal Qualifying Board Malaysia in December 1995. He is a Fellow of the Royal Institution of Surveyors, Malaysia since August 2005, a Member of the Society of Construction Law (Kuala Lumpur and Selangor) since July 2006 and a Professional Member of the Royal Institution of Chartered Surveyors since November 2007. He was admitted to the Malaysian Bar in May 2017.

In May 1978, he began his career as a Quantity Surveyor in the Public Works Department, Malaysia and was responsible for contract administration, recommendation of progress payments and variation orders. In November 1983, he was promoted to Assistant Director and was responsible for Pahang State Public Works Department contract administration. In September 1986, he was promoted to Senior Quantity Surveyor and was responsible for the project and contract administration of all turnkey projects. He took an optional retirement in August 1995.

In September 1995, he joined Hiap Aik Construction Berhad as the General Manager and was responsible for all contractual administration, tendering and payments. In April 1997, he joined United Malayan Land Berhad as a Personal Assistant to the Group Chief Executive Officer and was responsible for assisting the Group Chief Executive Officer in the technical and project management. In July 2003, he was promoted to General Manager and was responsible for the development of all high rise projects within the United Malayan Land Berhad group. He also headed the Contract Division and the Construction Subsidiary of United Malayan Land Berhad.

## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

In March 2008, he joined Viet Hung Urban Development & Investment J.S.C Land Berhad as the Chief Operating Officer and was based in Hanoi, Vietnam. He was responsible for the development of a 1,200 acres township called ECOPARK. In April 2009, he joined Naza TTDI Sdn Bhd as the Director and Advisor to the Group Managing Director and was responsible for assisting and advising the Group Managing Director in the marketing and sales of all developments. In October 2011, he joined Malton Berhad as the Chief Executive Officer and was responsible for overall administration of the company. In June 2012, he returned to United Malayan Land Berhad as the Group Chief Executive Officer and was responsible for the overall administration of the company. In June 2016, he retired from his position in United Malayan Land Berhad but remained as a Non-Executive Director of certain subsidiaries under the United Malayan Land Berhad group as disclosed in Section 7.2.4 of this Prospectus. He is currently the Secretary of the Real Estate and Housing Developers' Association Wilayah Persekutuan (Kuala Lumpur).

Currently, he is now practising as an Advocate & Solicitor in Soh Hayati & Co specialising in the area of construction law.

### **Kow Poh Gek**

*Independent Non-Executive Director*

Kow Poh Gek, a Malaysian, aged 61, is our Independent Non-Executive Director and was appointed to our Board on 14 December 2017. She has 36 years of experience in accounting and finance.

In May 1982, she graduated with a Diploma in Commerce (Cost & Management Accounting) from Kolej Tunku Abdul Rahman, Malaysia. She also completed the examinations of The Institute of Cost and Management Accountants (now known as The Chartered Institute of Management Accountants) in May 1982. She was admitted an Associate of The Institute of Cost and Management Accountants in March 1986. She has been a Chartered Accountant of the Malaysian Institute of Accountants since June 1988 and a Fellow of The Chartered Institute of Management Accountants since March 1993.

Prior to her graduation in May 1982, she started her career, in April 1982, as a Financial Assistant at Aspatra Managements Sendirian Berhad and was involved in assisting the general accounting matters for the company, including preparation of management accounts and tax filling. In December 1984, she was promoted to Manager, Corporate Planning and was responsible for leading the feasibility studies for the company's business planning. She left the company in June 1986.

In July 1986, she joined United Malayan Banking Corporation Berhad (now known as RHB Bank Berhad after the banking merger in 1999) as a Trainee Officer, Class I at the Corporate Investments Department and was involved in conducting financial feasibility studies for the bank's business planning. In January 1990, she was promoted to Assistant Manager and was leading the budget reporting activities of the Finance & Accounts Division.

In September 1990, she left the financial institution to join KDE Recreation Berhad as a Finance Manager and was responsible for the company's overall finance and accounts. In February 1993, she was transferred to Berjaya Singer Berhad as a Finance Manager and was responsible for the overall finance and accounts for the Hotels and Resorts division of the company. In September 1994, she was transferred to Berjaya Cosway (Overseas) Sdn Bhd as an Operations Manager and was responsible for conducting feasibility studies for the company's business planning. She left the company in June 1995.

In June 1995, she joined TA Securities Sdn Bhd as a remisier. As a remisier, she was responsible for executing equity trades on behalf of clients. She left the company in April 2001.

**7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

In May 2001, she joined Kinetics PGS Sdn Bhd (then known as Kinetics Process Systems Sdn Bhd) as a Finance Manager. She was responsible for the company's overall finance, accounts, human resources and administrative functions. Further to the acquisition of Kinetics Process Systems Sdn Bhd by Celerity, Inc., she was offered an employment as Finance and Administration Manager at Celerity Fluid Systems Malaysia Sdn Bhd in February 2006. She was responsible for the company's overall finance, accounts, human resources and administrative functions. Upon the acquisition of the operating assets of the systems integration business of Celerity, Inc. by Ichor Systems, Inc. in 2009, she was offered an employment as Finance and Administration Manager at Ichor Systems Malaysia Sdn Bhd in October 2009. She was responsible for the company's overall finance, accounts, human resources and administrative functions. She left the company in December 2009.

In January 2010, she joined EITA Holdings Sdn Bhd (now known as EITA Resources Berhad) as Finance cum Investor Relations Manager. She was responsible for overseeing the finance department and investor relation activities in the company. In January 2012, she was promoted to Chief Financial Officer and was responsible for the Group's finance and accounts, investor relations functions and risk management. She retired from her position in EITA Resources Berhad on 31 December 2017.

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**7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)****7.2.3 Directors' shareholdings**

The direct and indirect shareholdings of our Directors before and after the IPO are as follows:-

Directors	Nationality	Before the IPO / As at the LPD		After the IPO <sup>^</sup>	
		<-----Direct-----> No. of Shares	<-----Indirect-----> %* No. of Shares	<-----Direct-----> No. of Shares	<-----Indirect-----> %# No. of Shares
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	Malaysian	-	-	400,000	0.06
Cheah Ham Cheia	Malaysian	-	- 350,000,000 <sup>@</sup>	-	- 323,750,000 <sup>@</sup>
Alexander Lo Tzone Leong	Malaysian	150,000,000	30.00	138,750,000	22.20
Cheah Jun Kai	Malaysian	-	-	-	-
Datuk Chia Lui Meng	Malaysian	-	-	300,000	0.05
Kow Poh Gek	Malaysian	-	-	300,000	0.05

**Notes:-**

\* Based on our issued share capital of 500,000,000 Shares before the IPO.

# Based on our enlarged issued share capital of 625,000,000 Shares after the IPO.

<sup>^</sup> Assuming that all Pink Form Allocations are fully subscribed.

<sup>@</sup> Deemed interested by virtue of Section 8(4) of the Act held through CHC Holdings's shareholding.



**7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)****7.2.4 Principal business activities and directorships in other corporations for the past five (5) years**

Save as disclosed below, none of our Directors have any principal business activities and directorship in any other corporations for the past five (5) years preceding the LPD:-

<b>Directors</b>	<b>Company</b>	<b>Position Held</b>	<b>Date Appointed as Director</b>	<b>Date Resigned as Director</b>	<b>Direct and Indirect Interest (%)</b>	<b>Principal Activities</b>
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	Advant Aviation Academy Sdn Bhd	Non-Executive Director	02.06.2006	N/A	-	In the midst of being struck off the register
	Digistar Berhad <sup>(1)</sup>	Non-Executive Director	10.03.2017	N/A	-	Investment holding of non-listed shares of its subsidiaries principally involved in the design, supply, installation and integration of information technology infrastructure, tele-conferencing, local area networks, interactive media management systems, radio and television news automation, telecommunication systems, integrated audio and visual systems and other related electronic systems
	Intelligent Security Services Sdn Bhd	Non-Executive Director / Shareholder	24.01.2006	N/A	Direct: 40.00 Indirect: -	Security consultant and services

## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directors	Company	Position Held	Date Appointed as Director	Date Resigned as Director	Direct and Indirect Interest (%)	Principal Activities
Tan Sri Dato' Ir. Hj. Zaini Bin Omar (Cont'd)	Matrix Reservoir Sdn Bhd <sup>(2)</sup>	Non-Executive Director	01.04.2016	N/A	-	Investment holding of non-listed shares of its subsidiaries principally involved in the leasing of land and building, provision of logistic management services and vessel related services, and dealer of lubricants, petroleum-based products and marine fuels
	Peninsular Precast Sdn Bhd <sup>(2)</sup>	Non-Executive Director	02.02.2016	N/A	-	Engaged in fabricating and marketing of IBS
	Semarak Temasek Sdn Bhd	Non-Executive Director	24.06.2014	N/A	-	General trading in heat insulation glass and investment holding company
	Urusiaga Cemerlang Sdn Bhd	Non-Executive Director / Shareholder	18.08.2017	N/A	Direct: 15.00 Indirect: -	Construction of other engineering projects, sale by commission agents and engineering services
	Projek Lintasan Damansara-Shah Alam Sdn Bhd	Non-Executive Director	16.04.2012	19.05.2017	-	To undertake the toll collection of highway, operations and maintenance of highway and construction of highway



## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directors	Company	Position Held	Date Appointed as Director	Date Resigned as Director	Direct and Indirect Interest (%)	Principal Activities
Tan Sri Dato' Ir. Hj. Zaini Bin Omar (Cont'd)	Projek Lintasan Kota Holdings Sdn Bhd	Non-Executive Director	20.06.2006	19.05.2017	-	Investment holding company of non-listed shares of its subsidiaries principally involved in toll collection of highway, operations and maintenance of highway and construction of highway, and management services
	Projek Lintasan Kota Sdn Bhd	Non-Executive Director	23.06.2006	19.05.2017	-	To undertake the construction, operation, maintenance and toll collection of the Ampang-Kuala Lumpur Elevated Highway
	Projek Lintasan Alam Sdn Bhd	Non-Executive Director	08.08.2006	19.05.2017	-	Toll collection of highway, operations and maintenance of highway and construction of highway
	Projek Lintasan Sungai Besi-Ulu Klang Sdn Bhd	Non-Executive Director	16.04.2012	19.05.2017	-	To undertake the toll collection of highway, operations and maintenance of highway and construction of highway
	Prolintas Expressway Sdn Bhd	Non-Executive Director	03.08.2007	19.05.2017	-	To undertake the construction, operation, maintenance and toll collection of the Guthrie Corridor Expressway

## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directors	Company	Position Held	Date Appointed as Director	Date Resigned as Director	Direct and Indirect Equity Interest (%)	Principal Activities
Tan Sri Dato' Ir. Hj. Zaini Bin Omar (Cont'd)	Turnpike Synergy Sdn Bhd	Non-Executive Director	16.04.2012	19.05.2017	-	Asset management and asset development company
Cheah Ham Cheia	CHC Holdings	Executive Director / Shareholder	24.06.2016	N/A	Direct: 90.00 Indirect: -	Investment holding of shares
	Platinum Home Ventures Sdn Bhd	Executive Director	10.04.2013	N/A	Direct: - Indirect: 70.00 <sup>(3)</sup>	Investment in properties
	Infra Satin Sdn Bhd	Executive Director	15.05.2012	31.12.2012	-	Investment holding of shares
	Perdana Land Development Sdn Bhd	Executive Director	18.07.2008	27.09.2012	-	Dormant
	Putrajaya Perdana Berhad	Executive Director	01.05.2011	13.09.2012	-	Investment holding of non-listed shares of its subsidiaries principally involved in construction, property development and concessions business
	Putra Perdana Construction Sdn Bhd	Executive Director	18.07.2008	13.03.2013	-	Construction

## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directors	Company	Position Held	Date Appointed as Director	Date Resigned as Director	Direct and Indirect Interest (%)	Principal Activities
Cheah Ham Cheia (Cont'd)	Putra Perdana Development Sdn Bhd	Executive Director	18.07.2008	27.09.2012	-	Property development, property management and investment holding of non-listed shares of its subsidiaries principally involved in property development and construction
	Putra Perdana Expressways Sdn Bhd	Executive Director	17.06.2011	27.09.2012	-	Investment holding of non-listed shares of its subsidiaries principally involved in expressway concessionaire
	Sarjana Sejati (M) Sdn Bhd	Executive Director	18.07.2008	27.09.2012	-	Property development
	Senandung Budiman Sdn Bhd	Executive Director	18.07.2008	27.09.2012	-	Property development and construction
Cheah Jun Kai	Tunas Eksklusif Holding Sdn Bhd	Non-Executive Director	13.09.2012	13.03.2013	-	Housing contractor and property development
	GHC Holdings	Executive Director / Shareholder	24.06.2016	N/A	Direct: 10.00 Indirect: -	Investment holding of shares
Datuk Chia Lui Meng	Platinum Home Ventures Sdn Bhd	Executive Director	10.04.2013	N/A	-	Investment in properties
	Alpine Return Sdn Bhd <sup>(4)</sup>	Non-Executive Director	04.06.2012	N/A	-	Property development and related activities

## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directors	Company	Position Held	Date Appointed as Director	Date Resigned as Director	Direct and Indirect Equity Interest (%)	Principal Activities
Datuk Chia Lui Meng (Cont'd)	Aroma Classic Sdn Bhd	Non-Executive Director / Shareholder	28.04.1992	N/A	Direct: 75.00 Indirect: -	Asset holding and investment
	Bangi Heights Development Sdn Bhd	Non-Executive Director	27.09.2012	N/A	-	Property investment and property development
	Hap Seng Seri Alam Sdn Bhd <sup>(5)</sup>	Non-Executive Director	01.07.2013	N/A	-	Operation of stone quarries
	Nusajaya Consolidated Sdn Bhd <sup>(6)</sup>	Non-Executive Director	04.06.2012	N/A	-	Property development and related activities
	Seri Suasana (MM2H) Sdn Bhd	Non-Executive Director	14.05.2015	N/A	-	Consultancy services for MM2H applications
	UM Land Builders Sdn Bhd	Non-Executive Director	04.06.2012	N/A	-	Property and construction activities
	Cahaya Nusantara Sdn Bhd	Executive Director	14.09.2015	01.07.2016	-	Property developer, building contractors, resorts and recreational operators and related activities
	Clear Dynamic Sdn Bhd <sup>(7)</sup>	Executive Director	04.06.2012	01.07.2016	-	Property development and related activities
	Country Equity Sdn Bhd	Executive Director	04.06.2012	01.07.2016	-	Inactive (previously an investment holding company of Bangi Heights Development Sdn Bhd, which was wholly disposed)

## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directors	Company	Position Held	Date Appointed as Director	Date Resigned as Director	Direct and Indirect Interest (%)	Principal Activities
Datuk Chia Lui Meng (Cont'd)	Dynasty View Sdn Bhd	Executive Director	04.06.2012	01.07.2016	-	Property development and related activities
	Exquisite Mode Sdn Bhd	Executive Director	04.06.2012	01.07.2016	-	Property development and related activities
	Exquisite Skyline Sdn Bhd	Executive Director	04.06.2012	01.07.2016	-	Property development and related activities
	Extreme Consolidated Sdn Bhd	Executive Director	04.06.2012	03.07.2014	-	Property development and related activities
	Ipjora Holdings Sdn Bhd	Executive Director	11.06.2012	01.07.2016	-	Developing, building, owning and operating service apartment
	Kampar Lakeside Sdn Bhd	Executive Director	03.11.2014	01.07.2016	-	Property development
	Kia Ace Development Sdn Bhd	Executive Director	08.05.2013	01.07.2016	-	Property development and related activities
	Lextrend Sdn Bhd	Executive Director	05.07.2012	01.07.2016	-	Property development and related activities
	PMS Services Sdn Bhd	Executive Director	04.06.2012	01.07.2016	-	Commercial properties and related activities including the leasing of land and buildings
	Positive Lodge Sdn Bhd	Executive Director	08.05.2013	01.07.2016	-	Dormant

## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directors	Company	Position Held	Date Appointed as Director	Date Resigned as Director	Direct and Indirect Interest (%)	Principal Activities
Datuk Chia Lui Meng (Cont'd)	Raffles Campus (Seri Alam) Sdn Bhd	Executive Director	01.08.2012	31.07.2013	-	Management of campus facilities for education business and related activities including the leasing of properties for such business activities
	Seri Alam Golf & Equestrian Club Sdn Bhd	Executive Director	04.06.2012	01.07.2016	-	Operation of a recreational club and related activities including leasing of the grounds and related activities
	Seri Alam Hotel Resort Sdn Bhd	Executive Director	04.06.2012	01.07.2016	-	Operations of hotel resorts and related activities including the leasing of land and buildings for such business activities
	Seri Alam Leisure Sdn Bhd	Executive Director	04.06.2012	01.07.2016	-	Investment holding of non-listed shares of its subsidiary principally involved in operation of a recreational club and related activities

## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directors	Company	Position Held	Date Appointed as Director	Date Resigned as Director	Direct and Indirect Interest (%)	Principal Activities
Datuk Chia Lui Meng (Cont'd)	Seri Alam Properties Sdn Bhd	Executive Director	04.06.2012	01.07.2016	-	Rubber estates, operating hotels, motels, clubs, restaurant, cafés, resorts, service residences and investment holding of non-listed shares of its subsidiaries principally involved in operations of hotel, resorts, commercial properties and related activities
	SSBC Sdn Bhd	Executive Director	04.06.2012	01.07.2016	-	Dormant
	Suasana Sentral Two Sdn Bhd	Executive Director	05.07.2012	01.07.2016	-	Property development and related activities
	Tentu Teguh Sdn Bhd	Executive Director	05.07.2012	01.07.2016	-	Property development and related activities
	Triple Vision City Sdn Bhd	Executive Director	24.03.2014	01.07.2016	-	Dormant
	Umland Hospitality Sdn Bhd	Executive Director	27.08.2012	01.07.2016	-	Property management leasing services and related activities
	Umland Hotel (JB) Sdn Bhd	Executive Director	08.11.2012	01.07.2016	-	Dormant
	Umland Medini Lakeside Development Sdn Bhd	Executive Director	21.06.2013	01.07.2016	-	Property development and related activities



## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directors	Company	Position Held	Date Appointed as Director	Date Resigned as Director	Direct and Indirect Interest (%)	Principal Activities
Datuk Chia Lui Meng (Cont'd)	Umland Services Sdn Bhd	Executive Director	05.02.2015	01.07.2016	-	Providing property management services and related businesses
	UMLB Marketing Bhd	Executive Director	11.06.2012	01.07.2016	-	Purchasing and distribution of construction materials
	UM Development Bhd	Executive Director	04.06.2012	01.07.2016	-	Property development and related activities
	UM Land Assets Bhd	Executive Director	04.06.2012	01.07.2016	-	Property investment
	UM Leisure Sdn Bhd	Executive Director	04.06.2012	01.07.2016	-	Dormant
	UM Residences Sdn Bhd	Executive Director	04.06.2012	01.07.2016	-	Development of services apartments
	Viridea Lakeside Bhd	Executive Director	11.02.2014	08.04.2016	-	Property development and related activities

**Notes:-**

- (1) A company listed on the Main Market of Bursa Securities.
- (2) Subsidiaries of Ahmad Zaki Resources Berhad, a company listed on the Main Market of Bursa Securities.
- (3) Deemed interested by virtue of his spouse's shareholding pursuant to Section 59 of the Act.
- (4) An equal joint venture of United Malayan Land Berhad and Symphony Life Berhad (a company listed on the Main Market of Bursa Securities).
- (5) A subsidiary of Hap Seng Consolidated Berhad, a company listed on the Main Market of Bursa Securities.

**7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

- (6) An equal joint venture of United Malaysian Land Berhad and UEM Land Berhad (a subsidiary of UEM Sunrise Berhad, a company listed on the Main Market of Bursa Securities).
- (7) A wholly-owned subsidiary of Nusajaya Consolidated Sdn Bhd.

**7.2.5 Involvement of our Executive Directors in other businesses / corporations**

Save as disclosed in Section 7.2.4 of this Prospectus, our Executive Directors are not involved in other businesses / corporations. The involvements of our Executive Directors in other businesses / corporations are not expected to affect the operations of our Group as they are principally involved in the day-to-day operations of our Group. Their involvement in the aforesaid companies are minimal as the companies are involved in investment holding of shares or properties, hence this would not be expected to affect their performance in our Group.

**7.2.6 Directors' remuneration and benefits**

The details of the remuneration and benefits paid and proposed to be paid to our Directors for services rendered to our Group in all capacities for the FYE 31 December 2017 and 2018 are as follows:-

FYE 31 December 2017	Salaries RM'000	Fees RM'000	Bonus RM'000	Employees Provident Fund and Social Security Organisation RM'000	Long Services Awards / End of Service Employment* RM'000	Allowances RM'000	Benefits- in-kind RM'000	Project Completion Reward^ RM'000	Total RM'000
<b>Non-Executive Directors</b>									
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	-	17	-	-	-	-	-	-	17
Datuk Chia Lui Meng	-	12	-	-	-	-	-	-	12
Kow Poh Gek	-	2	-	-	-	-	-	-	2
<b>Executive Directors</b>									
Cheah Ham Cheia	454	-	200	75	34	38	5	639	1,445
Alexander Lo Tzone Leong	412	-	180	160	-	7	21	772	1,552
Cheah Jun Kai	92	-	38	20	-	21	-	40	211

## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Proposed for FYE 31 December 2018	Salaries RM'000	Fees RM'000	Bonus RM'000	Employees Provident Fund and Social Security Organisation RM'000	Long Services Awards RM'000	Allowances RM'000	Benefits-in-kind RM'000	Project Completion Reward <sup>^</sup> RM'000	Total RM'000
<b>Non-Executive Directors</b>									
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	-	60	-	-	-	4	-	-	64
Datuk Chia Lui Meng	-	42	-	-	-	4	-	-	46
Kow Poh Gek	-	45	-	-	-	4	-	-	49
<b>Executive Directors</b>									
Cheah Ham Chea	516	-	215	62	-	59	-	275	1,127
Alexander Lo Tzone Leong	468	-	195	117	36	8	21	340	1,185
Cheah Jun Kai	109	-	41	21	9	23	-	22	225

**Notes:-**

\* Please refer to Section 7.7 of this Prospectus for more information on the benefits on end of service employment.

<sup>^</sup> Benefits awarded to all employees (including Executive Directors) pursuant to completing projects in time and additional profit margin achieved (being the difference between budgeted profit margin and profit margin at completion), where currently approximately 20% of the additional profit margin achieved from the completed projects would be distributed.

The remuneration which includes our Directors' salaries, bonuses, fees and allowances as well as other benefits of our Directors, must be considered and recommended by the Remuneration Committee and subsequently, be approved by our Board. Our Directors' fees and / or benefits must be further approved by our shareholders at a general meeting.

## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

### 7.3 BOARD PRACTICES

#### 7.3.1 Directorship

The details of the date of expiration of the current term of office for each of the Directors and the period for which the Directors have served in that office are as follows:-

Name	Designation	Date of expiration of the current term of office	Period served
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	Independent Non-Executive Chairman	At the 5 <sup>th</sup> AGM to be held in the year 2018	Less than one (1) year
Cheah Ham Cheia	Managing Director	At the 5 <sup>th</sup> AGM to be held in the year 2018	Four (4) years
Alexander Lo Tzone Leong	Executive Director	At the 7 <sup>th</sup> AGM to be held in the year 2020	One (1) year
Cheah Jun Kai	Executive Director	At the 6 <sup>th</sup> AGM to be held in the year 2019	Four (4) years
Datuk Chia Lui Meng	Independent Non-Executive Director	At the 5 <sup>th</sup> AGM to be held in the year 2018	Less than one (1) year
Kow Poh Gek	Independent Non-Executive Director	At the 5 <sup>th</sup> AGM to be held in the year 2018	Less than one (1) year

In accordance with the Company's Constitution, all the Directors shall retire from office at the first annual general meeting and at each subsequent annual general meeting, at least one third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one third (1/3) shall retire by rotation from office and be eligible for re-election. Accordingly, all our Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. An election of Directors shall take place every year.

## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

### 7.3.2 Audit Committee

Our Audit Committee was established on 18 September 2017 and its members are appointed by our Board. Our Audit Committee comprises the following members:-

Name	Designation	Directorship
Kow Poh Gek	Chairman	Independent Non-Executive Director
Tan Sri Dato' Ir. Hj. Zaini	Member	Independent Non-Executive Chairman
Bin Omar		
Datuk Chia Lui Meng	Member	Independent Non-Executive Director

The main functions of the Audit Committee include inter-alia, the review of audit plans and audit reports with our external auditors, review of the auditors' evaluation of internal accounting controls and management information systems, review of the scope, functions, competency and resources of the internal audit function of which the internal auditors should report directly to the Audit Committee, review of the quarterly and yearly financial statements, appointment and re-appointment of the external auditors and review of related party transactions.

### 7.3.3 Remuneration Committee

Our Remuneration Committee was established on 18 September 2017 and its members are appointed by our Board. Our Remuneration Committee comprises the following members:-

Name	Designation	Directorship
Datuk Chia Lui Meng	Chairman	Independent Non-Executive Director
Tan Sri Dato' Ir. Hj. Zaini	Member	Independent Non-Executive Chairman
Bin Omar		
Kow Poh Gek	Member	Independent Non-Executive Director

The main functions of the Remuneration Committee include inter-alia, the recommendation to our Board regarding the remuneration packages of the Executive Directors, assisting our Board in assessing the responsibility and commitment undertaken by our Board members and assisting our Board in ensuring the remuneration of the Executive Directors are reflective of the responsibility and commitment of the Directors concerned.

## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

### 7.3.4 Nomination Committee

Our Nomination Committee was established on 18 September 2017 and its members are appointed by our Board. Our Nomination Committee comprises the following members:-

Name	Designation	Directorship
Kow Poh Gek Tan Sri Dato' Ir. Hj. Zaini Bin Omar Datuk Chia Lui Meng	Chairman Member Member	Independent Non-Executive Director Independent Non-Executive Chairman Independent Non-Executive Director

The main functions of the Nomination Committee include inter-alia, the review of all nominations for the appointment or re-appointment of members of our Board and to determine the selection criteria thereof, review of the structure, size and composition of our Board, and to ensure that all our Directors undergo appropriate introduction and training programmes.

### 7.3.5 Risk Management Committee

Our Risk Management Committee was established on 18 September 2017 and its members are appointed by our Board. Our Risk Management Committee comprises the following members:-

Name	Designation	Directorship
Datuk Chia Lui Meng Tan Sri Dato' Ir. Hj. Zaini Bin Omar Kow Poh Gek Cheah Ham Cheia Alexander Lo Tzone Leong	Chairman Member Member Member Member	Independent Non-Executive Director Independent Non-Executive Chairman Independent Non-Executive Director Managing Director Executive Director

The main functions of the Risk Management Committee include inter-alia, oversee and recommend the risk management policies and procedures of our Group, implement and maintain a sound risk management framework, set reporting guidelines for management to report to committee and review of the risk profile of our Group and measures taken to mitigate business risk.

**7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)****7.4 KEY SENIOR MANAGEMENT****7.4.1 Key senior management's shareholdings**

The details of our key senior management and their direct and indirect shareholdings before and after the IPO are as follows:-

Key senior management	Designation	Nationality	Before the IPO / As at the LPD				After the IPO <sup>^</sup>				
			<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->		
			No. of Shares	%*	No. of Shares	%*	No. of Shares	%#	No. of Shares	%#	
Toh Fong Eng Lim Lee Ling	Chief Financial Officer Senior Manager – Human Resources and Administration	Malaysian Malaysian	- -	- -	- -	- -	- -	300,000 300,000	0.05 0.05	- -	- -
Yap Wei Tong	Assistant General Manager - Projects	Malaysian	-	-	-	-	-	400,000	0.06	-	-
Wong Chin Tee	Assistant General Manager – Tender and Contracts	Malaysian	-	-	-	-	-	400,000	0.06	-	-

**Notes:-**

\* Based on our issued share capital of 500,000,000 Shares before the IPO.

# Based on our enlarged issued share capital of 625,000,000 Shares after the IPO.

<sup>^</sup> Assuming that all Pink Form Allocations are fully subscribed.

## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

### 7.4.2 Profiles

The profiles of the key senior management of our Group are as follows:-

#### **Toh Fong Eng**

*Chief Financial Officer*

Toh Fong Eng, a Malaysian, aged 56, is our Chief Financial Officer. She is responsible for the overall accounting, taxation and treasury functions of our Group. She has more than 35 years of experience in accounting and corporate finance.

Upon graduating from high school in 1981, she continued with her education by taking the London Chamber of Commerce and Industry (LCCI) International Qualifications before pursuing the professional studies with the Association of Chartered Certified Accountants ("**ACCA**"). She completed her professional examinations with the ACCA and was admitted as a Member of the ACCA in November 1999. She is a Fellow Member of ACCA since November 2004. She is also a registered chartered accountant with the Malaysian Institute of Accountants since June 2001.

In June 1982, she began her career as an Accounts Assistant with a mining company, Syarikat Trimal Sdn Bhd and she was responsible for book keeping, wages computation and all accounts related functions. With the cessation of Syarikat Trimal Sdn Bhd business, she was transferred to a related company, Kamunting Corporation Berhad (now known as E&O Property Development Berhad) in April 1988 as an Administrative Assistant where she was involved in shares registration activities. In November 1988, she joined Navistar Sdn Bhd as an Accounts cum Administrative Assistant. She was involved in the preparation of monthly management accounts and all relevant accounts schedules for audit and tax purpose, preparation of progress billings and monitoring collections from purchasers. She was also involved in data entries and preparation of payments and bank reconciliations.

In November 1990, she joined Kamunting Construction Sdn Bhd (now known as Putra Perdana Construction Sdn Bhd), a wholly-owned subsidiary of Putrajaya Perdana Berhad as an Accounts cum Administrative Executive. She was assisting the accountant in the preparation of monthly accounts and the financial reports. In January 1994, she was promoted to Assistant Accountant and was responsible for all finance and tax related matters of the group. In July 1998, she was promoted to Accountant and she was responsible for all accounting related matters, including amongst others, reviewing the group's consolidated accounts, identifying the areas for improvement in operations and reviewing the company's policies and procedures.

In January 2001, she was re-designated to Manager for Finance & Accounts at Putra Perdana Construction Sdn Bhd and in January 2004, she was promoted to Senior Manager for Finance & Accounts. She was involved in the listing exercise of Putrajaya Perdana Berhad and was responsible for assisting the General Manager for Finance in the due diligence exercise. Her scope of work includes providing all documents and information for the prospectus and for the SC submission, preparation of the pro forma balance sheets and forecast and projections.

In July 2010, she was promoted to Assistant General Manager for Finance & Accounts and she was responsible for managing the financial operations of Putrajaya Perdana Berhad and its development division. In January 2014, she was promoted to General Manager for Finance & Accounts and she was responsible for the financial planning, budgeting, implementation of accounting procedures of Putrajaya Perdana Berhad, and was reporting to the Group Chief Financial Officer.

Her responsibilities before leaving the Putrajaya Perdana group include preparation of quarterly report to the Board and Audit Committee and management of cash flow to meet the group's operational needs. During her career with Putrajaya Perdana Berhad, she



**7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

was involved in overseeing the Putrajaya Perdana Berhad group's financial performance and the preparation of financial and accounting related information required to facilitate the group's corporate exercises.

She left Putra Perdana Construction Sdn Bhd in May 2017 to join our Group.

**Lim Lee Ling**

*Senior Manager – Human Resources and Administration*

Lim Lee Ling, a Malaysian, aged 48, is our Senior Manager for Human Resource and Administration. She is responsible for our Group's human resource and office administrative matters. She graduated from Systematic Secretarial Centre Sdn Bhd, Kuala Lumpur with a Diploma in Secretarial & Administration in December 1996. In July 1997, she was awarded Pitman Diploma in Secretarial and Administration from The City and Guilds of London Institute.

In April 1996, she began her career in Multi-Purpose Holdings Berhad as a Confidential Secretary and was involved in performing secretarial duties and administrative supports, arranging appointments and meetings. In March 1998, she was transferred to the Corporate Development Department, reporting to the Senior General Manager. In addition to her usual secretarial duties and administrative supports, she was also responsible for handling all arrangements pertaining to company's corporate matters such as arranging appointments and meetings with the local authorities on company's mergers and acquisitions exercise. She has gained experience in the establishment of procedures and practices to assure confidentiality and security in the role. In March 2000, she was further promoted to Confidential Secretary Grade I.

In July 2001, she joined Putra Perdana Construction Sdn Bhd, a wholly-owned subsidiary of Putrajaya Perdana Berhad, as a Secretary, she was responsible for administrative and payment related matters with contractors and subcontractors. In July 2002, she was promoted to Confidential Secretary to Group Chief Executive Officer of Putra Perdana Construction Sdn Bhd and was responsible for providing secretarial and administrative assistance to the CEO, planning and arranging meetings with local authorities and organising company's corporate social responsibility events, such as, scholarship awards and annual dinners. In April 2013, she was appointed as the Executive Secretary to the Chairman at Putra Perdana Construction Sdn Bhd. She was responsible for organising travel arrangements, handling personal matters and managing the daily schedule of the Chairman.

In May 2013, she joined our Group as the Personal Assistant to our Managing Director and Executive Director cum Assistant Office Manager, and in January 2014, she was promoted to Office Manager. In May 2017, she was promoted to Senior Manager for Human Resource and Administration of our Group. In addition to overseeing the overall human resource and administrative matters, she is also responsible for applying and obtaining of licences and certifications for our Group.

**Yap Wei Tong**

*Assistant General Manager - Projects*

Yap Wei Tong, a Malaysian, aged 44, is our Assistant General Manager for Projects. He assists our Executive Director in managing the construction division and he was the head of project for several projects of our Group. He graduated from Universiti Sains Malaysia with a Bachelor of Civil Engineering (Hons) in July 1999.

In April 1999, he began his career with Putra Perdana Construction Sdn Bhd, a wholly-owned subsidiary of Putrajaya Perdana Berhad, as a Junior Site Engineer and was responsible for coordinating superstructure works and architectural works for Putrajaya Parcel D. In January 2001, he was promoted to Site Engineer and was responsible for

**7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

checking discrepancies in drawings and liaising with consultants for inspection work and technical inquiries. He was involved in the construction of the Ministry of Finance Complex, Putrajaya Parcel E1, E4 and E5, and Maritime Centre, Putrajaya. In July 2004, he was promoted to Senior Site Engineer. During his tenure as a Senior Site Engineer, he was responsible for leading his team during construction activities, liaising with the developers and consultants, and preparing the project masterwork programme. He was also involved in the construction of bungalows for the Government (Type A, Type C, Type D and Type E) in Precinct 16 Putrajaya.

In July 2006, he was appointed as the Assistant Project Manager at Putra Perdana Construction Sdn Bhd and was responsible for leading his project team in project planning, technical coordination and progress monitoring of Pavilion Kuala Lumpur and DBKL Tower. In August 2007, he was promoted to Project Manager and was responsible for monitoring and facilitating the overall planning of construction works. He was involved in the construction of Pavilion Residence and Sarawak Energy Berhad Headquarters.

In July 2010, he left Putra Perdana Construction Sdn Bhd to join Gamuda Land Berhad as a Construction Manager and the Head of Construction Department. He was involved in the Celadon City Project in Ho Chi Minh City where he coordinated and supervised the construction work progress, liaised with architects and engineers for technical issues, and ensured the drawings, specification, quality, time and budget were met accordingly. In April 2013, he returned to Putra Perdana Construction Sdn Bhd as a Senior Project Manager and was involved in the construction of INTERGRA Tower, Manipal International University, Jing Si Hall and Serai Condominium.

In May 2014, he joined our Group as the Senior Project Manager to oversee and manage the overall progress of KL Eco City Project 1, KL Eco City Project 2 and Etiqa Project to ensure the project completion is on time and within the budget. In January 2015, he was promoted to Assistant General Manager for Projects to oversee and manage our Group's ongoing projects' progress as well as to provide guidance to the respective Head of Project in order to ensure all projects meet the customers' requirement and are completed on time and within budget.

**Wong Chin Tee**

*Assistant General Manager – Tender and Contracts*

Wong Chin Tee, a Malaysian, aged 53, is our Assistant General Manager for Tenders and Contracts. He assists our Executive Director in managing the Tender and Contracts department of our Group. He graduated from Robert Gordon University, Aberdeen with a Bachelor of Science majoring in Quantity Surveying in June 1993.

In 1988, he began his career as a Site Clerk at Oriental Brickworks Sdn Bhd and was involved in planning production line, quality and stock checking. In February 1989, he joined Kwan Yong Construction Pte Ltd, Singapore as a Site Supervisor and was responsible for supervising and planning job task assignment to the subcontractors as well as liaising with customers and consultants to resolve site issues. In March 1991, he ended his employment in Kwan Yong Construction Pte Ltd to further his studies in Scotland. In August 1993, he joined SBM Engineering Sdn Bhd as a Quantity Surveyor and was involved in the cost budgeting, cost control and project management of a housing project in Ampang. In June 1994, he joined Kamunting Construction Sdn Bhd (now known as Putra Perdana Construction Sdn Bhd) as a Quantity Surveyor and was promoted to Senior Quantity Surveyor in January 1998. He was responsible for assisting the Contract Manager in preparing project budgets, material schedule and quotations for Bangsar Shopping Mall, Tasek Ampang Complex and Desaru Impian Johor projects.

In July 1999, he was promoted to the Contract Manager of Putra Perdana Construction Sdn Bhd, a wholly-owned subsidiary of Putrajaya Perdana Berhad. He was responsible for overseeing the post contract duties for the Ministry of Finance construction activities. In March 2007, he was promoted to Senior Contract Manager. During his tenure as the

## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Senior Contract Manager, he implemented policies, activities, procedures and instructions as required by the QESH management system and made recommendations on tenders and quotations submitted by the subcontractors and suppliers. He was involved in the construction projects of Z-Residence, The Horizon, Pavilion Kuala Lumpur, Felda Tower Platinum Park, and The Intermark in Kuala Lumpur.

In August 2013, he joined our Group as Senior Contract Manager and was responsible in monitoring our projects' costs as well as assisting in all the tendering of projects. In January 2015, he was promoted to Assistant General Manager for Tender and Contracts and was responsible to oversee and manage the projects' cost and tendering of projects for our Group as well as providing guidance to the respective Senior Contract Manager that report to him.

### 7.4.3 Involvement of our key senior management in other businesses / corporations

Save as disclosed below, none of our other key senior management personnel have any principal business activities and directorship in any other corporations for the past five (5) years preceding the LPD:-

Key Senior Management	Company	Position Held	Direct and Indirect Equity Interest (%)	Date Resigned	Principal Activities
Toh Fong Eng	Two Hands Sdn Bhd	Non-Executive Director / Shareholder	Direct: 66.67 Indirect: -	N/A	Ceased operation (previously involved in wholesale and trading of multipurpose hand cleaners)

The involvement of our key senior management in the abovementioned businesses or corporations is minimal as the company has ceased operations, and therefore does not affect her contribution to our Group.

### 7.4.4 Key senior management's remuneration and benefits

The aggregate remuneration and benefits paid and proposed to be paid to our key senior management for services rendered to our Group in all capacities for the FYE 31 December 2017 and 2018 are as follows:-

	Remuneration Band	
	FYE 31 December 2017 RM'000	Proposed for FYE 31 December 2018 RM'000
Toh Fong Eng	200 - 250*	300 - 350
Lim Lee Ling	250 - 300	200 - 250
Yap Wei Tong	700 - 750	550 - 600
Wong Chin Tee	750 - 800	500 - 550

**7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

**Note:-**

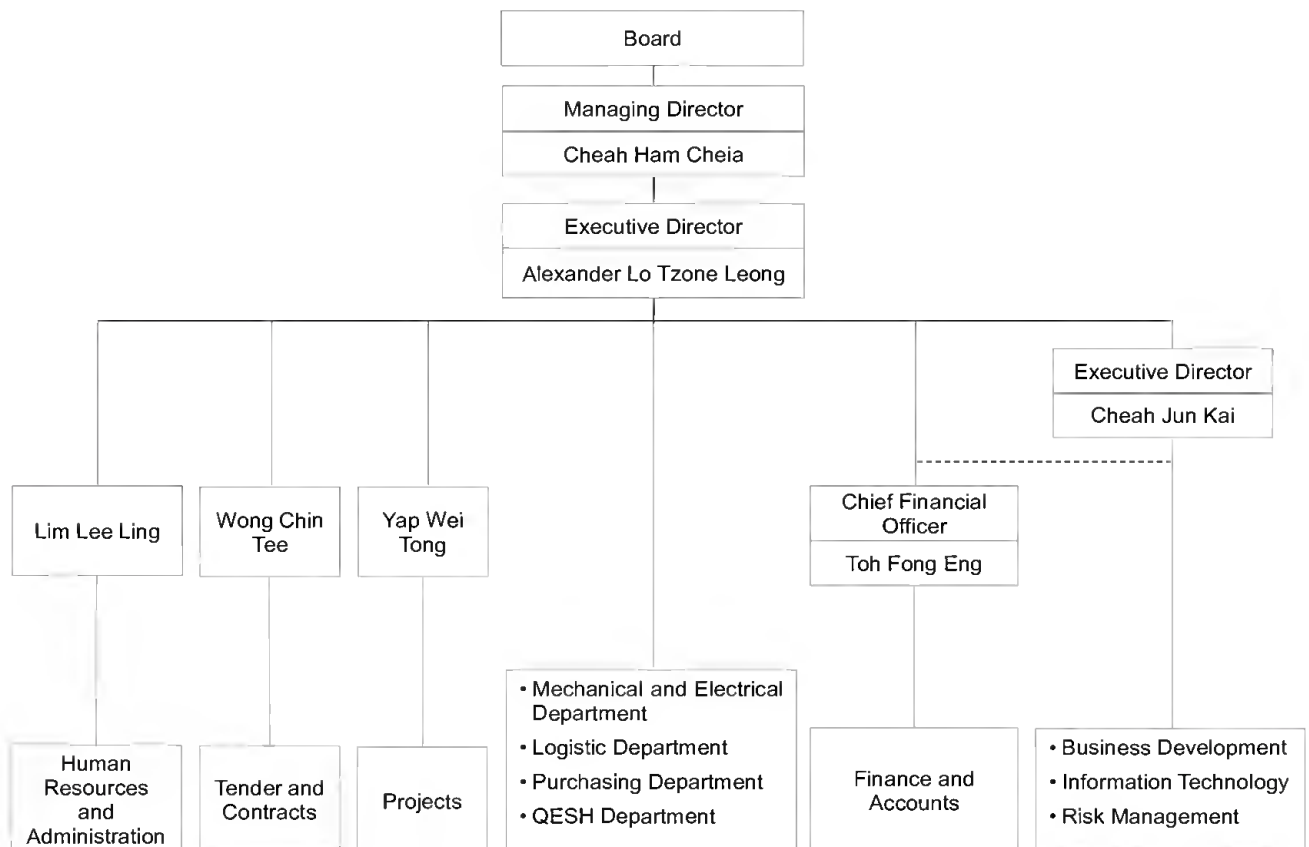
\* Comprise remuneration and benefits paid for approximately seven (7) months only as she joined our Group in May 2017.

The remuneration for our key senior management includes salaries, bonuses, and benefits awarded to all employees (including Executive Directors) pursuant to completing projects in time and additional profit margin achieved (being the difference between budgeted profit margin and profit margin at completion), where currently approximately 20% of the additional profit margin achieved from the completed projects would be distributed.

For information, the decrease in the remuneration and benefits proposed to be paid to our key senior management (excluding Toh Fong Eng) for the FYE 31 December 2018 as compared to FYE 31 December 2017 is due to the anticipated lower contribution of benefits to be awarded to all employees for the year.

**7.4.5 Management Reporting Structure**

The management reporting structure of our Group is as follows:-



**7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)****7.5 DECLARATIONS FROM OUR PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT**

None of our Promoters, Directors and key senior management is or was involved in any of the following events, whether within or outside Malaysia:-

- (i) A petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner, or any corporation of which he was a director or member of key senior management in the last 10 years;
- (ii) Disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) Charged or convicted in a criminal proceeding, or is a named subject of a pending criminal proceeding in the last 10 years;
- (iv) Any judgment entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market in the last 10 years;
- (v) The subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market in the last 10 years;
- (vi) The subject of any order, judgment or ruling of any court, government or regulatory authority or body, temporarily enjoining him from engaging in any type of business practice or activity;
- (vii) The subject of any current investigation or disciplinary proceeding, or has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency in the last 10 years; or
- (viii) Any unsatisfied judgment against him.

**7.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS**

Save as disclosed below, there are no other family relationships (as defined under Section 197 of the Act) and associations between or amongst our Directors, Promoters, substantial shareholder and key senior management:-

- (i) Cheah Ham Cheia, our Promoter, substantial shareholder and Managing Director, is the father of Cheah Jun Kai; and
- (ii) Cheah Jun Kai, our Promoter and Executive Director, is the son of Cheah Ham Cheia.

**7.7 SERVICE CONTRACTS**

As at the LPD, none of our Directors and / or key senior management has any existing or proposed service contracts with our Group, which provide for benefits upon termination of employment. However, our Managing Director, Cheah Ham Cheia, is a fixed term contract employee and is entitled to end of service gratuity as set out in the contract in accordance with our employees' handbook. As stated in our employees' handbook, all fixed term contract employees shall be entitled to end of service gratuity upon completion of their contract or extended contract, whichever is the later. The quantum payable in respect of the end of service gratuity to fixed term contract employee is 0.35 month / per year of service based on basic salary at the end of contract or extended contract.

**7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**

**7.8 MANAGEMENT SUCCESSION PLAN**

Our Board believes that the success of our Group depends on the abilities to retain our key senior management personnel as well as attract and retain skilled personnel. We have implemented a management succession plan, where we have put in place a process to groom new management staff to gradually assume the responsibilities of senior management. Our Group's strategy for management continuity is driven by our top management who is responsible for identifying key competencies and requirements of candidates. If the need arises, we will recruit qualified personnel with knowledge and expertise of our business to enhance our operations.

Our Group's management succession plan consist of, amongst others, the following:-

- (i) Recruitment and selection;
- (ii) Competitive remuneration and employee benefits;
- (iii) Structured career planning and development; and
- (iv) Continuous training and education.

Our Group's Executive Director, Alexander Lo Tzone Leong, has been earmarked as the successor to our Group's Managing Director, Cheah Ham Cheia. He joined our subsidiary, Grand Dynamic Builders in May 2013 and has been participating actively in our Group's operations since then. In addition, Cheah Jun Kai is also being groomed to progressively assume greater responsibilities within our Group, including participation in strategic business planning and decision making under the guidance of Cheah Ham Cheia and Alexander Lo Tzone Leong. He is thus being equipped with the necessary knowledge and skills to ensure the long term continuity of the management and operations of our Group.

In addition, we will continue to provide appropriate training to promising junior staff in order to enhance their knowledge and technical skills for the purpose of their career advancement within our Group. Further, our key senior management team has been carefully planned out with clearly defined leadership roles and responsibilities, to provide support to our Managing Director and Executive Directors, namely Cheah Ham Cheia, Alexander Lo Tzone Leong and Cheah Jun Kai to facilitate the future growth and success of our Group.

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## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

### 7.9 MANAGEMENT AND EMPLOYEES

The number of full time employees in our Group as at 31 December 2016 and 31 October 2017 are as follows:-

Department	Total Number of Employees		Average Year(s) of Service as at 31 October 2017			
	As at 31 December 2016	As at 31 October 2017	<1	1-2	2-3	3-4
			Year	Years	Years	Years
Management	2	2	-	-	-	2
Accounts	2	3	1	-	1	1
Administration	4	4	-	1	2	1
Construction	25	27	3	3	4	17
Human Resource	2	2	1	-	-	1
Logistic	3	2	-	-	-	2
Mechanical and electrical	9	9	1	1	2	5
Tender and Contract	14	15	2	-	4	9
Purchasing	2	2	-	-	-	2
Quality assurance	2	2	-	-	-	2
Safety	4	4	-	1	2	1
Information Technology	1	1	-	-	-	1
<b>Total</b>	<b>70</b>	<b>73</b>	<b>8</b>	<b>6</b>	<b>15</b>	<b>44</b>

The average number of contract / temporary employees in our Group for the FYE 31 December 2016 are as follows:-

Department	Average Number of Employees
	FYE 31 December 2016
Administration	4
Construction	23
Logistic	10
Mechanical and electrical	3
Tender and Contract	5
Quality assurance	2
Safety	3
Information Technology	1
Expatriate	1
General workers (foreign workers)	31
<b>Total</b>	<b>83</b>

None of our employees are member of any union nor have there been any major industrial disputes in the past.



## 8. APPROVALS AND CONDITIONS

### 8.1 APPROVALS FROM RELEVANT AUTHORITIES

#### 8.1.1 Bursa Securities

Bursa Securities had, vide its letter dated 13 December 2017, approved our admission to the Official List and the listing of and quotation for our entire enlarged issued share capital of RM63,750,000, comprising 625,000,000 Shares on the ACE Market of Bursa Securities. The approval from Bursa Securities is subject to the following conditions:-

Conditions	Status of compliance
(i) Any director of the Company that has not attended the Mandatory Accreditation Programme must do so prior to Listing of the Company;	Complied.
(ii) Submit the following information in respect of the moratorium on the shareholdings of the promoters to the Bursa Depository:-  (a) Name of shareholders;  (b) Number of Shares; and  (c) Date of expiry of the moratorium for each block of Shares.	To be complied prior to Listing.
(iii) Approvals from other relevant authorities have been obtained for implementation of the listing proposal;	Complied.
(iv) Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Notes 15 of Listing Requirements;	To be complied prior to Listing.
(v) Furnish Bursa Securities with a copy of the schedule of distribution showing compliance with the share spread requirements on the first day of Listing;	To be complied upon Listing.
(vi) In relation to the public offering to be undertaken by GDB, please announce at least two (2) Market Days prior to the Listing date, the result of the offering including the following:-  (a) Level of subscription of public balloting and placement;  (b) Basis of allotment / allocation;  (c) A table showing the distribution for placement tranche, in format attached in Appendix I of the approval letter of Bursa Securities; and  (d) Disclosure of placees who become substantial shareholders of GDB arising from the public offering, if any.  GDB / AIBB to ensure that the overall distribution of GDB's securities is properly carried out to provide an orderly trading in the secondary market; and	To be complied prior to Listing.



**8. APPROVALS AND CONDITIONS (CONT'D)**

Conditions	Status of compliance
(vii)GDB / AIBB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the admission to the Official List on the ACE Market is completed.	To be complied upon Listing.

**8.1.2 SC**

Our Listing Scheme is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, vide its letter dated 13 December 2017, approved the resultant equity structure of GDB pursuant to our Listing under the equity requirement for public listed companies, subject to the following condition:-

Condition	Status of compliance
GDB to allocate Shares equivalent to at least 12.50% of its enlarged issued share capital at the point of Listing to Bumiputera investors. This includes the Shares offered under the balloted public offer portion, of which 50% are to be offered to Bumiputera investors. In the event that the MITI is unable to allocate the Shares to Bumiputera investors, the unsubscribed Shares shall be offered to Bumiputera public investors via balloting.	To be complied.

The SC had noted the effects of the Listing on the equity structure of our Group before and after Listing as follows:-

Category of shareholders	Before Listing / As at the LPD		After Listing	
	No. of Shares	% of issued share capital	No. of Shares	% of enlarged issued share capital
Bumiputera	-	-	78,125,000 <sup>(1)</sup>	12.50
Non-Bumiputera	500,000,000	100.00	546,875,000 <sup>(2)</sup>	87.50
<b>Malaysians</b>	<b>500,000,000</b>	<b>100.00</b>	<b>625,000,000</b>	<b>100.00</b>
Foreigners	-	-	-	-
<b>Total</b>	<b>500,000,000</b>	<b>100.00</b>	<b>625,000,000</b>	<b>100.00</b>

**Notes:-**

(1) Based on the assumption that the Shares allocated to Bumiputera investors shall be fully subscribed as follows:-

Category	No. of Shares
Malaysian public under the Public Issue	6,250,000
Private placement to Bumiputera investors approved by MITI	71,875,000
<b>Total</b>	<b>78,125,000</b>

(2) Based on the assumption that all Issue Shares save as disclosed in Note (1) above are placed to non-Bumiputera investors.

## 8. APPROVALS AND CONDITIONS (CONT'D)

### 8.1.3 MITI

The MITI had, vide its letter dated 31 October 2017, taken note of and has no objection to our Listing on the ACE Market of Bursa Securities.

### 8.1.4 The SAC

The SAC had, vide its letter dated 7 November 2017, classified our Shares as Shariah-compliant based on the audited consolidated financial statements of GDB for the FYE 31 December 2016.

## 8.2 MORATORIUM ON SALE OF SHARES

In compliance with the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Promoters as follows:-

- (i) The moratorium applies to our Promoters' entire shareholdings for a period of six (6) months from the date of our admission to the ACE Market of Bursa Securities ("**First 6-Month Moratorium**");
- (ii) Upon the expiry of the First 6-Month Moratorium, we must ensure that our Promoters' aggregate shareholdings amounting to at least 45% of our issued ordinary share capital remain under moratorium for a further six (6) months ("**Second 6-Month Moratorium**"); and
- (iii) Upon the expiry of the Second 6-Month Moratorium, our Promoters may sell, transfer or assign up to a maximum of one third per annum (on a straight line basis) of our Shares held under moratorium.

Details of our Shares held by our Promoters which will be subject to moratorium are as follows:-

Promoters	Direct shareholdings after the IPO	
	No. of Shares	% of enlarged issued share capital <sup>^</sup>
CHC Holdings	323,750,000	51.80
Alexander Lo Tzone Leong	138,750,000	22.20
<b>Total</b>	462,500,000	74.00

**Note:-**

<sup>^</sup> Based on our enlarged issued share capital of 625,000,000 Shares after our IPO.

Our Promoters have provided written undertakings that they will not sell, transfer or assign any part of their interest in the Shares during the moratorium period.

The moratorium, which is fully acknowledged by our Promoters, is specifically endorsed on our share certificates representing their shareholdings which are under moratorium to ensure that our Share Registrar will not register any transfer and sale that are not in compliance with the aforesaid restriction imposed.

The shareholders of CHC Holdings have each furnished a letter of undertaking to Bursa Securities that they will not sell, transfer or assign any part of their shareholdings in CHC Holdings during the moratorium period.

**9. OTHER INFORMATION****9.1 INFORMATION ON MATERIAL LAND AND BUILDINGS****9.1.1 Properties owned**

As at the LPD, there are no material land and buildings owned by our Group for our operations.

**9.1.2 Properties rented**

A summary of the material land and buildings rented by our Group for our operations as at the LPD is as follows:-

<b>Registered Owner / Landlord</b>	<b>Tenant</b>	<b>Property Address</b>	<b>Description and Existing Use</b>	<b>Land Area / Gross Built-Up Area (sq ft)</b>	<b>Tenure</b>	<b>Rental per Annum RM'000</b>
Propfarm (M) Sdn Bhd	Grand Dynamic Builders	No. 1-45, Jalan Puteri 4/8, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan	First floor of a 4-storey shop office / Office	- / 3,191.74	1 May 2016 – 30 April 2018	66
Propfarm (M) Sdn Bhd	Grand Dynamic Builders	No. 2-45, Jalan Puteri 4/8, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan	Second floor of a 4-storey shop office / Office	- / 3,191.74	1 June 2017 – 31 May 2019	48
Siew Kooi Meng	Grand Dynamic Builders	No. 1-43, Jalan Puteri 4/8, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan	First floor of a 4-storey shop office / Office	- / 1,744.81	1 May 2016 – 30 April 2018	24
Techkon Machinery Sdn Bhd	Grand Dynamic Builders	PT4700, Jalan Simpah Utara, Batu Arang, 48100 Rawang, Selangor Darul Ehsan*	Agricultural land / Storage	19,375.04 / -	1 May 2017 – 30 April 2019	6

**9. OTHER INFORMATION (CONT'D)**

**Note:-**

\* *Our Group has rented premises from Techkon Machinery Sdn Bhd to house its construction machinery and equipment that are currently not in use in the construction site. However, the said premises are located on a piece of land that has been zoned as agricultural land and should not be used for storage of construction machinery and equipment. As at the LPD, the net book value of the construction machinery and equipment stored at the said premises are approximately RM1.99 million, which represent 5.31% of our audited total net assets of RM37.45 million as at 31 October 2017. This amount will vary at any particular point in time as the construction machinery and equipment will be moved to the construction sites as and when required for its projects.*

*Our Group is currently in the midst of identifying suitable premises to acquire (utilising part of the proceeds from the Listing) which comply with all relevant land rules and building regulations in Selangor to house our construction machinery and equipment that are currently not in use in the construction site. Our Group undertakes to relocate to the newly acquired premises within one (1) year from the date of the Listing.*

Save as disclosed above, as at the LPD, there is no breach of any property or land use conditions and / or non-compliance with any regulatory requirement, land rules, building regulations and environmental issue which may materially affect our Group's operations and utilisation of assets in respect of the property rented by our Group for our operations as set out above.

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**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST**

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Pursuant to the Listing Requirements, subject to certain exemptions, a “related party transaction” is a transaction entered into by a listed issuer or its subsidiary, which involves the interest, direct or indirect, of a related party. A “related party” is defined as a director, major shareholder or person connected with such director or major shareholder (including a director or major shareholder within the preceding six (6) months before the transaction was entered into). “Major shareholder” means a shareholder with a shareholding of ten percent or more (or five percent or more where such person is the largest shareholder in the company) of all the voting shares in the company.

After the Listing, we will be required to seek our shareholders’ approval each time we enter into material related party transactions in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders’ approval each time we wish to enter into such related party transactions during the validity period of the mandate. The interested person shall abstain from voting on resolution(s) pertaining to the respective transaction. Under the Listing Requirements, related party transactions may be aggregated to determine its materiality if the transactions occurred within a 12 month period, are entered into with the same party or with parties related to one another or if the transactions involved the acquisition or disposal of securities of interests in one corporation / asset or of various parcels of land contiguous to each other.

**10.1 RELATED PARTY TRANSACTIONS****10.1.1 Transactions that are material to our Group**

Our Directors have confirmed that there are no material related party transactions that we had entered into with related parties in respect of the past three (3) FYE 31 December 2014 to 31 December 2016, 10-month FPE 31 October 2017 and up to the LPD.

Our Directors have also confirmed that there are no material related party transactions that we had entered into with related parties but not yet effected up to the date of this Prospectus.

Upon Listing, the Audit Committee will review the terms of any related party transactions and ensure that any related party transactions are carried out on an arm’s length basis and on commercial terms in the best interest of our Group. Our Group will also seek such relevant shareholders’ approval where required. We will make disclosures in our annual report of the aggregate value of the related party transactions entered into by us based on the nature of the transactions made, names of the related parties involved and their relationship with our Group during the financial year and in the annual reports for the subsequent financial years.

**10.1.2 Transactions that are unusual in nature or condition**

Our Directors have confirmed that there are no transactions that were unusual in its nature or condition, involving goods, services, tangible or intangible assets, to which we were a party in respect of the past three (3) FYE 31 December 2014 to 31 December 2016, 10-month FPE 31 October 2017 and up to the LPD.

**10.1.3 Outstanding loans and / or financial assistance made to or for the benefit of the related parties**

Our Directors have confirmed that there are no outstanding loans (including guarantees of any kind) and / or financial assistance made by us to or for the benefit of the related parties for the past three (3) FYE 31 December 2014 to 31 December 2016, 10-month FPE 31 October 2017 and up to the LPD.

**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)****10.2 CONFLICT OF INTEREST**

Save as disclosed below, none of our other Directors and / or substantial shareholders has any other interest, whether direct or indirect, in any businesses or corporations which are carrying on a similar trade as our Group or which are the customers or suppliers of our Group:-

<b>Directors and / or substantial shareholders</b>	<b>Company</b>	<b>Position Held</b>	<b>Direct and Indirect Equity Interest (%)</b>	<b>Principal Activities</b>
Datuk Chia Lui Meng	Alpine Return Sdn Bhd	Non-Executive Director	-	Property development and related activities
	Bangi Heights Development Sdn Bhd	Non-Executive Director	-	Property investment and property development
	Nusajaya Consolidated Sdn Bhd	Non-Executive Director	-	Property development and related activities
	UM Land Builders Sdn Bhd	Non-Executive Director	-	Property development and construction activities

Our Board is of the view that Datuk Chia Lui Meng's involvement in the abovementioned companies does not give rise to a conflict of interest situation as three (3) of the abovementioned companies, namely Alpine Return Sdn Bhd, Bangi Heights Development Sdn Bhd and Nusajaya Consolidated Sdn Bhd, do not carry on the same principal activities as our Group and as such do not compete with our Group in our activities.

Although the abovementioned companies have complementary business activities with our Group, there were no transactions between the abovementioned companies and our Group during the past three (3) financial years under review, 10-month FPE 31 October 2017 and up to the LPD.

With respect to UM Land Builders Sdn Bhd ("**UMLB**"), although it carries out the same principal business as our Group, his involvement in UMLB is minimal as UMLB is managed by the other directors / shareholders and there were no transactions between UMLB and our Group during the past three (3) financial years under review, 10-month FPE 31 October 2017 and up to the LPD.

Based on this and taking into consideration that Datuk Chia Lui Meng is not actively involved in the day-to-day running of the business of all the abovementioned companies, our Board is of the opinion that Datuk Chia Lui Meng's involvement in the abovementioned companies does not give rise to any conflict of interest situation and neither will it affect his contribution to our Group nor negatively impact his ability to act as an Independent Non-Executive Director of our Group.

Moving forward, our Audit Committee will supervise any conflict of interest or potential conflict of interest situations and review our Group's current and future related party transactions and ensure that such transactions will be carried out on an arm's length basis and on commercial terms in the best interest of our Group. Our Group will also seek such relevant shareholders' approval where required. We will also make disclosures in our annual report of the aggregate value of any recurrent related party transactions to be entered into by us (where required) based on the nature of the transactions made, names of the related parties involved and their relationship with our Group.

**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)**

In the event that the interests held by our Directors gives rise to any conflict of interest situation with our business in the future, such Directors and persons connected to them will abstain from all deliberations and / or voting on the resolutions relating to any such transactions.

**10.3 DECLARATION BY ADVISERS ON CONFLICT OF INTEREST****10.3.1 Principal Adviser, Sponsor, Sole Underwriter and Placement Agent**

AIBB and / or its related companies (“**Alliance Bank Malaysia Berhad Group**”) form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading and credit transaction services business. The Alliance Bank Malaysia Berhad Group has engaged and may in the future, engage in transactions with and perform services (i.e. provision of credit facilities such as hire purchase, bank guarantee and term loan) for our Group and / or our Group’s affiliates in the ordinary course of business, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the Alliance Bank Malaysia Berhad Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of our Group, its shareholders, and / or its affiliates and / or any other entity or person, hold long or short positions in securities issued by our Group and / or its affiliates, and may trade or otherwise effect transactions for its own account or account of its other customer in debt or equity securities or loans of any member of our Group and / or its affiliates. This is the result of the businesses of Alliance Bank Malaysia Berhad Group generally acting independently of each other and accordingly, there may be situations where parts of the Alliance Bank Malaysia Berhad Group now have or in the future, may have an interest or take actions that may conflict with the interest of our Group. Nonetheless, Alliance Bank Malaysia Berhad Group is required to comply with the applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

AIBB has confirmed that there is no conflict of interest in its capacity as the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent to our Group in relation to our Listing. The Underwriting Agreement, which certain details are set out in Sections 3.7.2 and 3.7.4 of this Prospectus, was entered into on arms-length basis and on market terms.

**10.3.2 Solicitors for the Listing**

Messrs. Cheang & Ariff has confirmed that there is no conflict of interest in its capacity as the Solicitors to our Group in relation to the Listing.

**10.3.3 External Auditors and Reporting Accountants**

Crowe Horwath has confirmed that there is no conflict of interest in its capacity as the External Auditors and Reporting Accountants to our Group in relation to the Listing.

**10.3.4 Independent Market Researcher**

Smith Zander has confirmed that there is no conflict of interest in its capacity as the Independent Market Researcher to our Group in relation to the Listing.



## 11. FINANCIAL INFORMATION

### 11.1 HISTORICAL AUDITED CONSOLIDATED FINANCIAL INFORMATION

The historical audited consolidated financial information of our Group for the past three (3) FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2017 have been extracted from the Accountants' Report set out in Section 12 of this Prospectus, which deals with the audited consolidated financial statements of our Group for the same financial years / period under review. Additionally, the unaudited consolidated statements of profit or loss and other comprehensive income of our Group for the 10-month FPE 31 October 2016 has been prepared for comparison purpose only.

You should read the historical audited consolidated financial information below together with:-

- Management's Discussion and Analysis of Financial Conditions, Results of Operations and Prospects set out in Section 11.4 of this Prospectus; and
  - Accountants' Report set out in Section 12 of this Prospectus.
- (a) **Historical audited consolidated statements of profit or loss and other comprehensive income of our Group**

	<-----Audited----->			Unaudited	Audited
	<-----FYE 31 December----->			10-month FPE 31 October	
	2014 RM'000	2015 RM'000	2016 RM'000	2016 RM'000	2017 RM'000
Revenue	86,628	169,539	276,906	240,566	240,665
Cost of sales	(80,253)	(157,163)	(253,146)	(218,896)	(209,682)
<b>Gross profit</b>	<b>6,375</b>	<b>12,376</b>	<b>23,760</b>	<b>21,670</b>	<b>30,983</b>
Other income	112	328	706	543	1,021
	6,487	12,704	24,466	22,213	32,004
Administrative expenses	(2,320)	(2,754)	(2,826)	(2,482)	(3,718)
Other expenses	(196)	(212)	(216)	(181)	(1,000)
Finance cost	(90)	(40)	-	-	-
<b>PBT</b>	<b>3,881</b>	<b>9,698</b>	<b>21,424</b>	<b>19,550</b>	<b>27,286</b>
Income tax expense	(604)	(2,521)	(5,332)	(4,779)	(7,239)
<b>PAT</b>	<b>3,277</b>	<b>7,177</b>	<b>16,092</b>	<b>14,771</b>	<b>20,047</b>
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the financial year/period</b>	<b>3,277</b>	<b>7,177</b>	<b>16,092</b>	<b>14,771</b>	<b>20,047</b>
<b>PAT attributable to:-</b>					
- Owners of the Company	2,294	5,030	14,244	12,923	20,047
- Non-controlling interests	983	2,147	1,848	1,848	-
	3,277	7,177	16,092	14,771	20,047



## 11. FINANCIAL INFORMATION (CONT'D)

	<-----Audited----->			Unaudited	Audited
	<-----FYE 31 December----->			10-month FPE 31 October	
	2014 RM '000	2015 RM '000	2016 RM '000	2016 RM'000	2017 RM'000
<b>Total comprehensive income attributable to:-</b>					
- Owners of the Company	2,294	5,030	14,244	12,923	20,047
- Non-controlling interests	983	2,147	1,848	1,848	-
	3,277	7,177	16,092	14,771	20,047
Weighted average number of Shares ('000)	76,174 <sup>(6)</sup>	83,333 <sup>(6)</sup>	221,767 <sup>(7)</sup>	166,120 <sup>(8)</sup>	500,000 <sup>(9)</sup>
Depreciation (RM'000)	1,069	2,312	3,488	2,861	3,454
Basic and diluted EPS <sup>(1)</sup> (Sen)	3.01	6.04	6.42	7.78	4.01
Gross profit margin <sup>(2)</sup> (%)	7.36	7.30	8.58	9.01	12.87
PBT margin <sup>(3)</sup> (%)	4.48	5.72	7.74	8.13	11.34
PAT margin <sup>(4)</sup> (%)	3.78	4.23	5.81	6.14	8.33
Effective tax rate <sup>(5)</sup> (%)	15.56	26.00	24.89	24.45	26.53

**Notes:-**

- (1) Basic EPS is calculated based on PAT attributable to the owners of the Company divided by the weighted average number of Shares. No dilution of EPS.
- (2) Gross profit margin is calculated based on gross profit divided by revenue.
- (3) PBT margin is calculated based on PBT divided by revenue.
- (4) PAT margin is calculated based on PAT divided by revenue.
- (5) Effective tax rate is calculated based on income tax expense divided by PBT.
- (6) Computed based on number of shares in issue out of 365 days.
- (7) Computed based on number of shares in issue out of 366 days.
- (8) Computed based on number of Shares in issue out of 305 days.
- (9) Computed based on number of Shares in issue out of 304 days.

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## 11. FINANCIAL INFORMATION (CONT'D)

## (b) Historical audited consolidated statements of financial position of our Group

	<----- Audited ----->			Unaudited	Audited
	<----- FYE 31 December ----->			10-month FPE 31 October	
	2014 RM'000	2015 RM'000	2016 RM'000	2016 RM'000	2017 RM'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSET</b>					
Plant and equipment	8,694	8,446	11,937	12,345	12,087
<b>TOTAL NON-CURRENT ASSET</b>	<b>8,694</b>	<b>8,446</b>	<b>11,937</b>	<b>12,345</b>	<b>12,087</b>
<b>CURRENT ASSETS</b>					
Amount owing by contract customers	14,667	7,910	15,066	28,303	28,800
Trade receivables	11,024	36,303	45,751	60,434	59,830
Other receivables, deposits and prepayments	4,284	6,801	5,707	6,817	5,841
Current tax assets	51	-	1	-	32
Short-term investments	-	-	-	-	15,362
Fixed deposits with licensed banks	1,500	3,095	4,965	7,466	4,787
Cash and bank balances	6,507	17,684	27,006	8,320	11,819
<b>TOTAL CURRENT ASSETS</b>	<b>38,033</b>	<b>71,793</b>	<b>98,496</b>	<b>111,340</b>	<b>126,471</b>
<b>TOTAL ASSETS</b>	<b>46,727</b>	<b>80,239</b>	<b>110,433</b>	<b>123,685</b>	<b>138,558</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	2,500	2,500	15,000	15,000	20,000
Retained profits	1,345	6,375	12,199	10,878	17,446
Equity attributable to owners of the Company	3,845	8,875	27,199	25,878	37,446
Non-controlling interests	1,185	3,332	-	-	-
<b>TOTAL EQUITY</b>	<b>5,030</b>	<b>12,207</b>	<b>27,199</b>	<b>25,878</b>	<b>37,446</b>
<b>NON-CURRENT LIABILITIES</b>					
Deferred tax liability	371	371	73	73	73
Hire purchase payables	2,565	1,143	1,925	2,273	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>2,936</b>	<b>1,514</b>	<b>1,998</b>	<b>2,346</b>	<b>73</b>
<b>CURRENT LIABILITIES</b>					
Amount owing to contract customers	-	12,053	4,161	-	2,900
Trade payables	16,787	17,590	26,639	34,786	38,895
Other payables and accruals	18,629	34,468	43,341	52,476	49,607
Provision	-	-	2,164	2,164	5,551
Amount owing to a director	2,000	-	-	-	-
Hire purchase payables	1,339	1,419	2,123	2,539	-
Current tax liabilities	6	988	2,808	3,496	4,086
<b>TOTAL CURRENT LIABILITIES</b>	<b>38,761</b>	<b>66,518</b>	<b>81,236</b>	<b>95,461</b>	<b>101,039</b>
<b>TOTAL LIABILITIES</b>	<b>41,697</b>	<b>68,032</b>	<b>83,234</b>	<b>97,807</b>	<b>101,112</b>

**11. FINANCIAL INFORMATION (CONT'D)**

	<----- Audited ----->			Unaudited	Audited
	<----- FYE 31 December ----->			10-month FPE 31 October	
	2014 RM'000	2015 RM'000	2016 RM'000	2016 RM'000	2017 RM'000
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>46,727</b>	<b>80,239</b>	<b>110,433</b>	<b>123,685</b>	<b>138,558</b>
Number of issued Shares ('000)	2,500	2,500	15,000	15,000	500,000
NA (RM'000)	5,030	12,207	27,199	25,878	37,446
NA per share (RM)	2.01	4.88	1.81	1.73	0.07

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**11. FINANCIAL INFORMATION (CONT'D)****Commentaries:-****Non-current Asset**

Our Group's non-current asset for the past three (3) FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2017 consist of plant and equipment as follows:-

As at	Plant and machinery RM'000	Site equipment RM'000	Motor vehicles RM'000	Computer software and hardware RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
31 December 2014	6,022	1,181	855	311	250	75	8,694
31 December 2015	5,111	2,071	668	357	184	55	8,446
31 December 2016	7,362	3,275	687	383	195	35	11,937
31 October 2017	7,572	3,170	718	346	227	54	12,087

**Plant and machinery**

The decrease from FYE 31 December 2014 to 31 December 2015 was mainly due to depreciation charges amounting to RM1.40 million incurred during the FYE 31 December 2015. However, the decrease was partially offset by the purchase of one (1) used mechanical distributor, one (1) new concrete placing boom and one (1) used mortar and sand pump amounting to RM0.49 million during the FYE 31 December 2015. The increase to RM7.36 million as at 31 December 2016 was mainly due to the purchase of one (1) new passenger hoist, two (2) new tower cranes, one (1) reconditioned mobile crane, one (1) reconditioned backhoe and two (2) used mortar and sand pump amounting to RM4.33 million during the FYE 31 December 2016. However, the increase was partially offset by the depreciation charges amounting to RM2.08 million during the FYE 31 December 2016. The increase in plant and machinery for the 10-month FPE 31 October 2017 by RM0.21 million was mainly due to the purchase of plant and machinery amounting to RM2.25 million comprising of one (1) new passenger hoist, one (1) new tower crane, one (1) new concrete placing boom and one (1) used mortar and sand pump during the financial period. This increase was offset by depreciation charges amounting to RM2.04 million.

**11. FINANCIAL INFORMATION (CONT'D)**Site equipment

The increase from FYE 31 December 2014 to 31 December 2015 was mainly due to the purchase of site equipments comprising survey equipment, construction equipment, telecommunication devices, scaffolding accessories and steel cabins amounting to RM1.36 million during the FYE 31 December 2015. However, the increase was partially offset by the depreciation charges amounting to RM0.47 million during the FYE 31 December 2015. The increase to RM3.28 million as at 31 December 2016 was mainly due to the purchase of site equipments comprising survey equipment, construction equipment, telecommunication devices, scaffolding accessories and steel cabins amounting to RM2.09 million during the FYE 31 December 2016. However, the increase was partially offset by the depreciation charges amounting to RM0.87 million during the FYE 31 December 2016. The decrease in site equipment as at 31 October 2017 by RM0.11 million was mainly due to depreciation charge of RM0.91 million and was partially offset by the purchase of site equipments, amongst others scaffolding accessories and safety screen, amounting to RM0.83 million during the financial period.

Motor vehicles

The decrease from FYE 31 December 2014 to 31 December 2015 was mainly due to depreciation charges amounting to RM0.22 million incurred during the FYE 31 December 2015. However, the decrease was partially offset by the purchase of one (1) used lorry amounting to RM0.04 million during the FYE 31 December 2015. The increase to RM0.69 million as at 31 December 2016 was mainly due to the purchase of two (2) new cars and five (5) new motorcycles amounting to RM0.31 million during the FYE 31 December 2016. However, the increase was partially offset by the depreciation charges amounting to RM0.29 million during the FYE 31 December 2016. The increase in motor vehicles as at 31 October 2017 by RM0.03 million was mainly due to the purchase of a new car for our Executive Director amounting to RM0.42 million which was offset by depreciation charges of RM0.27 million and disposal of motor vehicles amounting to RM0.11 million.

Current Assets

The increase from RM38.03 million as at 31 December 2014 to RM71.79 million as at 31 December 2015 was mainly due to the increase in trade receivables by RM25.28 million mainly due to the increase in progress billing certified by customers.

The increase from RM71.79 million as at 31 December 2015 to RM98.50 million as at 31 December 2016 was mainly due to the following:-

- increase in amount owing by contract customers by RM7.16 million due to the timing differences with higher revenue recognised based on the stage of completion method compared to the certified progress billings; and
- increase in trade receivables and cash and bank balances by RM9.45 million and RM9.32 million respectively mainly due to increase in revenue and better collection from our customers.

The increase from RM98.50 million as at 31 December 2016 to RM126.47 million as at 31 October 2017 was mainly due to the following:-

- increase in amount owing by contract customers by RM13.73 million due to the timing differences with higher revenue recognised based on the stage of completion method compared to the certified progress billings; and
- increase in trade receivables by RM14.08 million mainly due to the increase in certified progress billings by our customers.

## 11. FINANCIAL INFORMATION (CONT'D)

In the FPE 31 October 2017, there was an increase in new short-term investments of RM15.36 million but was offset by the decrease in fixed deposits with licensed banks and cash and bank balances by RM0.18 million and RM15.19 million respectively.

### **Equity**

The increase in equity from 31 December 2014 to 31 December 2015 was due to the increase in retained profits, which is in line with the increase in our Group's PAT.

During the FYE 31 December 2016, our Group's total equity increased by RM14.99 million due to the following:-

- increase in issued share capital to RM15.00 million due to allotment of RM12.50 million comprising 12,500,000 new GDB Shares. RM10.00 million comprising 10,000,000 shares were issued via cash consideration for working capital purposes and RM2.50 million comprising 2,500,000 GDB Shares were issued via capitalisation of amount owing to a director; and
- increase in retained profits by RM5.82 million after offsetting dividends declared amounting to RM10.00 million.

During the FPE 31 October 2017, our Group's equity increased by RM10.25 million due to the following:-

- increase in issued share capital by RM5.00 million from RM15.00 million to RM20.00 million due to the allotment of 5,000,000 new GDB Shares pursuant to bonus issue via capitalisation of retained profits; and
- increase in retained profits by RM5.25 million, after offsetting our Group's PAT for the financial period of RM20.05 million with dividends declared amounting to RM9.80 million and capitalisation of RM5.00 million as mentioned above.

### **Non-current liabilities**

The decrease from RM2.94 million as at 31 December 2014 to RM1.51 million as at 31 December 2015 was mainly due to decrease in hire purchase payables by RM1.42 million pursuant to the instalment payments based on the hire purchase schedule.

The increase as at 31 December 2016 by RM0.48 million was mainly due to increase in hire purchase payables by RM0.78 million arising from the acquisition of plant and machinery and motor vehicles during the FYE 31 December 2016. The increase was partially offset by the decrease in deferred tax liability by RM0.30 million.

The decrease in non-current liabilities from RM2.00 million as at 31 December 2016 to RM0.07 million as at 31 October 2017 was mainly due to our Group fully paid off its hire purchase payables of RM1.93 million during the financial period.

**11. FINANCIAL INFORMATION (CONT'D)****Current liabilities**

The increase from RM38.76 million as at 31 December 2014 to RM66.52 million as at 31 December 2015 was mainly due to the following:-

- increase in other payables and accruals by RM15.84 million, where accruals primarily comprise of accrued costs of construction for our projects; and
- increase in amount owing to contract customers amounting to RM12.05 million due to timing difference where certified progress billing was higher than the revenue recognised based on the stage of completion method.

Our Group's current liabilities increased from RM66.52 million as at 31 December 2015 to RM81.24 million as at 31 December 2016. The increase was mainly due to the increase in trade payables by RM9.05 million, as well as the increase in other payables and accruals and provision amounting to RM11.04 million which is in line with the increase in cost of sales.

The increase from RM81.24 million as at 31 December 2016 to RM101.04 million as at 31 October 2017 was mainly due to the following:-

- increase in trade payables by RM12.26 million derived from certain subcontractors' progress claims which carry credit term of 45 days; and
- increase in other payables and accruals and provision by RM9.65 million, which primarily comprise of increase in accrued costs of construction for our projects of RM10.61 million, increase in provision for defects works of RM3.38 million and was offset by decrease in advance payment from customers of RM4.34 million. The advance payment was provided to us by our customer to enable us to mobilise the construction project. This advance payment from customers will be used to set off the certified progress billings of the relevant project on a gradual basis.

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**11. FINANCIAL INFORMATION (CONT'D)**

**11.2 REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**



**Crowe Horwath** AF 1018  
Chartered Accountants  
Member Crowe Horwath International

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www.crowehorwath.com.my  
info@crowehorwath.com.my

Date: **21 FEB 2018**

**The Board of Directors**  
**GDB Holdings Berhad**  
No. 1-45, Jalan Puteri 4/8,  
Bandar Puteri,  
47100 Puchong,  
Selangor Darul Ehsan.

Dear Sirs/Madam

**GDB HOLDINGS BERHAD ("GDB" OR THE "COMPANY")  
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF  
FINANCIAL POSITION AS AT 31 OCTOBER 2017**

**Initial public offering and the listing of and quotation for 625,000,000 ordinary shares in  
GDB ("GDB Shares") on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa  
Securities")**

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of GDB and its subsidiary (collectively known as "the Group" or "GDB Group") as at 31 October 2017 and the related notes (as set out in the Pro Forma Consolidated Statements of Financial Position which we have stamped for the purpose of identification) prepared by the Board of Directors for inclusion in the Prospectus of GDB in connection with the listing of and quotation for the entire issued share capital of GDB on the ACE Market of Bursa Securities ("the Proposal").

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Consolidated Statements of Financial Position are described in Note 2 of the Pro Forma Consolidated Statements of Financial Position, and are specified in the Prospectus Guidelines issued on 30 November 2017 by the Securities Commission Malaysia ("Prospectus Guidelines").

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Board of Directors to illustrate the effects of the events or transactions set out in Note 3 of the Pro Forma Consolidated Statements of Financial Position had it been implemented and completed on 31 October 2017 on the Group's financial position as at that date.

As part of this process, information about the Group's financial position has been extracted by the Board of Directors from the audited financial statements of the Group for the financial period from 1 January to 31 October 2017.



**11. FINANCIAL INFORMATION (CONT'D)**

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**THE BOARD OF DIRECTORS' RESPONSIBILITIES**

The Board of Directors of the Company is solely responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis as set out in Note 2 of the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

**REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL**

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the International Ethics Standard Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The Firm applies International Standard on Quality Control 1 (ISQC 1), Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

**REPORTING ACCOUNTANTS' RESPONSIBILITIES**

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, by the Board of Directors on the basis as set out in Note 2 of the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis as set out in Note 2 of the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

**11. FINANCIAL INFORMATION (CONT'D)****REPORTING ACCOUNTANT'S RESPONSIBILITIES (CONT'D)**

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial position used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of Pro Forma Consolidated Statements of Financial Position included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 October 2017 would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, on the basis as set out in Note 2 of the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirement of the Prospectus Guidelines involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

11. FINANCIAL INFORMATION (CONT'D)



**OPINION**

In our opinion, Pro Forma Consolidated Statements of Financial Position of the Group have been compiled, in all material respects, on the basis as set out in Note 2 of the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

**OTHER MATTERS**

Our report on the Pro Forma Consolidated Statements of Financial Position has been prepared for inclusion in the Prospectus of GDB in connection with the Proposal. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

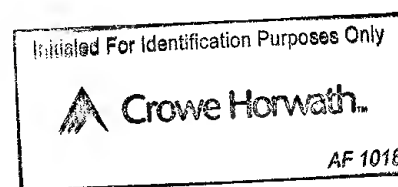
A handwritten signature in black ink, appearing to read "Crowe Horwath".

**Crowe Horwath**  
Firm No : AF 1018  
Chartered Accountants

A handwritten signature in black ink, appearing to read "Cheong Tze Yuan".

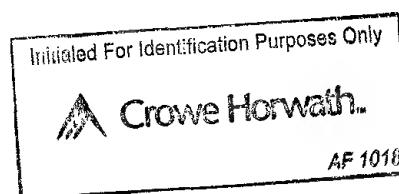
**Cheong Tze Yuan**  
Approval No : 3034/04/18 (J)  
Chartered Accountant

Kuala Lumpur

**11. FINANCIAL INFORMATION (CONT'D)****GDB GROUP****PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****1. ABBREVIATION**

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:-

Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
CHC Holdings	:	CHC Holdings Sdn. Bhd. (1192402-P)
CMSA	:	Capital Markets and Services Act, 2007
Director(s)	:	Director(s) of the Company and shall have the meaning given in Section 2 of the CMSA
FYE	:	Financial year(s) ended/ending
GDB or Company	:	GDB Holdings Berhad (1036466-U)
GDB Group or Group	:	GDB and Grand Dynamic Builders, collectively
GDB Share(s) or Share(s)	:	Ordinary shares in GDB
Grand Dynamic Builders	:	Grand Dynamic Builders Sdn. Bhd. (718036-T)
IPO	:	Initial public offering comprising the Public Issue and the Offer for Sale, collectively
IPO Price	:	The issue price/offer price of RM0.35 per Issue Share/Offer Share
IPO Share(s)	:	The Issue Share(s) and Offer Share(s), collectively
Issue Share(s)	:	125,000,000 new GDB Shares, representing approximately 20.00% of the enlarged issued share capital, which are to be issued pursuant to the Public Issue and subject to the terms and conditions of the Prospectus
Listing	:	The admission to the Official List of Bursa Securities and the listing of and quotation for the entire enlarged issued share capital of RM63,750,000 comprising 625,000,000 GDB Shares on the ACE Market of Bursa Securities
Malaysian Public	:	Malaysian citizens and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia

**11. FINANCIAL INFORMATION (CONT'D)****GDB GROUP****PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****1. ABBREVIATION (CONT'D)**

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report (Cont'd):-

MITI	:	Ministry of International Trade and Industry
NA	:	Net assets
Offer for Sale	:	The offer for sale of 37,500,000 Offer Shares by the Offerors at the IPO Price by way of private placement to identified investors
Offer Share(s)	:	37,500,000 existing GDB Share(s), representing approximately 6.00% of the enlarged issued share capital, which are to be offered pursuant to the Offer for Sale and subject to the terms and conditions of the Prospectus
Offeror(s)	:	CHC Holdings and Alexander Lo Tzone Leong, collectively
Official List	:	Official list of the ACE Market of Bursa Securities
Promoters	:	CHC Holdings, Alexander Lo Tzone Leong, Cheah Ham Cheia and Cheah Jun Kai, collectively
Prospectus	:	The Prospectus dated 5 March 2018 in relation to the IPO
Public Issue	:	Public issue of 125,000,000 new GDB Shares at the IPO Price comprising:- <ul style="list-style-type: none"> <li>(a) 12,500,000 new GDB Shares made available for application by the Malaysian Public;</li> <li>(b) 15,000,000 new GDB Shares made available for application by the eligible Directors, employees and persons who have contributed to the success of the Group;</li> <li>(c) 25,625,000 new GDB Shares made available by way of private placement to identified investors; and</li> <li>(d) 71,875,000 new GDB Shares made available by way of private placement to Bumiputera investors approved by the MITI.</li> </ul>
RM and sen	:	Ringgit Malaysia and sen respectively

**11. FINANCIAL INFORMATION (CONT'D)**

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**GDB GROUP****PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****2. PRO FORMA GROUP AND BASIS OF PREPARATION****2.1 Basis of Preparation**

The Pro Forma Consolidated Statements of Financial Position of GDB Group have been prepared based on the audited financial statements of GDB Group for financial period ended 31 October 2017 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and in a manner consistent with the format of the audited financial statements and accounting policies of the Group. The Pro Forma Consolidated Statements of Financial Position have been prepared solely for illustrative purposes, to show the effects of the transactions as disclosed in Section 2.2.

**2.2 The Listing Scheme****2.2.1 Listing Exercise**

The Group seeks a listing on the ACE Market of Bursa Securities. The details of the listing scheme are as follows:-

**(i) Public Issue**

The Public Issue of 125,000,000 new GDB Shares at the IPO Price, payable in full on application, upon such terms and conditions as set out in the Prospectus, will be allocated and allotted in the following manner:-

- (a) 12,500,000 new GDB Shares made available for application by the Malaysian Public;
- (b) 15,000,000 new GDB Shares made available for application by the eligible Directors, employees and persons who have contributed to the success of the Group;
- (c) 25,625,000 new GDB Shares made available by way of private placement to identified investors; and
- (d) 71,875,000 new GDB Shares made available by way of private placement to Bumiputera investors approved by the MITI.

**(ii) Offer for Sale**

The Offer for Sale of 37,500,000 Offer Shares at the IPO Price, payable in full on application, upon such terms and conditions as set out in the Prospectus, are offered by the Offerors by way of private placement to identified investors.

**11. FINANCIAL INFORMATION (CONT'D)**

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**GDB GROUP**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**2. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)**

**(iii) Listing on Bursa Securities**

The admission of GDB to the Official List of Bursa Securities, where the entire enlarged issued share capital of RM63,750,000 comprising 625,000,000 GDB Shares shall be listed and quoted on the ACE Market of Bursa Securities upon completion of the Public Issue and Offer for Sale.

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## 11. FINANCIAL INFORMATION (CONT'D)

## GDB GROUP

## PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

## 3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF GDB GROUP AS AT 31 OCTOBER 2017

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	Audited as at 31 October 2017 RM'000	Public Issue and Offer for Sale RM'000	Pro Forma I		Utilisation of Proceeds RM'000	Pro Forma II	
			Public Issue and Offer for Sale RM'000	After Pro Forma I and Utilisation of Proceeds RM'000		After Pro Forma I and Utilisation of Proceeds RM'000	
<b>ASSETS</b>							
<b>NON-CURRENT ASSET</b>							
Property, plant and equipment	12,087		12,087		24,670	36,757	
<b>CURRENT ASSETS</b>							
Amount owing by contract customers	28,800		28,800			28,800	
Trade receivables	59,830		59,830			59,830	
Other receivables, deposits and prepayments	5,841		5,841	(193)		5,648	
Current tax assets	32		32			32	
Short-term investments	15,362		15,362			15,362	
Fixed deposits with licensed banks	4,787		4,787			4,787	
Cash and bank balances	11,819	43,750	55,569		(27,363)	28,206	
<b>TOTAL ASSETS</b>	<b>126,471</b>		<b>170,221</b>			<b>142,665</b>	
	<b>138,558</b>		<b>182,308</b>			<b>179,422</b>	
<b>EQUITY AND LIABILITIES</b>							
<b>EQUITY</b>							
Share capital	20,000	43,750	63,750		(1,317)	62,433	
Retained profits	17,446		17,446		(1,411)	16,035	
<b>TOTAL EQUITY</b>	<b>37,446</b>		<b>81,196</b>			<b>78,468</b>	



## 11. FINANCIAL INFORMATION (CONT'D)

## GDB GROUP

## PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

## 3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF GDB GROUP AS AT 31 OCTOBER 2017

	Audited as at 31 October 2017 RM'000	Public Issue and Offer for Sale RM'000	Pro Forma I		Pro Forma II	
			Public Issue and Offer for Sale RM'000	Utilisation of Proceeds RM'000	After Pro Forma I and Utilisation of Proceeds RM'000	After Pro Forma I and Utilisation of Proceeds RM'000
<b>NON-CURRENT LIABILITY</b>						
Deferred tax liability	73		73		73	
<b>CURRENT LIABILITIES</b>						
Amount owing to contract customers	2,900		2,900		2,900	
Trade payables	38,895		38,895		38,895	
Other payables and accruals	49,607		49,607	(158)	49,449	
Provision	5,551		5,551		5,551	
Current tax liabilities	4,086		4,086		4,086	
<b>TOTAL LIABILITIES</b>	101,039		101,039		100,881	
	101,112		101,112		100,954	
<b>TOTAL EQUITY AND LIABILITIES</b>	138,558		182,308		179,422	
No. of ordinary shares in issue ('000)	500,000		625,000		625,000	
NA (RM'000)	37,446		81,196		78,468	
NA per share (RM)	0.07		0.13		0.13	

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**11. FINANCIAL INFORMATION (CONT'D)**

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**GDB GROUP****PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****3.1 Pro Forma I**

Pro Forma I incorporates the effects of the Public Issue and Offer for Sale as set out in Section 2.2.1(i) and Section 2.2.1(ii).

**3.2 Pro Forma II**

Pro Forma II incorporates the effects of Pro Forma I and the utilisation of proceeds from the Public Issue.

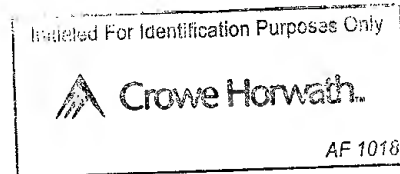
The proceeds from the Public Issue will be utilised as follows:-

<b>Purpose</b>	<b>RM'000</b>	<b>%</b>	<b>Estimated time frame for utilisation (from the listing date)</b>
Capital expenditure:			
- purchase of new construction machinery and equipment	8,670	19.83	Within 36 months
- acquisition of a new office	8,000	18.28	Within 36 months
- acquisition of land for storage	8,000	18.28	Within 12 months
	<u>24,670</u>	<u>56.39</u>	
Working capital:			
- payment to suppliers and subcontractors	14,900	34.06	Within 12 months
- payment of salaries for new employees (for infrastructure project team) to be based at head office	680	1.55	Within 12 months
	<u>15,580</u>	<u>35.61</u>	
Estimated listing expenses <sup>1</sup>	3,500	8.00	Within 3 months
	<u>43,750</u>	<u>100.00</u>	

**Note:**

- 1 The estimated listing expenses arising from the issuance of new GDB Shares pursuant to the IPO amounting to approximately RM1,317,000 is to be offset against the share capital and the remaining estimated listing expenses of approximately RM2,183,000 (including RM772,000 which was recognised in financial period ended 31 October 2017) will be expensed off to profit or loss and this represents a one-off expenditure in conjunction with the IPO.

**11. FINANCIAL INFORMATION (CONT'D)**



**APPROVAL BY THE BOARD OF DIRECTORS**

Approved and adopted by the Board of Directors in accordance with a resolution dated **14 FEB 2018**

On behalf of the Board of Directors,

A handwritten signature in black ink, appearing to read "Cheah Ham Chea".

**Cheah Ham Chea**

A handwritten signature in black ink, appearing to read "Alexander Lo Tzone Leong".

**Alexander Lo Tzone Leong**

**11. FINANCIAL INFORMATION (CONT'D)****11.3 CAPITALISATION AND INDEBTEDNESS**

The following table sets out our Group's capitalisation and indebtedness:-

- (i) as at 31 January 2018 before Public Issue and utilisation of proceeds; and
- (ii) as adjusted for the proceeds arising from our Public Issue and use of proceeds from Public Issue.

	(Unaudited) As at 31 January 2018	After Public Issue and utilisation of proceeds
	RM'000	RM'000
<b>Indebtedness:-</b>		
<b><u>Current</u></b>		
<i>Secured and guaranteed</i>		
Hire purchase payables	-	-
	-	-
<b><u>Non-current</u></b>		
<i>Secured and guaranteed</i>		
Hire purchase payables	-	-
	-	-
<b>Total Indebtedness</b>	-	-
Shareholders' equity	<b>41,072</b>	<b>82,285</b>
<b>Total capitalisation and indebtedness</b>	<b>41,072</b>	<b>82,285</b>
Gearing ratio (times)*	n/a	n/a

**Note:-**

- \* Computed based on total indebtedness over our shareholders' equity.

The contingent liabilities of our Group are set out in Section 11.4.7 of this Prospectus.

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**11. FINANCIAL INFORMATION (CONT'D)**

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**11.4 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS, RESULTS OF OPERATIONS AND PROSPECTS**

Investors should read the following management's discussion and analysis of our Group's financial conditions and results of operations in conjunction with the Accountants' Report as set out in Section 12 of this Prospectus.

The management's discussion and analysis contains data derived from our historical audited consolidated financial statements as well as forward-looking statements that involves risks and uncertainties. The results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 4 of this Prospectus.

**11.4.1 Overview of our operations****(a) Principal activities**

Our Group is principally engaged in the provision of construction services. Please refer to Section 5 of this Prospectus for our Group's detailed business overview.

Moving forward, we will continue to focus on our current principal activities. As part of our business strategies as set out in Section 5 of this Prospectus, we plan to further grow our business in high rise building construction, explore opportunities to expand into other types of construction projects and enhance our assets via acquisition of office, land and machinery and equipment.

Please refer to Section 4 of this Prospectus for the risk factors that may affect our revenue and financial performance.

**(b) Revenue**

Our Group's revenue for the financial years under review was derived from the provision of construction services. The building construction services currently offered by our Group can be categorised into residential, commercial and mixed development.

Please refer to Section 5 of this Prospectus for our Group's detailed business overview.

Revenue is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

When the outcome of a construction contract can be reliably estimated, contract revenue is recognised as revenue by using the stage of completion method. The stage of completion is measured based on the proportion of contract costs incurred for work performed to-date in proportion to the estimated total contract costs.

When the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

**11. FINANCIAL INFORMATION (CONT'D)**

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**(c) Cost of sales**

Our cost of sales mainly comprises construction materials, direct labour cost, subcontractor cost and preliminaries, details as follows:-

**(i) Construction materials**

Our Group's construction materials comprise mainly of steel materials, ready-mix concrete, sanitary wares, tiles, cement, grout and adhesive, timber and plywood, hollow section and galvanised iron pipe, electrical items, bricks / block and others. These construction materials are widely available in Malaysia and sourced from our large base of selected suppliers.

We generally purchase our construction materials based on our projects' requirements. These construction materials are sourced from local suppliers, selected based on the pricing, availability and lead time for delivery. Whilst we have maintained long term business relationship with our selected suppliers, we may also source for construction materials from new suppliers, if the need arises.

**(ii) Direct labour cost**

Our direct labour cost comprises wages for workers who are employed directly by us and those outsourced from general worker service providers.

**(iii) Subcontractor cost**

We engage subcontractors for various specialist trade services such as mechanical and electrical engineering works, piping and plumbing works, external paint works and water proofing works. We also engage subcontractors to provide certain services such as supply and installation of materials, machinery and equipment. As subcontractor costs constitute a major component in our cost of sales, we practise a prudent selection process before engaging our subcontractors.

**(iv) Preliminaries**

Preliminaries are general miscellaneous expenses. Such costs include hire purchase interest, bank charges, bank guarantee commission, stamp duty, CIDB levy, site management cost, utilities, rental expense of machinery and equipment, depreciation, and other related project maintenance and overhead expenses.

**(d) Other income**

Other income includes primarily interest income and scrap sales.

**(e) Administrative and other expenses**

Our administrative and other expenses comprise expenses that are not directly allocated to projects, which includes staff costs, directors' non-fee emoluments, auditors' remuneration, rental of office and equipment, professional fees, bank charges and utilities.

**(f) Finance costs**

Our finance costs comprise interest expense paid to a director.

**11. FINANCIAL INFORMATION (CONT'D)****(g) Recent developments**

There were no significant events subsequent to our Group's audited consolidated financial statements for the 10-month FPE 31 October 2017.

**11.4.2 Review of operations****(a) Revenue**

All of our Group's revenue for the three (3) FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2017 was generated locally by our wholly-owned subsidiary, Grand Dynamic Builders.

**(i) Analysis of contribution to revenue by building segment**

The breakdown of our Group's revenue by building segment is as follows:-

	<-----Audited----->						Unaudited		Audited	
	<-----FYE 31 December----->						<-----FPE 31 October----->			
	2014		2015		2016		2016		2017	
Building segment	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Residential	31,892	36.81	89,746	52.94	136,243	49.20	124,836	51.89	84,347	35.05
Mixed development	54,736	63.19	79,793	47.06	128,927	46.56	110,035	45.74	74,818	31.09
Commercial	-	-	-	-	11,736	4.24	5,695	2.37	81,500	33.86
<b>Total revenue</b>	<b>86,628</b>	<b>100.00</b>	<b>169,539</b>	<b>100.00</b>	<b>276,906</b>	<b>100.00</b>	<b>240,566</b>	<b>100.00</b>	<b>240,665</b>	<b>100.00</b>

Our revenue was mainly derived from the construction of residential and mixed development for the past three (3) FYE 31 December 2014 to 31 December 2016. For the 10-month FPE 31 October 2017, our revenue was derived from the construction of residential, mixed development and commercial.

**(ii) Commentaries on revenue****FYE 31 December 2014**

Our Group commenced business in May 2013. In the FYE 31 December 2014, we recorded an increase in revenue of RM85.13 million or 5,690.64% from RM1.50 million in the FYE 31 December 2013 to RM86.63 million in the FYE 31 December 2014.

**11. FINANCIAL INFORMATION (CONT'D)**

The increase in revenue for the FYE 31 December 2014 was mainly contributed by the following projects:-

Revenue	<-----Audited----->			
	<-----FYE 31 December----->			
	2013	2014	Increase	
Project	RM'000	RM'000	RM'000	%
<b><u>Residential</u></b>				
One Central Park Project	1,496	31,892	30,396	2,031.82
<b><u>Mixed development</u></b>				
KL Eco City Project 1	-	54,736	54,736	N/A
<b>Total revenue</b>	<b>1,496</b>	<b>86,628</b>	<b>85,132</b>	<b>5,690.64</b>

The increase was mainly attributable to revenue generated from the mixed development segment which recorded revenue of RM54.74 million in the FYE 31 December 2014 contributed by the commencement of KL Eco City Project 1 in April 2014. Similarly, the residential segment also recorded an increase of RM30.40 million or 2,031.82% from RM1.50 million in the FYE 31 December 2013 to RM31.89 million in the FYE 31 December 2014 contributed by One Central Park Project.

**FYE 31 December 2015**

In the FYE 31 December 2015, we recorded an increase in revenue of RM82.91 million or 95.71% from RM86.63 million in the FYE 31 December 2014 to RM169.54 million in the FYE 31 December 2015.

The increase in revenue for the FYE 31 December 2015 was mainly contributed by the following projects:-

Revenue	<-----Audited----->			
	<-----FYE 31 December----->			
	2014	2015	Increase	
Project	RM'000	RM'000	RM'000	%
<b><u>Residential</u></b>				
One Central Park Project	31,892	89,017	57,125	179.12
Westside III Project	-	729	729	N/A
	31,892	89,746	57,854	181.41
<b><u>Mixed development</u></b>				
KL Eco City Project 1	54,736	79,793	25,057	45.78
<b>Total revenue</b>	<b>86,628</b>	<b>169,539</b>	<b>82,911</b>	<b>95.71</b>



**11. FINANCIAL INFORMATION (CONT'D)**

The increase was mainly attributable to higher revenue generated from the residential segment which recorded an increase of RM57.85 million or 181.41% from RM31.89 million in the FYE 31 December 2014 to RM89.75 million in the FYE 31 December 2015. This was mainly due to revenue contributed by One Central Park Project as more floors were built during the year resulting in an increase in the level of activities undertaken e.g. structural works, masonry works, plaster works, painting works, tiling works, mechanical and electrical works, built-in kitchen cabinets and timber flooring works, as compared to the previous financial year where the activities were mainly in relation to rock blasting and structural works. The construction of Westside III Project had only commenced in December 2015 and contributed revenue of RM0.73 million due primarily to structural works.

Similarly, the mixed development segment also recorded an increase of RM25.06 million or 45.78% from RM54.74 million in the FYE 31 December 2014 to RM79.79 million in the FYE 31 December 2015 due to completion of foundation works and commencement of activities such as structural works and mechanical and electrical works.

**FYE 31 December 2016**

In the FYE 31 December 2016, we recorded an increase in revenue of RM107.37 million or 63.33% from RM169.54 million in the FYE 31 December 2015 to RM276.91 million in the FYE 31 December 2016.

The increase in revenue for the FYE 31 December 2016 was mainly contributed by the following projects:-

Revenue	<-----Audited----->			
	<----FYE 31 December---->			
	2015	2016	Increase / (Decrease)	
Project	RM'000	RM'000	RM'000	%
<b><u>Residential</u></b>				
One Central Park Project	89,017	91,594	2,577	2.89
Westside III Project	729	42,250	41,521	5,695.61
BCC Project	-	2,399	2,399	N/A
	89,746	136,243	46,497	51.81
<b><u>Mixed development</u></b>				
KL Eco City Project 1	79,793	36,052	(43,741)	(54.82)
KL Eco City Project 2	-	92,875	92,875	N/A
	79,793	128,927	49,134	61.58
<b><u>Commercial</u></b>				
Etiga Project	-	11,736	11,736	N/A
<b>Total revenue</b>	<b>169,539</b>	<b>276,906</b>	<b>107,367</b>	<b>63.33</b>

**11. FINANCIAL INFORMATION (CONT'D)**

The increase was attributable to higher revenue generated from the mixed development segment which recorded an increase of RM49.13 million or 61.58% from RM79.79 million in the FYE 31 December 2015 to RM128.93 million in the FYE 31 December 2016 with the commencement of KL Eco City Project 2 in February 2016. Meanwhile, for KL Eco City Project 1, the decrease in revenue was due to the substantial completion of construction works during the previous financial year.

The residential segment had also recorded an increase amounting to RM46.50 million or 51.81% from RM89.75 million in the FYE 31 December 2015 to RM136.24 million in the FYE 31 December 2016. This was mainly contributed by revenue of RM42.25 million from Westside III Project due to an increase in revenue recognition for a full financial year and arising from the increase in the level of activities such as structural works, masonry works, plaster works, painting works, tiling works and mechanical and electrical works, as the project had only commenced in December 2015. Meanwhile, One Central Park Project had continued recording high level of construction activities such as masonry works, plaster works, painting works, tiling works, mechanical and electrical works, built-in kitchen cabinets, timber flooring and landscape works, contributing to revenue of RM91.59 million, representing slight increase of 2.89% as compared to revenue of RM89.02 million recorded in the previous financial year.

The commercial segment also recorded revenue of RM11.74 million in the FYE 31 December 2016 as our Group secured and commenced the construction of Etiqa Project in August 2016.

**10-month FPE 31 October 2017**

During the FPE 31 October 2017, our Group recorded a marginal increase in revenue of RM0.10 million or 0.04% from RM240.57 million in the FPE 31 October 2016 to RM240.67 million in the FPE 31 October 2017.

The revenue for the FPE 31 October 2017 was mainly contributed by the following projects:-

Revenue	Unaudited      Audited		10 month	
	<----FPE 31 October---->			
	2016	2017	Increase / (Decrease)	
Project	RM'000	RM'000	RM'000	%
<b><u>Residential</u></b>				
One Central Park Project	91,594	2,853	(88,741)	(96.89)
Westside III Project	30,843	74,742	43,899	142.33
BCC Project	2,399	-	(2,399)	(100.0)
SPB Project (AIRA Residence)	-	6,752	6,752	N/A
	124,836	84,347	(40,489)	(32.43)
<b><u>Mixed development</u></b>				
KL Eco City Project 1	32,370	19,733	(12,637)	(39.04)
KL Eco City Project 2	77,665	55,085	(22,580)	(29.07)
	110,035	74,818	(35,217)	(32.01)

**11. FINANCIAL INFORMATION (CONT'D)**

Revenue	Unaudited		Audited	
	10 month			
	<----FPE 31 October---->			
	2016	2017	Increase / (Decrease)	
Project	RM'000	RM'000	RM'000	%
<b>Commercial</b>				
Etiqa Project	5,695	81,500	75,805	1,331.08
<b>Total revenue</b>	<b>240,566</b>	<b>240,665</b>	<b>99</b>	<b>0.04</b>

The increase was mainly attributable to higher revenue generated from the commercial segment which recorded an increase of RM75.81 million from RM5.70 million in the FPE 31 October 2016 to RM81.50 million in the FPE 31 October 2017. On the other hand, the residential segment recorded a decrease of RM40.49 million or 32.43% from RM124.84 million in the FPE 31 October 2016 to RM84.35 million in the FPE 31 October 2017 due to completion of two (2) projects, i.e. One Central Park Project and BBCC Project during the preceding financial period. The mixed development segment recorded a decrease of RM35.22 million or 32.01% from RM110.04 million in the FPE 31 October 2016 to RM74.82 million in the FPE 31 October 2017 due to the completion of two (2) projects during the financial period under review, i.e. KL Eco City Project 1 in May 2017 and KL Eco City Project 2 in October 2017.

**(b) Cost of Sales, Gross Profit and Gross Profit Margin Analysis**

Our Group prices our construction projects based on a cost estimate. Under the terms of certain contracts, the rates we submit in our tender are fixed, with the exception of any approved variation orders. As such, our gross profit and gross profit margin are much dependent on the accuracy of our pricing during the tender and / or negotiation stage. Our cost estimate is based on inter-alia, the availability and costs of construction materials and equipment, subcontracting costs, project duration, labour costs, as well as the complexity and scale of the construction project. Gross profit margin for our Group may also fluctuate year-on-year as each project differs in terms of project duration, profit margin and costs and is implemented at different stages of the construction at any particular point in time.

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**11. FINANCIAL INFORMATION (CONT'D)****(i) Analysis of cost of sales by cost items**

The major items of our cost of sales are as follows:-

	<-----Audited----->						Unaudited		Audited	
	<-----FYE 31 December----->						<-----FPE 31 October----->			
	2014		2015		2016		2016		2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Construction materials	27,536	34.31	65,542	41.70	59,578	23.53	52,229	23.86	31,039	14.80
Direct labour cost	647	0.81	1,872	1.19	4,099	1.62	3,311	1.51	3,083	1.47
Subcontractor cost	43,416	54.10	75,575	48.09	163,709	64.67	138,423	63.24	147,241	70.22
Preliminaries	8,654	10.78	14,174	9.02	25,760	10.18	24,933	11.39	28,319	13.51
<b>Total cost of sales</b>	<b>80,253</b>	<b>100.00</b>	<b>157,163</b>	<b>100.00</b>	<b>253,146</b>	<b>100.00</b>	<b>218,896</b>	<b>100.00</b>	<b>209,682</b>	<b>100.00</b>

The major components of our construction project costs are construction materials, direct labour cost and subcontractor cost. Collectively, these major cost components constitute more than 85.00% of our total cost of sales for the past three (3) FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2016 and 31 October 2017.

Other cost includes preliminaries which relate to general miscellaneous expenses. Further details are set out in Section 11.4.1(c) of this Prospectus.

**(ii) Analysis of cost of sales by building segment**

	<-----Audited----->						Unaudited		Audited	
	<-----FYE 31 December----->						<-----FPE 31 October----->			
	2014		2015		2016		2016		2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Residential	29,759	37.08	83,588	53.19	121,122	47.85	110,406	50.44	72,680	34.66
Mixed development	50,494	62.92	73,575	46.81	120,981	47.79	103,131	47.11	61,114	29.15
Commercial	-	-	-	-	11,043	4.36	5,359	2.45	75,888	36.19
<b>Total cost of sales</b>	<b>80,253</b>	<b>100.00</b>	<b>157,163</b>	<b>100.00</b>	<b>253,146</b>	<b>100.00</b>	<b>218,896</b>	<b>100.00</b>	<b>209,682</b>	<b>100.00</b>

Our cost of sales for the past three (3) FYE 31 December 2014 to 31 December 2016 was mainly attributable to the residential and mixed development segments. This corresponds to our revenue segmentation whereby our revenue was mainly derived from the construction of residential and mixed development projects for the past three (3) FYE 31 December 2014 to 31 December 2016.

**11. FINANCIAL INFORMATION (CONT'D)**

Our Group's cost of sales attributable to the respective residential, mixed development and commercial segments accounts for 34.66%, 29.15% and 36.19% of our total cost of sales for the FPE 31 October 2017 respectively. This corresponds with our revenue segmentation whereby the revenue derived from the construction of residential, mixed development and commercial segments accounts for 35.05%, 31.09% and 33.86% of our total revenue for the FPE 31 October 2017 respectively.

**(iii) Analysis of gross profit and gross profit margins by building segment**

	<-----Audited----->						Unaudited		Audited	
	<-----FYE 31 December----->						<-----FPE 31 October----->			
	2014		2015		2016		2016		2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Residential	2,133	33.46	6,158	49.76	15,121	63.64	14,430	66.59	11,667	37.66
Mixed development	4,242	66.54	6,218	50.24	7,946	33.44	6,904	31.86	13,704	44.23
Commercial	-	-	-	-	693	2.92	336	1.55	5,612	18.11
<b>Total gross profit</b>	<b>6,375</b>	<b>100.00</b>	<b>12,376</b>	<b>100.00</b>	<b>23,760</b>	<b>100.00</b>	<b>21,670</b>	<b>100.00</b>	<b>30,983</b>	<b>100.00</b>

**Gross Profit Margin (%)**

Residential	6.69	6.86	11.10	11.56	13.83
Mixed development	7.75	7.79	6.16	6.27	18.32
Commercial	-	-	5.90	5.90	6.89
<b>Overall gross profit margin</b>	<b>7.36</b>	<b>7.30</b>	<b>8.58</b>	<b>9.01</b>	<b>12.87</b>

**Commentaries on cost of sales, gross profit and gross profit margin****FYE 31 December 2014**

Our cost of sales increased by RM78.83 million from RM1.42 million for the FYE 31 December 2013 to RM80.25 million for the FYE 31 December 2014. This was in line with the increase of RM85.13 million in revenue during the same period contributed by our first two (2) projects, namely One Central Park Project and KL Eco City Project 1 during the FYE 31 December 2014.

Our gross profit increased by RM6.30 million from RM0.08 million for the FYE 31 December 2013 to RM6.38 million for the FYE 31 December 2014 mainly contributed by the gross profit from our first two projects, namely One Central Park Project and KL Eco City Project 1. Our overall gross profit margin increased to 7.36% for the FYE 31 December 2014 as compared to 5.35% for the FYE 31 December 2013.

**FYE 31 December 2015**

Our cost of sales increased by RM76.91 million or 95.84% from RM80.25 million for the FYE 31 December 2014 to RM157.16 million for the FYE 31 December 2015. This was in line with the increase of RM82.91 million or 95.71% in revenue during the same period.

**11. FINANCIAL INFORMATION (CONT'D)**

The increase in cost of sales was mainly contributed by the following:-

- (i) increase in construction materials by RM38.01 million;
- (ii) increase in subcontractor cost by RM32.16 million; and
- (iii) increase in preliminaries by RM5.52 million.

Our gross profit increased by RM6.00 million from RM6.38 million for the FYE 31 December 2014 to RM12.38 million for the FYE 31 December 2015 mainly contributed by the gross profit from our residential and mixed development segments. Our overall gross profit margin remained consistent at 7.30% for the FYE 31 December 2015 as compared to 7.36% for the FYE 31 December 2014.

**FYE 31 December 2016**

Our cost of sales increased by RM95.98 million or 61.07% from RM157.16 million for the FYE 31 December 2015 to RM253.14 million for the FYE 31 December 2016. This was in line with the increase of RM107.37 million or 63.33% in revenue during the same period.

The increase in cost of sales was due to concurrent construction of our projects and mainly contributed by the following:-

- (i) increase in subcontractor cost by RM88.13 million;
- (ii) increase in preliminaries by RM11.59 million; and
- (iii) increase in direct labour cost by RM2.23 million.

Our gross profit increased by RM11.38 million from RM12.38 million for the FYE 31 December 2015 to RM23.76 million for the FYE 31 December 2016. Our overall gross profit margin increased to 8.58% for the FYE 31 December 2016 as compared to 7.30% for the FYE 31 December 2015.

During the FYE 31 December 2016, the increase in gross profit was mainly contributed by the gross profit from our residential and mixed development segments. There was a decrease in gross profit margin in the mixed development segment as the contribution from a lower margin project was higher than the contribution from a higher margin project. Nevertheless, our Group recorded an increase in overall gross profit margin due to the following:-

- (i) actual purchase prices of major construction materials such as steel materials and ready-mix concrete were lower than budgeted cost; and
- (ii) lower amount incurred for preliminaries such as site management cost, utilities, rental expense of machinery and equipment and other related project maintenance and overhead expenses, due to earlier completion of One Central Park Project.

**11. FINANCIAL INFORMATION (CONT'D)****10-month FPE 31 October 2017**

Our Group's cost of sales decreased by RM9.21 million or 4.21% from RM218.90 million for the FPE 31 October 2016 to RM209.68 million for the FPE 31 October 2017.

The decrease in cost of sales was mainly due to decrease in construction materials, e.g. steel materials and ready-mix concrete, by RM21.19 million which was offset by the increase in subcontractor costs by RM8.82 million and preliminaries by RM3.39 million. The purchase of construction materials is dependent on project requirements, where there were lesser structural works requirements during the financial period as compared to the preceding financial period resulting in the decrease in cost of construction materials.

Our Group's gross profit increased by RM9.31 million from RM21.67 million for the FPE 31 October 2016 to RM30.98 million for the FPE 31 October 2017. Our overall gross profit margin increased to 12.87% for the FPE 31 October 2017 as compared to 9.01% for the FPE 31 October 2016.

The increase in gross profit and overall gross profit margin was mainly contributed by the gross profit margin achieved for the mixed development segment pursuant to the completion of KL Eco City Project 1 and KL Eco City Project 2 during the FPE 31 October 2017 due to the following:-

- (i) actual purchase prices of major construction materials such as steel materials and ready-mix concrete were lower than budgeted cost; and
- (ii) lower amount incurred for preliminaries such as site management cost, utilities, rental expense of machinery and equipment and other related project maintenance and overhead expenses as compared to budget, as the projects were completed earlier than contractual completion date.

**(c) Other Income**

The breakdown of our other income for the FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2016 and 31 October 2017 is as follows:-

	<-----Audited----->						Unaudited		Audited	
	<-----FYE 31 December----->						10 month			
	2014		2015		2016		2016		2017	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest income	65	58.04	192	58.54	448	63.46	313	57.64	760	74.44
Scrap sales	44	39.29	100	30.49	112	15.86	90	16.58	200	19.59
Administrative charges to subcontractors	3	2.67	30	9.15	27	3.82	22	4.05	50	4.90
Others	-	-	6	1.82	119	16.86	118	21.73	11	1.07
<b>Total</b>	<b>112</b>	<b>100.00</b>	<b>328</b>	<b>100.00</b>	<b>706</b>	<b>100.00</b>	<b>543</b>	<b>100.00</b>	<b>1,021</b>	<b>100.00</b>

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**11. FINANCIAL INFORMATION (CONT'D)**

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**Commentaries on other income**

Our Group's other income were RM0.11 million, RM0.33 million and RM0.71 million respectively for the FYE 31 December 2014 to 31 December 2016. The increase in other income for the past three (3) financial years under review was mainly attributable to the increase in interest income from licensed banks.

For the FPE 31 October 2017, other income increased by RM0.48 million from RM0.54 million for FPE 31 October 2016 to RM1.02 million. This increase was primarily attributable to interest income from placement of short-term investments of approximately RM15.36 million and fixed deposits with licensed banks of approximately RM4.79 million during the financial period under review.

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**11. FINANCIAL INFORMATION (CONT'D)****(d) Administrative and Other Expenses**

The breakdown of our administrative and other expenses for the FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2016 and 31 October 2017 is as follows:-

	-----Audited----->		-----Unaudited-----		10-month	
	<-----FYE 31 December----->		<-----FPE 31 October----->			
	2014	2015	2016	2016	2017	
	RM'000	% RM'000	RM'000	% RM'000	RM'000	%
<b>Administrative Expenses</b>						
Auditors' remuneration:						
- Current financial year	40	1.59	32	1.08	42	1.38
- Overprovision in the previous financial year	-	-	(5)	(0.17)	-	-
Directors' fee	-	-	-	-	-	-
Directors' non-fee emoluments:						
- Salaries and other emoluments	897	35.65	1,007	33.95	1,062	34.91
- Defined contribution plan	103	4.09	117	3.94	110	3.62
Staff costs:						
- Salaries and other emoluments	841	33.43	1,238	41.74	913	30.01
- Defined contribution plan	81	3.22	129	4.35	101	3.32
Rental of:						
- Equipment	3	0.12	3	0.10	5	0.16
- Office	90	3.58	90	3.03	90	2.96
Professional fees^	58	2.31	44	1.48	83	2.73
Miscellaneous expenses*	207	8.22	99	3.35	420	13.81
	<b>2,320</b>	<b>92.21</b>	<b>2,754</b>	<b>92.85</b>	<b>2,826</b>	<b>92.90</b>
					<b>2,482</b>	<b>93.20</b>
						<b>78.81</b>

## 11. FINANCIAL INFORMATION (CONT'D)

	Audited		Unaudited		Audited
	10-month		10-month		
	FYE 31 December	FYE 31 October	FYE 31 December	FYE 31 October	
	2014	2015	2016	2017	
<b>Other Expenses</b>					
Depreciation of plant and equipment	196	7.79	212	7.15	216
Listing expenses	-	-	-	-	7.10
Miscellaneous expense	-	-	-	-	181
					6.80
<b>Total</b>	<b>2,516</b>	<b>100.00</b>	<b>2,966</b>	<b>100.00</b>	<b>3,042</b>
					<b>100.00</b>
					<b>2,663</b>
					<b>100.00</b>
					<b>4,718</b>
					<b>100.00</b>

**Notes:-**

- ^ Professional fees comprise of legal fee (mainly for loan documentation), tax agent fee, secretarial fee, expenses relating to allotment of share capital and transfer of shares, and outsourcing IT services.
- \* Miscellaneous expenses comprise of amongst others, tender documentation fees, insurance, utilities, upkeep of motor vehicle and office equipment, travelling, printing, tax penalty and entertainment expenses.

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**11. FINANCIAL INFORMATION (CONT'D)**

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**Commentaries on administrative and other expenses****FYE 31 December 2014**

Administrative and other expenses increased by RM1.00 million or 65.79% from RM1.52 million for FYE 31 December 2013 to RM2.52 million for FYE 31 December 2014. This increase was primarily attributable to higher directors' non-fee emoluments, staff costs and rental of equipment and office.

**FYE 31 December 2015**

Administrative and other expenses increased by RM0.45 million or 17.89% from RM2.52 million for FYE 31 December 2014 to RM2.97 million for FYE 31 December 2015. This increase was primarily attributable to higher staff costs which increased by RM0.47 million during the FYE 31 December 2015 due to the increase in the number of our employees from 61 persons to 72 persons.

**FYE 31 December 2016**

During the FYE 31 December 2016, our Group recorded marginal increase in administrative and other expenses by RM0.08 million. Such increase was primarily attributable to higher directors' non-fee emoluments, auditors' remuneration and professional fees (i.e. tax agent fee and expenses relating to transfer of shares).

**10-month FPE 31 October 2017**

Administrative and other expenses increased by RM2.06 million or 77.44% from RM2.66 million for FPE 31 October 2016 to RM4.72 million for FPE 31 October 2017, primarily attributable to:-

- (i) Increase in auditors' remuneration by RM0.02 million;
- (ii) Increase in rental of office by RM0.02 million;
- (iii) Increase in directors' non-fee emoluments by RM0.17 million and increase in staff costs by RM0.63 million. The increase in staff costs is mainly due to the recruitment of six (6) new employees and two (2) replacement for head office on top of the yearly increment for all employees;
- (iv) Increase in administrative miscellaneous expenses by RM0.40 million mainly due to tax penalty arising from additional tax assessment imposed, tender documentation fees, insurance, printing and upkeep of office equipment; and
- (v) Listing expenses incurred during the financial period under review amounting to RM0.77 million.

**11. FINANCIAL INFORMATION (CONT'D)****(e) Finance Cost**

The breakdown of our finance cost for the FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2016 and 31 October 2017 is as follows:-

	<-----Audited----->			Unaudited	Audited
	<-----FYE 31 December----->			10 month	
	<-----FYE 31 December----->			<--FPE 31 October-->	
	2014	2015	2016	2016	2017
	RM'000	RM'000	RM'000	RM'000	RM'000
Interest expense paid to a director	90	40	-	-	-

During the FYE 31 December 2014 and 31 December 2015, our Group incurred interest expense on our related party advances from a director based on a fixed interest rate of 4.00% per annum. Nevertheless, we have fully repaid all our related party advances during the FYE 31 December 2015.

**(f) PBT and PBT Margin**

	<-----Audited----->			Unaudited	Audited
	<-----FYE 31 December----->			10-month	
	<-----FYE 31 December----->			<--FPE 31 October-->	
	2014	2015	2016	2016	2017
PBT (RM'000)	3,881	9,698	21,424	19,550	27,286
PBT margin (%)	4.48	5.72	7.74	8.13	11.34

**Commentaries on PBT and PBT Margin****FYE 31 December 2014**

Our Group recorded a PBT of RM3.88 million during FYE 31 December 2014, mainly contributed by gross profit of RM6.38 million (FYE 2013: RM0.08 million) with our first two projects, namely One Central Park Project and KL Eco City Project 1. We recorded a PBT margin of 4.48% in FYE 31 December 2014.

**FYE 31 December 2015**

Our Group recorded an increase in PBT of RM5.82 million during FYE 31 December 2015, mainly contributed by gross profit of RM12.38 million (FYE 2014: RM6.38 million). As such, our PBT margin also improved to 5.72% in FYE 31 December 2015 compared to 4.48% in the preceding financial year.

**FYE 31 December 2016**

Our Group recorded an increase in PBT of RM11.73 million during the FYE 31 December 2016. Such increase was mainly due to gross profit of RM23.76 million (FYE 2015: RM12.38 million) and gross profit margin of 8.58% recorded in the FYE 31 December 2016 (FYE 2015: 7.30%). As a result of the improvement in our overall gross profit margin for the FYE 31 December 2016, we also recorded a higher PBT margin of 7.74% during the FYE 31 December 2016 compared to 5.72% in the preceding financial year.

**11. FINANCIAL INFORMATION (CONT'D)****10-month FPE 31 October 2017**

Our Group recorded an increase in PBT of RM7.74 million during the FPE 31 October 2017. The increase was mainly contributed by gross profit of RM30.98 million (FPE 31 October 2016 : RM21.67 million) and other income of RM1.02 million (FPE 31 October 2016 : RM0.54 million). The increase in PBT was partially offset by the increase in administrative and other expenses by RM2.05 million.

As a result of the increase in PBT, our Group recorded a higher PBT margin of 11.34% during the FPE 31 October 2017 as compared to 8.13% in the same period of the preceding year.

**(g) Income Tax Expense**

The breakdown of our income tax expense for the FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2016 and 31 October 2017 is as follows:-

	<-----Audited----->			Unaudited	Audited
				10-month	
	<----FYE 31 December----->			<----FPE 31 October---->	
	2014	2015	2016	2016	2017
	RM'000	RM'000	RM'000	RM'000	RM'000
Income tax expense	233	2,521	5,630	5,077	7,239
Deferred tax liabilities	371	-	(298)	(298)	-
	604	2,521	5,332	4,779	7,239
Effective tax rate (%)	15.56	26.00	24.89	24.45	26.53

The corporate tax rate on the first RM0.50 million of chargeable income for company with paid-up share capital not more than RM2.50 million is at 20.00% for year of assessment 2014 and 2015. The balance of chargeable income is at 25.00% for year of assessment 2014 and 2015. The corporate tax rate for year of assessment 2016 is at 24.00%.

Our effective tax rate for the FYE 31 December 2014 was 15.56% mainly due to utilisation of prior year unabsorbed capital allowances and unutilised tax losses.

Our effective tax rate for the FYE 31 December 2015 and 31 December 2016 were 26.00% and 24.89% respectively mainly because of non-deductible expenses of RM0.12 million and RM0.43 million respectively.

Our effective tax rate for the FPE 31 October 2016 and 31 October 2017 were 24.45% and 26.53% respectively. The effective tax rate for the FPE 31 October 2017 was higher than the statutory tax rate of 24.00% mainly due to non-deductible expenses and under provision of current tax for prior years.

**11. FINANCIAL INFORMATION (CONT'D)**

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**(h) Significant factors materially affecting our operations and financial results**

In addition to the factors and trends set out in Section 11.4.7 of this Prospectus, some of the following factors that may have an impact to our operations and financial results are as follows:-

**(i) Impact of Foreign Exchange**

Our transactions are solely denominated in RM.

Our business operations, customers and suppliers are within Malaysia. As such, there is no impact of foreign exchanges on the operating profits of our Group for the past three (3) FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2017. Accordingly, we do not require any hedging policies.

**(ii) Impact of Commodity Prices**

Our Group's construction materials comprise mainly of steel materials, ready-mix concrete, sanitary wares, tiles, cement, grout and adhesive, timber and plywood, hollow section and galvanised iron pipe, electrical items, bricks / block and others. These construction materials are widely available in Malaysia and sourced from our large base of selected suppliers.

Steel materials constitute a significant portion of our Group's purchase of construction materials for the past three (3) FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2017, contributing 54.26%, 46.51%, 51.33%, and 40.29% of our Group's total purchase of construction materials respectively.

The price of steel materials is, amongst others, subject to market supply and demand conditions, commodity price for the production of steel materials and Government regulations with regards to import of steel materials. Any material changes in the conditions of any of the above factors may cause an increase in the price of steel materials, and this may lead to a rise in our construction cost. If we are unable to pass on this rise in construction materials cost to our customers, we will be faced with bearing the increased costs and this may have a material impact on our results of operations and business performance.

For the past three (3) FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2017, our Group's results were not significantly affected by commodity price fluctuations. Nevertheless we cannot provide any assurance that any future increase in commodity prices will not have any impact on our business.

**(iii) Impact of Interest Rates**

As at 31 December 2016, our Group's total borrowings which stood at RM4.05 million comprise of hire purchase payables at the weighted average effective interest rate of 5.19% per annum.

Our Group's objective in managing our interest rate expenses is to ensure an acceptable level of exposure to interest rate fluctuations.

**11. FINANCIAL INFORMATION (CONT'D)**

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As at the LPD, our Group has fully paid off all hire purchase and has no outstanding borrowings. There was no material impact from the fluctuations of interest rate on our historical profits for the past three (3) FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2017.

**(iv) Impact of Inflation**

There was no material impact of inflation on our Group's financial results for the past three (3) FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2017.

**(v) Impact of Government / Economic / Fiscal / Monetary Policies**

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 4 of this Prospectus. Save as disclosed in Sections 4, 6 and 11 of this Prospectus, there is no government, economic, fiscal or monetary policies or factors that have materially impacted our historical profits for the past three (3) FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2017.

**(i) Significant Changes**

Save as disclosed in this Prospectus, there is no significant changes that have occurred which may have a material effect on the financial position and results of our Group subsequent to the FPE 31 October 2017 up to the LPD.

**11.4.3 Liquidity and capital resources**

Our operations are funded by a combination of internal and external source of funds. Our Group's internal sources of funds comprise of share capital, cash generated from our operating activities and cash and bank balances, while our external funds are mainly from bank borrowings. The interest rate of the bank borrowings is based on prevailing market rates.

The decision to utilise either internally generated funds or bank borrowings for our business operations depends on, amongst others, our cash and bank balances, expected cash inflows, future working capital requirements, future capital expenditure requirements and the interest rate of bank borrowings.

The table below sets out the summary of our Group's historical audited consolidated statements of cash flows for the past three (3) FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2016 and FPE 31 October 2017:-

**11. FINANCIAL INFORMATION (CONT'D)**

	<-----Audited----->			Unaudited	Audited
	<-----FYE 31 December----->			10-month <---FPE 31 October--->	
	2014 RM'000	2015 RM'000	2016 RM'000	2016 RM'000	2017 RM'000
Net cash from operating activities	10,760	17,987	17,355	306	17,520
Net cash for investing activities	(4,113)	(1,873)	(5,215)	(4,594)	(5,715)
Net cash for financing activities	(746)	(3,342)	(2,888)	(2,126)	(14,655)
<b>Net increase in cash and cash equivalents</b>	5,901	12,772	9,252	(6,414)	(2,850)
<b>Cash and cash equivalents at beginning of the financial year / period</b>	2,106	8,007	20,779	20,779	30,031
<b>Cash and cash equivalents at end of the financial year / period</b>	8,007	20,779	30,031	14,365	27,181

There are no legal, financial or economic restrictions on the ability of our subsidiary to transfer funds to our Company in the form of cash dividends, loans or advances, subject to availability of distributable reserves and compliance with financial covenants.

As at the LPD, the banking facilities granted to our Group amounted to RM99.13 million, out of which RM44.80 million has not been utilised. Our Board is of the opinion that after taking into consideration the existing level of cash and cash equivalents and the gross proceeds from the Public Issue, our Group would have adequate working capital for a period of 12 months from the date of this Prospectus.

**Commentaries on cash flows****FYE 31 December 2014****Net cash from operating activities**

For the FYE 31 December 2014, our operating cash flows before working capital changes were RM5.13 million. After adjusting for the following key items, our net operating cash flow was RM10.76 million:-

- (i) increase in amount owing by contract customers by RM14.67 million due to the timing differences with higher revenue recognised based on the stage of completion method compared to the certified progress billings;
- (ii) increase in trade and other receivables by RM12.76 million due to increase in trade receivables by RM9.02 million which is in line with the higher revenue generated in financial year under review. Other receivables also increased by RM3.74 million mainly due to payment of subcontractors' advances;
- (iii) increase in trade and other payables by RM34.08 million due to increase in trade payables by RM16.47 million which is in line with the increase in cost of sales. Other payables also increased by RM17.61 million mainly due to accrued costs of construction for our two (2) then on-going projects;



**11. FINANCIAL INFORMATION (CONT'D)**

- (iv) interest paid of RM0.24 million comprising hire purchase interests of RM0.15 million and interest expense paid to a director of RM0.09 million; and
- (v) income tax paid of RM0.28 million.

Net cash for investing activities

We recorded a net cash outflow of RM4.11 million from our investing activities during the FYE 31 December 2014, mainly due to outflows of RM4.33 million as result of the purchase plant and equipment comprising primarily tower cranes and scaffolding system. Such outflow was however, offset by inflows of RM0.15 million and RM0.07 million, being additional investment by existing minority shareholder in a subsidiary, namely Grand Dynamic Builders, and interest received respectively.

Net cash for financing activities

Our financing activities recorded a net cash outflow of RM0.75 million during the FYE 31 December 2014. This was mainly due to outflows relating to repayment of advances from a director for working capital purposes of RM0.41 million and repayment of hire purchase obligations of RM0.41 million. Such outflows was however, offset by an inflow relating to proceeds from issuance of shares of RM0.07 million.

**FYE 31 December 2015**Net cash from operating activities

For the FYE 31 December 2015, our operating cash flows before working capital changes were RM12.04 million. After adjusting for the following key items, our net operating cash flow was RM17.99 million:-

- (i) decrease in amount owing by contract customers by RM6.76 million mainly due to the timing differences with higher certified progress billings compared to the revenue recognised based on the stage of completion method;
- (ii) increase in amount owing to contract customers by RM12.05 million due to the timing differences with higher certified progress billing compared to the revenue recognised based on the stage of completion method;
- (iii) increase in trade and other receivables by RM27.80 million due to increase in trade receivables by RM25.28 million which is in line with the higher revenue generated in financial year under review. Other receivables increased by RM2.52 million mainly due to payment of subcontractors' advance and deposits of RM1.88 million and RM0.58 million respectively;
- (iv) increase in trade and other payables by RM16.64 million in line with increase in cost of sales. The increase in trade payables was contributed by the increase in retention sum by RM4.68 million and offset by the decrease of trade payables of RM3.87 million. Other payables and accruals increased by RM4.00 million and RM11.11 million respectively, mainly due to the increase in accrued costs of construction for projects of approximately RM7.29 million and advances received from contract customers of approximate RM4.01 million;
- (v) interest paid of RM0.22 million comprising hire purchase interests and interest expense paid to a director of RM0.18 million and RM0.04 million respectively; and
- (vi) income tax paid of RM1.51 million.

**11. FINANCIAL INFORMATION (CONT'D)**Net cash for investing activities

We recorded a net cash outflow of RM1.87 million from our investing activities during the FYE 31 December 2015, mainly due to outflows of RM2.07 million as result of the purchase of plant and equipment comprising primarily concrete placing boom and scaffolding system. Such outflow was however, offset by inflows of RM0.19 million from interest received.

Net cash for financing activities

Our financing activities recorded a net cash outflow of RM3.34 million during the FYE 31 December 2015. This was mainly due to outflows relating to repayment of advances from a director of RM2.00 million and repayment of hire purchase obligations of RM1.34 million.

**FYE 31 December 2016**Net cash from operating activities

For the FYE 31 December 2016, our operating cash flows before working capital changes were RM26.90 million. After adjusting for the following key items, our net operating cash flow was RM17.36 million:-

- (i) increase in amount owing by contract customers by RM7.16 million due to the timing differences with higher revenue recognised based on the stage of completion method compared to the certified progress billings;
- (ii) decrease in amount owing to contract customers by RM7.89 million due to the timing differences with higher revenue recognised based on the stage of completion method compared to the progress billings certified by architect;
- (iii) increase in trade and other receivables by RM8.35 million mainly due to the increase in trade receivables by RM9.45 million and offset by the decrease in other receivables of RM1.09 million;
- (iv) increase in trade and other payables by RM17.92 million due to increase in revenue resulting from new projects secured. Trade payables and other payables increased by RM9.05 million and RM8.87 million respectively, which are in tandem with the increase in cost of sales contributed by the six (6) projects undertaken during the financial year under review; and
- (v) interest paid of RM0.25 million due to hire purchase and income tax paid of RM3.81 million.

Net cash for investing activities

We recorded a net cash outflow of RM5.22 million from our investing activities during the FYE 31 December 2016 due to the following:-

- (i) outflows of RM1.10 million from the acquisition of remaining 30% equity interest in a subsidiary, namely Grand Dynamic Builders, from existing minority shareholder;
- (ii) increase in pledged fixed deposits with licensed bank of RM1.94 million;
- (iii) outflows of RM2.62 million for the purchase of plant and equipment comprising construction equipment and scaffolding system; and
- (iv) inflows of RM0.45 million from interest received.

**11. FINANCIAL INFORMATION (CONT'D)**Net cash for financing activities

Our financing activities recorded a net cash outflow of RM2.89 million during the FYE 31 December 2016. This was mainly due to outflows relating to repayment of hire purchase obligations of RM2.89 million and dividend paid of RM10.00 million. Such outflows were however, offset by inflows of RM10.00 million from proceeds from issuance of shares.

**10-month FPE 31 October 2017**Net cash from operating activities

For the FPE 31 October 2017, our Group's operating cash flows before working capital changes were RM34.31 million. After adjusting for the following key items, our net operating cash flow was RM17.52 million:-

- (i) increase in amount owing by contract customers by RM13.73 million due to the timing differences with higher revenue recognised based on the stage of completion method compared to the certified progress billings;
- (ii) decrease in amount owing to contract customers by RM1.26 million due to the timing differences with higher revenue recognised based on the stage of completion method compared to the certified progress billings;
- (iii) increase in trade and other receivables by RM14.02 million mainly due to the higher level of construction activities and certified progress billings at end of period from Etiqa Project and Westside III Project amounting to RM12.59 million and RM7.73 million respectively;
- (iv) increase in trade and other payables by RM18.36 million. Trade payables increased by RM12.26 million compared to the FYE 31 December 2016 as a result of higher credit term of 45 days from certain subcontractors for the period under review as compared to the preceding year. Other payables and accruals increased by approximately RM6.10 million as a result of the increase in accrued costs of construction for projects;
- (v) interest paid of RM0.15 million due to hire purchase; and
- (vi) income tax paid of RM5.99 million.

Net cash for investing activities

Our Group recorded a net cash outflow of RM5.72 million from its investing activities during the FPE 31 October 2017 due to the following:-

- (i) increase in pledged fixed deposits with licensed bank of RM2.85 million as security for bank guarantee facilities;
- (ii) outflows of RM3.74 million mainly for the purchase of plant and equipment comprising construction equipment and site equipment to cater for the project requirement of our two (2) newly secured projects, namely SPB Project (AIRA Residence) and Menara Hap Seng 3 Project;
- (iii) inflows of RM0.11 million from the disposal of two (2) units of used motor vehicles to directors; and
- (iv) interest received of RM0.76 million, contributed by interest income from short-term investments of RM0.37 million, fixed deposits with licensed banks of RM0.13 million and repo of RM0.26 million.

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**11. FINANCIAL INFORMATION (CONT'D)**

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Net cash for financing activities

Our Group recorded a net cash outflow of RM14.66 million from its financing activities during the FPE 31 October 2017. This was mainly due to outflows relating to full settlement and early repayment of hire purchase obligations of RM4.05 million, dividend payment of RM9.80 million during the financial period under review and payment of listing expenses of RM0.81 million.

**11.4.4 Borrowings and financial instruments**

As at 31 October 2017, our Group has no outstanding borrowings. Our Directors shall evaluate and closely monitor the financial position of our Group prior to entering into any financing facilities in order to meet repayment obligations. As at the LPD, our Group has not defaulted on payments of either interest and / or principal sum in respect of any borrowings throughout the FYE 31 December 2016 and 10-month FPE 30 October 2017. We do not encounter seasonality in the trend of our borrowings and there are no restrictions on the use of our committed borrowing facilities, save for prior consents from the licensed banks before the utilisation of the banking facilities, where necessary.

Our Group's banking facilities comprise of bank guarantees and bank borrowings. As at the LPD, banking facilities granted to our Group amounted to RM99.13 million, out of which RM54.33 million has been utilised for bank guarantees. In addition, as at the LPD, GDB provided corporate guarantees to financial institutions for facilities granted to Grand Dynamic Builders amounting to RM69.13 million.

**Type of financial instruments used**

Financial instruments, from an accounting perspective, may include trade receivables, other receivables and deposits, short-term investments, fixed deposits with licensed banks, cash and bank balances, trade payables, other payables and accruals, amount owing to a Director and hire purchase payables as shown on our consolidated statements of financial position. The abovementioned financial instruments are used in our Group's ordinary course of business.

As at the LPD, we do not use any financial instrument for hedging purposes.

**Treasury policies and objectives**

We have been financing our operations through a combination of internal and external sources of funds. Internal sources of funds comprise of mainly cash generated from operations and share capital, while external sources of funds comprise mainly short term and long term bank borrowings. The primary objective of our capital management is to ensure that we have sustainable shareholders' equity to ensure our ability to continue as a going concern and to support and grow our business in order to maximise shareholders' value. We review and manage our capital structure to maintain the debt-to-equity ratio at an optimal level based on the business requirements and prevailing economic conditions.

We have short-term and long-term borrowings facilities available to our Group. Our short-term and long-term bank borrowings consist of hire purchase payables to finance the purchase of construction machinery and equipment, and motor vehicles. The interest rates for our hire purchase payables are based on the market rates prevailing at the dates of the respective transactions.

**11. FINANCIAL INFORMATION (CONT'D)****11.4.5 Breach of terms and conditions or covenants associated with credit arrangement or bank loan**

As at the LPD, neither us nor our subsidiary are in breach of any terms and conditions and covenants associated with credit arrangements or bank loans, which can materially affect our financial results, financial position or business operations, or the investments by holders of securities in our Company.

**11.4.6 Material Commitment**

As at the LPD, our Group has not incurred any material commitment for capital expenditure that may have a material and adverse impact on our financial position.

**11.4.7 Material Contingent Liabilities**

Save as disclosed below, as at the LPD, there is no indirect and / or material contingent liabilities incurred by our Group, which may have a substantial impact on the financial position of our Group:-

	<b>RM'000</b>
<b>Bank guarantee</b>	
- Performance bond and tender bond extended by Grand Dynamic Builders to third parties	54,329

**11.4.8 Trend Information****(a) Business and financial prospects**

Our Board has observed that based on the revenue and operations of our Group for the past three (3) FYE 31 December 2014 to 31 December 2016 and 10-month FPE 30 October 2017, the following trends may continue to affect our business:-

- (i) For the past three (3) financial years and 10-month financial period under review, more than 65.00% of our revenue was derived from the residential and mixed development segments. We expect that these segments will continue contributing significantly to our revenue in the future, taking into consideration one of our major projects with a contract value of RM432.00 million for residential segment;
- (ii) For the past three (3) financial years and 10-month financial period under review, all our projects are located in Klang Valley and we intend to continue to focus in this location. The location of the projects that we have tendered currently are all located in Kuala Lumpur and Cyberjaya;
- (iii) The main components of our construction project costs are construction materials, direct labour and subcontractor cost which collectively contributed to more than 85.00% of our total cost of sales for the past three (3) financial years and 10-month financial period under review. Moving forward, our cost of sales is expected to fluctuate in tandem with the growth of our business and would depend on amongst others, the availability and price fluctuation of our construction materials, direct labour and subcontractor cost; and

**11. FINANCIAL INFORMATION (CONT'D)**

- (iv) We achieved a gross profit margin of 7.36%, 7.30%, 8.58% and 12.87% for the FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2017 respectively. We hope to maintain our gross profit margin within the same range in the future. This would depend on, amongst others, our continued ability to manage our costs efficiently and the types and complexity of projects that we can secure in the future.

As at the LPD, the financial performance, position and operations of our Group are not affected by any one of the following:-

- (i) Known trends, demands, commitments, events or uncertainties that have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of our Group, save as disclosed in this Section and Sections 4 and 5 of this Prospectus;
- (ii) Material commitments for capital expenditure;
- (iii) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save as disclosed in this Section and Section 4 of this Prospectus; and
- (iv) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of the future financial performance and position, save as disclosed in this Section and Section 4 of this Prospectus.

Given the outlook of the industry as set out in Section 6 of this Prospectus, our Group's competitive strengths as set out in Section 5.1.2 of this Prospectus and our Group's dedication to implement the business strategies as set out in Section 5.9 of this Prospectus, our Board is optimistic about the future prospects of our Group.

**(b) Order book**

As the revenue from our construction projects are recognised based on the stage of completion method, our order book excludes the value of completed works in respect of on-going projects which have been recognised in revenue.

Our order book as at the LPD is contributed by the following projects:-

	<b>RM'000</b>
Westside III Project	84,327
Etiqa Project	57,948
SPB Project (AIRA Residence)	415,979
Menara Hap Seng 3 Project	296,640
<b>Total</b>	<b>854,894</b>

**11. FINANCIAL INFORMATION (CONT'D)**

Our order book as at the LPD is expected to be completed in the following financial years:-

	<b>RM'000</b>
<b>Expected completion (in the FYE)</b>	
FYE 31 December 2018 (7 February 2018 till 31 December 2018)	379,411
FYE 31 December 2019	441,459
FYE 31 December 2020	34,024
<b>Total</b>	<b>854,894</b>

There may be variations from the amount awarded as compared to the final works to be performed resulting from changes in project requirements, which may take place during the implementation of the project.

**11.4.9 Other key financial ratios**

The key financial ratios of our Group are as follows:-

	<-----Audited----->			<b>Audited FPE 31 October 2017 RM'000</b>
	<-----FYE 31 December----->			
	<b>2014 RM'000</b>	<b>2015 RM'000</b>	<b>2016 RM'000</b>	
<b>Trade receivables</b>				
Revenue	86,628	169,539	276,906	240,665
Trade receivables (excluding retention sum)	2,281	11,830	9,848	26,460
Trade receivables turnover period (days) <sup>(a)</sup>	9	15	14	23
<b>Trade payables</b>				
Cost of sales	80,253	157,163	253,146	209,682
Trade payables (excluding retention sum)	13,996	10,123	10,337	22,166
Trade payables turnover period (days) <sup>(b)</sup>	33	28	15	24
<b>Current ratio (times)<sup>(c)</sup></b>	0.98	1.08	1.21	1.25
<b>Gearing ratio (times)<sup>(d)</sup></b>	0.78	0.21	0.15	N/A

**Notes:-**

- (a) Trade receivables turnover period for FYE 31 December 2014 and FYE 31 December 2015 is computed based on average trade receivables (excluding retention sum) as at the respective financial year end over the revenue of the respective financial year, multiplied by 365 days.



**11. FINANCIAL INFORMATION (CONT'D)**

*Trade receivables turnover period for FYE 31 December 2016 is computed based on average trade receivables (excluding retention sum) as at the respective financial year end over the revenue of the financial year under review, multiplied by 366 days.*

*Trade receivables turnover period for FPE 31 October 2017 is computed based on average trade receivables (excluding retention sum) as at the respective financial year / period end over the revenue of the financial period under review, multiplied by 304 days.*

- (b) *Trade payables turnover period for FYE 31 December 2014 and FYE 31 December 2015 is computed based on average trade payables (excluding retention sum) as at the respective financial year end over the cost of sales of the respective financial year, multiplied by 365 days.*

*Trade payables turnover period for FYE 31 December 2016 is computed based on average trade payables (excluding retention sum) as at the respective financial year end over the cost of sales of the financial year under review, multiplied by 366 days.*

*Trade payables turnover period for FPE 31 October 2017 is computed based on average trade payables (excluding retention sum) as at the respective financial year / period end over the cost of sales of the financial period under review, multiplied by 304 days.*

- (c) *Computed based on current assets over current liabilities as at the respective financial year / period end.*
- (d) *Computed based on the total external borrowings over total equity as at the respective financial year / period end.*

**Trade receivables**

Our normal credit term given to our trade receivables generally is 30 days from the issuance of architect's certificates. Our credit terms are based on terms stipulated in the contract.

Our trade receivables turnover period was computed excluding retention sums in relation to our construction services. Due to the nature of the construction industry, our customers are entitled to retain 10.00% of each progress billing, as retention sum, up to a maximum of 5.00% of the contract sum awarded, which is set out in the contract with our customer. Our customer will retain the entire retention sum throughout the contract period until the issuance of the CPC, of which half of the total retention sum will be released to us upon the issuance of CPC, whilst the remaining half of the retention sum will be retained by our customer until the end of the defects liability period and upon the issuance of the CMGD. As such, the exclusion of the retention sums in the computation of trade receivables turnover period presents a more realistic measure of the average number of days that our Group requires for the collection of debts that are due.

Our trade receivables turnover period for the FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2017 were 9 days, 15 days, 14 days and 23 days respectively, which is within our credit terms.

Our Directors are of the view that the trade receivables turnover period is manageable and will continuously monitor our ageing analysis.

The ageing analysis of our Group's trade receivables as at 31 October 2017 and the subsequent collections and balance of trade receivables as at the LPD are set out below:-



**11. FINANCIAL INFORMATION (CONT'D)**

	Within credit terms	<----- Past due ----->			Total
		1 – 30 days	31 – 60 days	> 60 days	
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 31 October 2017</b>					
Trade receivables	59,748	54	19	9	59,830
% of total trade receivables	99.86	0.09	0.03	0.02	100.00
<b>As at LPD</b>					
Subsequent collections	26,378	54	19	9	26,460
% of total trade receivables	44.09	0.09	0.03	0.02	44.23
<b>Net trade receivables</b>	33,370	-	-	-	33,370
% of total trade receivables	55.77	-	-	-	55.77
<b>Retention sum</b>	33,370	-	-	-	33,370
% of total trade receivables	55.77	-	-	-	55.77
<b>Trade receivables less retention sum</b>	-	-	-	-	-
% of total trade receivables	-	-	-	-	-

For clarification, RM33.37 million is the retention sum as at the FYE 31 October 2017, of which RM15.44 million is from the completed construction projects. The retention sum will be released to us in accordance to the terms of the respective contracts.

In the past, there was no impairment loss on retention sum recognised and all retention sum due were recovered in full from our customers. As such, our Board is confident that there will not be any impairment loss on the retention sum.

**Trade payables**

The normal credit terms granted to us by our trade payables ranges from 30 to 60 days. We have not experienced any disruptions in supplies from our construction materials suppliers and subcontractors. Retention sums are excluded in arriving at our trade payables turnover period.

Our trade payables turnover period for the FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2017 were 33 days, 28 days, 15 days and 24 days respectively. The decrease of the trade payable turnover was due to the prompt payment to our suppliers and subcontractors.

**11. FINANCIAL INFORMATION (CONT'D)**

The ageing analysis of our Group's trade payables as at 31 October 2017 is set out below:-

	Within credit terms	←-----Past due-----→			Total
		1 – 30 days	31 – 60 days	61 – 90 days	
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 31 October 2017</b>					
Trade payables	34,540	4,277	7	71	38,895
% of total trade payables	88.80	11.00	0.02	0.18	100.00
<b>As at LPD</b>					
Subsequent payment	17,798	4,131	-	-	21,929
% of total trade payables	45.76	10.62	-	-	56.38
<b>Net trade payables</b>	16,742	146	7	71	16,966
% of total trade payables	43.04	0.38	0.02	0.18	43.62
<b>Retention sum</b>	16,729	-	-	-	16,729
% of total trade payables	43.01	-	-	-	43.01
<b>Net trade payables less retention sum</b>	13	146	7	71	237
% of total trade payables	0.03	0.38	0.02	0.18	0.61

For clarification, RM16.73 million is the retention sum retained by us in relation to our construction projects as at 31 October 2017, of which RM0.89 million has been released to our subcontractor as at the LPD. In general, we will release the retention sum to our subcontractors, of which half of the retention sum will be released upon the issuance of the CPC, whilst the remaining half of the retention sum will be released at the end of the defects liability period and upon the issuance of the CMGD.

There was no matter in dispute with respect to trade payables, as well as no legal action initiated by any of our suppliers to demand for payment for the past three (3) FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2017.

**Current ratio**

Our current ratio as at the FYE 31 December 2014, FYE 31 December 2015, FYE 31 December 2016 and 10-month FPE 31 October 2017 was 0.98 times, 1.08 times, 1.21 times and 1.25 times respectively. The improvement in our current ratio was primarily due to the higher increase in our trade receivables and cash and bank balances, as compared to the increase in our trade payables and other payables and accruals.

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**11. FINANCIAL INFORMATION (CONT'D)**

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**Gearing ratio**

Our gearing ratio as at the FYE 31 December 2014, FYE 31 December 2015 and FYE 31 December 2016 was 0.78 times, 0.21 times and 0.15 times respectively. Our gearing ratio improved primarily due to the increase in our shareholders' equity arising from increase in share capital and retained profits. As at 31 October 2017, our Group has no gearing as we have fully paid off all hire purchase and has no outstanding external borrowings.

**11.5 DIVIDEND POLICY**

It is our Directors' policy to allow our shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group.

Upon Listing, our Directors intend to adopt the policy of recommending up to 30.00% of the profit attributable to the owners of our Company in each financial year to be distributed as dividends to allow our shareholders to participate in the profits of our Group. However, our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for working capital of our business. Our Directors will take into consideration, amongst others, the following factors when recommending dividends for approval by our shareholders or when declaring any dividends:-

- (i) The availability of adequate reserves and cash flows;
- (ii) Our operating cash flow requirements and financing commitments;
- (iii) Our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans;
- (iv) Any material impact of tax laws and other regulatory requirements; and
- (v) The prior approval from our bankers, if any.

However, investors should note that the intention to recommend dividends should not be treated as a legal obligation on our Company to do so. The level of dividends should also not be treated as an indication of our Company's future dividend policy. There can be no assurance that dividends will be paid out in the future or on timing of any dividends that are to be paid in the future. In determining dividends in respect of subsequent financial years, consideration will be given to maximising shareholders' value. There is no dividend restriction being imposed on our Group currently.

## 12. ACCOUNTANTS' REPORT



**Crowe Horwath** AF 1018  
Chartered Accountants  
Member Crowe Horwath International

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Date: **21 FEB 2018**

The Board of Directors  
**GDB Holdings Berhad**  
No. 1-45, Jalan Puteri 4/8  
Bandar Puteri,  
47100 Puchong,  
Selangor Darul Ehsan.

Dear Sirs/Madam,

### **REPORTING ACCOUNTANTS' OPINION ON THE FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANTS' REPORT OF GDB HOLDINGS BERHAD**

#### **OPINION**

We have audited the financial information of GDB Holdings Berhad ("GDB" or the "Group") which comprise the consolidated statements of financial position as at 31 December 2014, 2015 and 2016, and 31 October 2017 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for each of the financial years ended ("FYE") 31 December 2014, 2015 and 2016, and the financial period ended ("FPE") 31 October 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies as set out in pages 4 to 59.

The historical financial information has been prepared for inclusion in the prospectus of GDB in connection with the listing of and quotation for the entire issued share capital of GDB on the ACE Market of Bursa Malaysia Securities Berhad (the "Prospectus"). This report is required by the *Prospectus Guidelines* issued on 30 November 2017 by the Securities Commission Malaysia ("Prospectus Guidelines") and is given for the purpose of complying with Chapter 10.03 of the Prospectus Guidelines and for no other purpose.

In our opinion, the financial information give a true and fair view of the financial position of the Group as at 31 December 2014, 2015 and 2016, and 31 October 2017, and of their financial performance and their cash flows for each of the financial years ended 31 December 2014, 2015 and 2016, and FPE 31 October 2017 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards and Prospectus Guidelines.

#### **BASIS FOR OPINION**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountant's Responsibilities for the Audit of the Financial Information* section of our report.

#### **INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES**

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants ("IESBA Code")*, and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**12. ACCOUNTANTS' REPORT (CONT'D)****DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL INFORMATION**

The Directors of the Group are responsible for the preparation of the financial information of the Group that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

In preparing the financial information of the Group, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**REPORTING ACCOUNTANT'S RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION**

Our objectives are to obtain reasonable assurance about whether the financial information of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

As a part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial information of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial information of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information of the Group, including the disclosures, and whether the financial information of the Group represent the underlying transactions and events in a manner that achieves fair presentation.

**12. ACCOUNTANTS' REPORT (CONT'D)**

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial information of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**OTHER MATTER**

The significant event subsequent to the FPE 31 October 2017 has been disclosed in Note 37 to the consolidated financial statements.

The 10 months comparative for the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows and their related explanatory information for the financial period from 1 January 2016 to 31 October 2016 have not been audited.

**RESTRICTION ON DISTRIBUTION AND USE**

Our report has been prepared for inclusion in the prospectus of GDB in connection with the listing of and quotation for the entire issued share capital of GDB on the ACE Market of Bursa Malaysia Securities Berhad. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

**Crowe Horwath**  
Firm No: AF 1018  
Chartered Accountants

**Cheong Tze Yuan**  
Approval No: 3034/04/18 (J)  
Chartered Accountant

Kuala Lumpur

## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Audited 31 December 2014 RM'000	Audited 31 December 2015 RM'000	Audited 31 December 2016 RM'000	Audited 31 October 2017 RM'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSET</b>					
Plant and equipment	5	8,694	8,446	11,937	12,087
<b>CURRENT ASSETS</b>					
Amount owing by contract customers	6	14,667	7,910	15,066	28,800
Trade receivables	7	11,024	36,303	45,751	59,830
Other receivables, deposits and prepayments	8	4,284	6,801	5,707	5,841
Current tax assets		51	-	1	32
Short-term investments	9	-	-	-	15,362
Fixed deposits with licensed banks	10	1,500	3,095	4,965	4,787
Cash and bank balances		6,507	17,684	27,006	11,819
		<u>38,033</u>	<u>71,793</u>	<u>98,496</u>	<u>126,471</u>
<b>TOTAL ASSETS</b>		<u>46,727</u>	<u>80,239</u>	<u>110,433</u>	<u>138,558</u>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	11	2,500	2,500	15,000	20,000
Retained profits		1,345	6,375	12,199	17,446
		<u>3,845</u>	<u>8,875</u>	<u>27,199</u>	<u>37,446</u>
Equity attributable to the owners of the company		3,845	8,875	27,199	37,446
Non-controlling interests		1,185	3,332	-	-
<b>TOTAL EQUITY</b>		<u>5,030</u>	<u>12,207</u>	<u>27,199</u>	<u>37,446</u>
<b>NON-CURRENT LIABILITIES</b>					
Deferred tax liability	12	371	371	73	73
Hire purchase payables	13	2,565	1,143	1,925	-
		<u>2,936</u>	<u>1,514</u>	<u>1,998</u>	<u>73</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

		Audited 31 December 2014 RM'000	Audited 31 December 2015 RM'000	Audited 31 December 2016 RM'000	Audited 31 October 2017 RM'000
	Note				
CURRENT LIABILITIES					
Amount owing to contract customers	6	-	12,053	4,161	2,900
Trade payables	14	16,787	17,590	26,639	38,895
Other payables and accruals	15	18,629	34,468	43,341	49,607
Provision	16	-	-	2,164	5,551
Amount owing to a director	17	2,000	-	-	-
Hire purchase payables	13	1,339	1,419	2,123	-
Current tax liabilities		6	988	2,808	4,086
		<u>38,761</u>	<u>66,518</u>	<u>81,236</u>	<u>101,039</u>
<b>TOTAL LIABILITIES</b>		<u>41,697</u>	<u>68,032</u>	<u>83,234</u>	<u>101,112</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>46,727</u>	<u>80,239</u>	<u>110,433</u>	<u>138,558</u>



**12. ACCOUNTANTS' REPORT (CONT'D)****GDB HOLDINGS BERHAD****CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	Audited 1.1.2014 to 31.12.2014 RM'000	Audited 1.1.2015 to 31.12.2015 RM'000	Audited 1.1.2016 to 31.12.2016 RM'000	Unaudited 1.1.2016 to 31.10.2016 RM'000	Audited 1.1.2017 to 31.10.2017 RM'000
Revenue	18	86,628	169,539	276,906	240,566	240,665
Cost of sales	19	(80,253)	(157,163)	(253,146)	(218,896)	(209,682)
Gross profit		6,375	12,376	23,760	21,670	30,983
Other income	20	112	328	706	543	1,021
		6,487	12,704	24,466	22,213	32,004
Administrative expenses	21	(2,320)	(2,754)	(2,826)	(2,482)	(3,718)
Other expenses	22	(196)	(212)	(216)	(181)	(1,000)
Finance cost	23	(90)	(40)	-	-	-
Profit before taxation		3,881	9,698	21,424	19,550	27,286
Income tax expense	24	(604)	(2,521)	(5,332)	(4,779)	(7,239)
Profit after taxation		3,277	7,177	16,092	14,771	20,047
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the financial year		3,277	7,177	16,092	14,771	20,047
<b>PROFIT AFTER TAXATION ATTRIBUTABLE TO:-</b>						
Owners of the Company		2,294	5,030	14,244	12,923	20,047
Non-controlling interests		983	2,147	1,848	1,848	-
		3,277	7,177	16,092	14,771	20,047

## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	Audited 1.1.2014 to 31.12.2014 RM'000	Audited 1.1.2015 to 31.12.2015 RM'000	Audited 1.1.2016 to 31.12.2016 RM'000	Unaudited 1.1.2016 to 31.10.2016 RM'000	Audited 1.1.2017 to 31.10.2017 RM'000
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-	Note				
Owners of the Company	2,294	5,030	14,244	12,923	20,047
Non-controlling interests	983	2,147	1,848	1,848	-
	<u>3,277</u>	<u>7,177</u>	<u>16,092</u>	<u>14,771</u>	<u>20,047</u>
Earnings per share (Sen) attributable to owners of the Company:-	25				
- Basic	3.01	6.04	6.42	7.78	4.01
- Diluted	3.01	6.04	6.42	7.78	4.01

## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Share Capital RM'000	(Accumulated Loss)/ Retained Profits RM'000	Attributable to the owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Balance at 1.1.2014		1,100	(949)	151	52	203
Profit after taxation/Total comprehensive income for the financial year		-	2,294	2,294	983	3,277
Subscription of additional interest in a subsidiary by non-controlling interests		-	-	-	150	150
Contribution by and distribution to owners of the Company: - issuance of shares	11	1,400	-	1,400	-	1,400
Balance at 31.12.2014/1.1.2015		2,500	1,345	3,845	1,185	5,030
Profit after taxation/Total comprehensive income for the financial year		-	5,030	5,030	2,147	7,177
Balance at 31.12.2015/1.1.2016		2,500	6,375	8,875	3,332	12,207
Profit after taxation/Total comprehensive income for the financial year		-	14,244	14,244	1,848	16,092
Contribution by and distribution to owners of the Company: - issuance of shares	11	12,500	-	12,500	-	12,500
- dividends	26	-	(10,000)	(10,000)	-	(10,000)
Changes in ownership interest in a subsidiary that do not result in a loss of control		12,500	(10,000)	2,500	-	2,500
Balance at 31.12.2016		15,000	12,199	27,199	-	27,199

## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Note	Share Capital RM'000	Retained Profits RM'000	Attributable to the owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Balance at 1.1.2016		2,500	6,375	8,875	3,332	12,207
Profit after taxation/Total comprehensive income for the financial period		-	12,923	12,923	1,848	14,771
Contribution by and distribution to owners of the Company:						
- issuance of shares	11	12,500	-	12,500	-	12,500
- dividends	26	-	(10,000)	(10,000)	-	(10,000)
Changes in ownership interest in a subsidiary that do not result in a loss of control		12,500	(10,000)	2,500	-	2,500
Balance at 31.10.2016		15,000	10,878	25,878	-	25,878
Balance at 1.1.2017		15,000	12,199	27,199	-	27,199
Profit after taxation/Total comprehensive income for the financial period		-	20,047	20,047	-	20,047
Contribution by and distribution to owners of the Company:						
- bonus issue	11	5,000	(5,000)	-	-	-
- dividends	26	-	(9,800)	(9,800)	-	(9,800)
Balance at 31.10.2017		20,000	17,446	37,446	-	37,446

## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Audited 1.1.2014 to 31.12.2014 RM'000	Audited 1.1.2015 to 31.12.2015 RM'000	Audited 1.1.2016 to 31.12.2016 RM'000	Unaudited 1.1.2016 to 31.10.2016 RM'000	Audited 1.1.2017 to 31.10.2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation	3,881	9,698	21,424	19,550	27,286
Adjustments for:-					
Depreciation of plant and equipment	1,069	2,312	3,488	2,861	3,454
Interest expenses	240	218	251	239	151
Listing expenses	-	-	-	-	772
Loss on disposal of plant and equipment	-	-	-	-	*
Plant and equipment written off	-	1	18	-	24
Provision for defect works	-	-	2,164	2,164	3,411
Interest income	(65)	(192)	(448)	(313)	(760)
Reversal of provision for defect works	-	-	-	-	(24)
Operating profit before working capital changes	5,125	12,037	26,897	24,501	34,314
(Increase)/Decrease in owing by contract customers	(14,667)	6,757	(7,156)	(20,393)	(13,734)
(Decrease)/Increase in amount owing to contract customers	(504)	12,053	(7,892)	(12,053)	(1,261)
Increase in trade and other receivables	(12,761)	(27,796)	(8,354)	(24,147)	(14,020)
Increase in trade and other payables	34,083	16,642	17,922	35,204	18,364
CASH FROM OPERATIONS	11,276	19,693	21,417	3,112	23,663
Interest paid	(240)	(218)	(251)	(239)	(151)
Income tax paid	(278)	(1,513)	(3,811)	(2,567)	(5,992)
Income tax refunded	2	25	-	-	-
NET CASH FROM OPERATING ACTIVITIES	10,760	17,987	17,355	306	17,520

**12. ACCOUNTANTS' REPORT (CONT'D)****GDB HOLDINGS BERHAD****CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)**

		Audited 1.1.2014 to 31.12.2014 RM'000	Audited 1.1.2015 to 31.12.2015 RM'000	Audited 1.1.2016 to 31.12.2016 RM'000	Unaudited 1.1.2016 to 31.10.2016 RM'000	Audited 1.1.2017 to 31.10.2017 RM'000
	Note					
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>						
Acquisition of equity interest in a subsidiary from non-controlling interests		-	-	(1,100)	(1,100)	-
Additional investment in a subsidiary by non-controlling interests		150	-	-	-	-
Increase in pledged fixed deposits with licensed banks		-	-	(1,940)	(1,421)	(2,847)
Interest received		65	192	448	313	760
Purchase of plant and equipment	27	(4,328)	(2,065)	(2,623)	(2,386)	(3,742)
Proceeds from disposal of plant and equipment		-	*	-	-	114
<b>NET CASH FOR INVESTING ACTIVITIES</b>		<b>(4,113)</b>	<b>(1,873)</b>	<b>(5,215)</b>	<b>(4,594)</b>	<b>(5,715)</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>						
Advances from a director		(409)	(2,000)	-	-	-
Proceeds from issuance of shares		70	-	10,000	10,000	-
Repayment of hire purchase obligations		(407)	(1,342)	(2,888)	(2,126)	(4,048)
Dividends paid	26	-	-	(10,000)	(10,000)	(9,800)
Payment of listing expenses		-	-	-	-	(807)
<b>NET CASH FOR FINANCING ACTIVITIES</b>		<b>(746)</b>	<b>(3,342)</b>	<b>(2,888)</b>	<b>(2,126)</b>	<b>(14,655)</b>

## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

		Audited 1.1.2014 to 31.12.2014 RM'000	Audited 1.1.2015 to 31.12.2015 RM'000	Audited 1.1.2016 to 31.12.2016 RM'000	Unaudited 1.1.2016 to 31.10.2016 RM'000	Audited 1.1.2017 to 31.10.2017 RM'000
	Note					
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		5,901	12,772	9,252	(6,414)	(2,850)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		2,106	8,007	20,779	20,779	30,031
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR/PERIOD	28	8,007	20,779	30,031	14,365	27,181

Note:-

\* - Amount below RM1,000

**12. ACCOUNTANTS' REPORT (CONT'D)****GDB HOLDINGS BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****1. GENERAL INFORMATION**

The Company was incorporated in Malaysia on 28 February 2013, as a private company limited by shares under the name of CHC Synergy Venture Sdn. Bhd.. On 15 July 2016, the Company changed the name to GDB Holdings Sdn. Bhd.. On 14 September 2017, the Company converted to a public limited liability company and assumed its present name of GDB Holdings Berhad.

GDB Holdings Berhad is principally engaged in investment holding. The principal activity of the subsidiary is disclosed in Note 4 to the financial statements.

**2. BASIS OF PREPARATION**

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and Prospectus Guidelines issued on 30 November 2017 ("Prospectus Guidelines") by the Securities Commission Malaysia.

- 2.1 During the current financial period, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

Amendments to MFRS 107: Disclosure Initiative

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to MFRS Standards 2014 – 2016 Cycles: Amendments to MFRS 12: Clarification of the Scope of the Standard

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

- 2.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the FPE 31 October 2017:-

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

	<b>Effective Date</b>
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018



## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. BASIS OF PREPARATION (CONT'D)

2.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the FPE 31 October 2017 (Cont'd):-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments) (Cont'd)</b>	<b>Effective Date</b>
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018
Annual Improvements to MFRS Standards 2015 - 2017 Cycles	1 January 2019

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. The Group is currently assessing the financial impact of adopting MFRS 9.

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have an impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

**12. ACCOUNTANTS' REPORT (CONT'D)****GDB HOLDINGS BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES****3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

**(a) Depreciation of Plant and Equipment**

The estimates for the residual values, useful lives and related depreciation charges for the plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

**(b) Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

**(c) Impairment of Non-Financial Assets**

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

**(d) Impairment of Trade and Other Receivables**

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**GDB HOLDINGS BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)****(e) Contingent Liabilities**

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business.

**(f) Fair Value Estimates for Certain Financial Assets and Financial Liabilities**

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

**(g) Construction contracts**

Construction contracts accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

**(i) Contract Revenue**

Construction contracts accounting requires that variation claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

**(ii) Contract Costs**

Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the profitability of the contract on an individual basis at any particular time.

**(h) Provisions**

The Group recognises a provision for liabilities associated with completed contract based on past experience of the level of repair of defects. The Group's provision of defect works is affected by claims due to actual repair of defects, which may result in the actual costs differing from the Group's estimates.

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**GDB HOLDINGS BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.2 BASIS OF CONSOLIDATION**

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

**(a) Business Combinations**

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

**(b) Non-Controlling Interests**

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

**12. ACCOUNTANTS' REPORT (CONT'D)****GDB HOLDINGS BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.2 BASIS OF CONSOLIDATION (CONT'D)****(c) Changes In Ownership Interests In Subsidiaries Without Change of Control**

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

**(d) Loss of Control**

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

**3.3 FUNCTIONAL AND PRESENTATION CURRENCY**

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

**3.4 FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## 3.4 FINANCIAL INSTRUMENTS (CONT'D)

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

**(a) Financial Assets**

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

**(i) Financial Assets at Fair Value through Profit or Loss**

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

**(ii) Held-to-maturity Investments**

As at the end of the reporting period, there were no financial assets classified under this category.

**(iii) Loans and Receivables Financial Assets**

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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**12. ACCOUNTANTS' REPORT (CONT'D)**


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**GDB HOLDINGS BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.4 FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Assets (Cont'd)****(iii) Loans and Receivables Financial Assets (Cont'd)**

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

**(iv) Available-for-sale Financial Assets**

As at the end of the reporting period, there were no financial assets classified under this category.

**(b) Financial Liabilities****(i) Financial Liabilities at Fair Value through Profit or Loss**

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

**(ii) Other Financial Liabilities**

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

**12. ACCOUNTANTS' REPORT (CONT'D)****GDB HOLDINGS BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.4 FINANCIAL INSTRUMENTS (CONT'D)****(c) Equity Instruments**

Ordinary shares are classified as equity measured at cost and are not remeasured subsequently.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

**(d) Derecognition**

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

**(e) Financial Guarantee Contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.



**12. ACCOUNTANTS' REPORT (CONT'D)****GDB HOLDINGS BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.5 PLANT AND EQUIPMENT**

All items of plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation on plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Computer software and hardware	20% - 33%
Motor vehicles	20%
Office equipment	20% - 33%
Plant and machinery	20%
Renovation	20%
Site equipment	20% - 33%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

**3.6 IMPAIRMENT****(a) Impairment of Financial Assets**

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**GDB HOLDINGS BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.6 IMPAIRMENT (CONT'D)****(a) Impairment of Financial Assets (Cont'd)**

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

**(b) Impairment of Non-financial Assets**

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

**3.7 LEASED ASSETS****(a) Finance Assets**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

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**12. ACCOUNTANTS' REPORT (CONT'D)**


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**GDB HOLDINGS BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.7 LEASED ASSETS (CONT'D)****(a) Finance Assets (Cont'd)**

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

**(b) Operating Lease**

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the Group's statement of financial position.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

**3.8 AMOUNTS OWING BY/TO CONTRACT CUSTOMERS**

The amounts owing by/to contract customers are stated at cost plus profits attributable to contracts in progress less progress billings and allowance for foreseeable losses, if any. Costs include direct materials, labour and applicable overheads.

**3.9 INCOME TAXES****(a) Current Tax**

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

**(b) Deferred Tax**

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

**12. ACCOUNTANTS' REPORT (CONT'D)****GDB HOLDINGS BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.9 INCOME TAXES (CONT'D)****(b) Deferred Tax (Cont'd)**

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

**(c) Goods and Services Tax ("GST")**

Revenues, expenses and assets are recognised net of GST. However, when the GST incurred are related to purchases of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

Receivables and payables are stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

**3.10 BORROWING COSTS**

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

**3.11 CASH AND CASH EQUIVALENTS**

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

## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## 3.12 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

## 3.13 EMPLOYEE BENEFITS

**(a) Short-term Benefits**

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss and included in the construction costs, where appropriate, in the period in which the associated services are rendered by employees of the Group.

**(b) Defined Contribution Plans**

The Group's contributions to defined contribution plans are recognised in profit or loss and included in the construction costs, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

## 3.14 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
- (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.

- (b) An entity is related to a reporting entity if any of the following conditions applies:-
- (i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

**12. ACCOUNTANTS' REPORT (CONT'D)****GDB HOLDINGS BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.14 RELATED PARTIES (CONT'D)**

- (b) An entity is related to a reporting entity if any of the following conditions applies:-  
(Cont'd)
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) the entity is controlled or jointly controlled by a person identified in (a) above.
  - (vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including its director (whether executive or otherwise) of that entity.

**3.15 CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

**3.16 OPERATING SEGMENTS**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

**12. ACCOUNTANTS' REPORT (CONT'D)****GDB HOLDINGS BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.17 FAIR VALUE MEASUREMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

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

**3.18 REVENUE AND OTHER INCOME****(a) Contract Revenue**

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on the proportion that the contract costs incurred for work performed to date bear to the estimated total contract costs.

**(b) Interest Income**

Interest income is recognised on an accrual basis using the effective interest method.

**3.19 EARNINGS PER ORDINARY SHARE**

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4. INVESTMENT IN A SUBSIDIARY

The details of the subsidiary are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Audited	Audited	Audited	Audited	Principal Activity
		31 December 2014 %	31 December 2015 %	31 December 2016 %	31 October 2017 %	
Grand Dynamic Builders Sdn. Bhd.	Malaysia	70	70	100	100	Provision of construction services.

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## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5. PLANT AND EQUIPMENT

	Computer software and hardware RM'000	Motor vehicles RM'000	Office equipment RM'000	Plant and machinery RM'000	Renovation RM'000	Site equipment RM'000	Total RM'000
Carrying amount at 1 January 2014	137	604	214	-	95	74	1,124
Additions	257	443	96	6,573	-	1,270	8,639
Depreciation charge	(83)	(192)	(60)	(551)	(20)	(163)	(1,069)
Carrying amount at 31 December 2014/1 January 2015	311	855	250	6,022	75	1,181	8,694
Additions	185	37	1	486	-	1,356	2,065
Disposals	-	-	-	-	-	*	*
Written off	-	-	*	-	-	(1)	(1)
Depreciation charge	(139)	(224)	(67)	(1,397)	(20)	(465)	(2,312)
Carrying amount at 31 December 2015/1 January 2016	357	668	184	5,111	55	2,071	8,446
Additions	192	306	85	4,327	-	2,087	6,997
Written off	*	-	-	-	-	(18)	(18)
Depreciation charge	(186)	(287)	(74)	(2,076)	(20)	(865)	(3,488)
Carrying amount at 31 December 2016/1 January 2017	383	687	195	7,362	35	3,275	11,937
Additions	106	419	103	2,246	38	830	3,742
Disposals	-	(114)	-	-	-	-	(114)
Written off	-	-	*	-	-	(24)	(24)
Depreciation charge	(143)	(274)	(71)	(2,036)	(19)	(911)	(3,454)
Carrying amount at 31 October 2017	346	718	227	7,572	54	3,170	12,087

Note:-

\* - Amount below RM1,000

## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5. PLANT AND EQUIPMENT (CONT'D)

	Computer software and hardware RM'000	Motor vehicles RM'000	Office equipment RM'000	Plant and machinery RM'000	Renovation RM'000	Site equipment RM'000	Total RM'000
<b>At 31.12.2014</b>							
At cost	417	1,115	329	6,573	100	1,346	9,880
Accumulated depreciation	(106)	(260)	(79)	(551)	(25)	(165)	(1,186)
Net book value	311	855	250	6,022	75	1,181	8,694
<b>At 31.12.2015</b>							
At cost	602	1,152	330	7,059	100	2,700	11,943
Accumulated depreciation	(245)	(484)	(146)	(1,948)	(45)	(629)	(3,497)
Net book value	357	668	184	5,111	55	2,071	8,446
<b>At 31.12.2016</b>							
At cost	794	1,458	415	11,386	100	4,754	18,907
Accumulated depreciation	(411)	(771)	(220)	(4,024)	(65)	(1,479)	(6,970)
Net book value	383	687	195	7,362	35	3,275	11,937
<b>At 31.10.2017</b>							
At cost	900	1,355	517	13,632	138	5,528	22,070
Accumulated depreciation	(554)	(637)	(290)	(6,060)	(84)	(2,358)	(9,983)
Net book value	346	718	227	7,572	54	3,170	12,087

**12. ACCOUNTANTS' REPORT (CONT'D)****GDB HOLDINGS BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****5. PLANT AND EQUIPMENT (CONT'D)**

- (a) Included in the net book value of plant and equipment of the Group at the end of the reporting period were the following assets acquired under hire purchase terms:-

	Audited 31 December 2014 RM'000	Audited 31 December 2015 RM'000	Audited 31 December 2016 RM'000	Audited 31 October 2017 RM'000
Plant and machinery	4,567	3,589	4,939	-
Motor vehicles	328	252	234	-
Site equipment	-	-	875	-
	<u>4,895</u>	<u>3,841</u>	<u>6,048</u>	<u>-</u>

- (b) Included in the net book value of plant and equipment of the Group at the end of the reporting period were the following assets which were held in trust for the Group by the directors of the Group:-

	Audited 31 December 2014 RM'000	Audited 31 December 2015 RM'000	Audited 31 December 2016 RM'000	Audited 31 October 2017 RM'000
Motor vehicles	360	357	154	-

**6. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS**

	Audited 31 December 2014 RM'000	Audited 31 December 2015 RM'000	Audited 31 December 2016 RM'000	Audited 31 October 2017 RM'000
Contract cost incurred to-date	81,675	238,838	489,851	700,274
Attributable profits to-date	6,450	18,826	42,321	73,291
	<u>88,125</u>	<u>257,664</u>	<u>532,172</u>	<u>773,565</u>
Progress billings to-date	(73,458)	(261,807)	(521,267)	(747,665)
	<u>14,667</u>	<u>(4,143)</u>	<u>10,905</u>	<u>25,900</u>
Amount owing by contract customers	14,667	7,910	15,066	28,800
Amount owing to contract customers	-	(12,053)	(4,161)	(2,900)
	<u>14,667</u>	<u>(4,143)</u>	<u>10,905</u>	<u>25,900</u>
Advances from customers (included in other payables)	5,501	9,514	12,220	7,880

## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7. TRADE RECEIVABLES

	Note	Audited 31 December 2014 RM'000	Audited 31 December 2015 RM'000	Audited 31 December 2016 RM'000	Audited 31 October 2017 RM'000
Trade receivables	(a)	2,281	11,830	9,848	26,460
Retention sums	(b)	8,743	24,473	35,903	33,370
		<u>11,024</u>	<u>36,303</u>	<u>45,751</u>	<u>59,830</u>

(a) The Group's normal trade credit terms are as follows:-

	Audited 31 December 2014 Days	Audited 31 December 2015 Days	Audited 31 December 2016 Days	Audited 31 October 2017 Days
Credit terms	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>

Other credit terms are assessed and approved on a case-by-case basis.

(b) The retention sums are to be settled in accordance with the terms of the respective contracts.

## 8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Audited 31 December 2014 RM'000	Audited 31 December 2015 RM'000	Audited 31 December 2016 RM'000	Audited 31 October 2017 RM'000
Other receivables:-				
Third parties	146	205	241	269
Advances to subcontractors/ suppliers	3,364	5,245	4,035	4,207
	<u>3,510</u>	<u>5,450</u>	<u>4,276</u>	<u>4,476</u>
Deposits	582	1,159	984	1,135
Prepayments	192	192	447	193
GST recoverable	-	-	-	37
	<u>4,284</u>	<u>6,801</u>	<u>5,707</u>	<u>5,841</u>

The advances to subcontractors/suppliers are unsecured and interest-free. The amount owing will be offset against future works performance/purchases from the subcontractors/suppliers.

## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 9. SHORT-TERM INVESTMENTS

	Audited 31 December 2014 RM'000	Audited 31 December 2015 RM'000	Audited 31 December 2016 RM'000	Audited 31 October 2017 RM'000
Unit trusts in Malaysia, at fair value	-	-	-	15,362
Market value of short-term investments	-	-	-	15,362

## 10. FIXED DEPOSITS WITH LICENSED BANKS

Included in the fixed deposits with licensed banks of the Group at the end of the reporting period was the following amount which has been pledged to a licensed bank as security for banking facilities granted to the subsidiary:

	Audited 31 December 2014 RM'000	Audited 31 December 2015 RM'000	Audited 31 December 2016 RM'000	Audited 31 October 2017 RM'000
Fixed deposits pledged to licensed banks	-	-	1,940	4,787

The effective interest rates and maturity periods of fixed deposits with licensed banks at the end of the reporting period were as follows:-

	Audited 31 December 2014 %	Audited 31 December 2015 %	Audited 31 December 2016 %	Audited 31 October 2017 %
Effective interest rates per annum	3.40 - 3.80	3.40 - 3.80	3.40 - 3.80	2.55 - 3.00
	Audited 31 December 2014 Days	Audited 31 December 2015 Days	Audited 31 December 2016 Days	Audited 31 October 2017 Days
Maturity periods	30	30	30 to 365	365

## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 11. SHARE CAPITAL

	Audited 31 December 2014 Number of Shares '000	Audited 31 December 2015 Number of Shares '000	Audited 31 December 2016 Number of Shares '000	Audited 31 October 2017 Number of Shares '000
Authorised Ordinary Shares of RM1.00 Each:-				
At 1 January	5,000	5,000	5,000	N/A
Creation of new shares	-	-	20,000	N/A
At 31 December/31 October	<u>5,000</u>	<u>5,000</u>	<u>25,000</u>	<u>N/A</u>
	Audited 31 December 2014 RM'000	Audited 31 December 2015 RM'000	Audited 31 December 2016 RM'000	Audited 31 December 2017 RM'000
Authorised Ordinary Shares of RM1.00 Each:-				
At 1 January	5,000	5,000	5,000	N/A
Creation of new shares	-	-	20,000	N/A
At 31 December/31 October	<u>5,000</u>	<u>5,000</u>	<u>25,000</u>	<u>N/A</u>
	Audited 31 December 2014 Number of Shares '000	Audited 31 December 2015 Number of Shares '000	Audited 31 December 2016 Number of Shares '000	Audited 31 October 2017 Number of Shares '000
issued and Fully Paid-up Ordinary Shares of RM1.00 Each:-				
At 1 January	1,100	2,500	2,500	15,000
Issuance of new shares	1,400	-	12,500	-
Bonus issue	-	-	-	5,000
Share split	-	-	-	480,000
At 31 December/31 October	<u>2,500</u>	<u>2,500</u>	<u>15,000</u>	<u>500,000</u>

**12. ACCOUNTANTS' REPORT (CONT'D)****GDB HOLDINGS BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****11. SHARE CAPITAL (CONT'D)**

	Audited 31 December 2014 RM'000	Audited 31 December 2015 RM'000	Audited 31 December 2016 RM'000	Audited 31 October 2017 RM'000
Issued and Fully Paid-up Ordinary Shares of RM1.00 Each:-				
At 1 January	1,100	2,500	2,500	15,000
Issuance of new shares	1,400	-	12,500	-
Bonus issue	-	-	-	5,000
At 31 December/31 October	<u>2,500</u>	<u>2,500</u>	<u>15,000</u>	<u>20,000</u>

*N/A - Not applicable pursuant to the Companies Act 2016 which came into operation on 31 January 2017 as disclosed below.*

On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

**FYE 31 December 2014**

The Company increased its issued and paid-up share capital from RM1,100,000 to RM2,500,000 by the allotment of 1,400,000 new ordinary shares. The new ordinary shares were issued for cash consideration of RM70,000 and capitalisation of amount owing to a director of RM1,330,000. The new ordinary shares issued rank pari passu in all respects with the existing shares.

**FYE 31 December 2016**

The Company increased its authorised share capital from RM5,000,000 to RM25,000,000 comprising 20,000,000 ordinary shares of RM1.00 each.

The Company increased its issued and paid-up share capital from RM2,500,000 to RM15,000,000 by the allotment of 12,500,000 new ordinary shares. The new ordinary shares were issued for cash consideration of RM10,000,000 and capitalisation of amount owing to a director of RM2,500,000. The new ordinary shares issued rank pari passu in all respects with the existing shares.

**FPE 31 October 2017**

The Company increased its issued share capital from RM15,000,000 to RM20,000,000 by the allotment of 5,000,000 new ordinary shares. The new ordinary shares were issued by way of capitalisation of retained profits. The new ordinary shares issued rank pari passu in all respects with the existing shares.

The Company has undertaken a share split involving subdivision of every 1 existing ordinary share in the Company into 25 ordinary shares.

**12. ACCOUNTANTS' REPORT (CONT'D)****GDB HOLDINGS BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****12. DEFERRED TAX LIABILITY**

	Audited 31 December 2014 RM'000	Audited 31 December 2015 RM'000	Audited 31 December 2016 RM'000	Audited 31 October 2017 RM'000
At 1 January				
Recognised in profit or loss (Note 24)	-	371	371	73
	371	-	(298)	-
At 31 December	<u>371</u>	<u>371</u>	<u>73</u>	<u>73</u>

The deferred tax liability recognised at the end of the reporting period and after appropriate offsetting are as follows:-

	Audited 31 December 2014 RM'000	Audited 31 December 2015 RM'000	Audited 31 December 2016 RM'000	Audited 31 October 2017 RM'000
Deferred tax asset:-				
Provision for defect works	-	-	(520)	(520)
Deferred tax liability:-				
Accelerated capital allowances over depreciation	371	371	593	593
	<u>371</u>	<u>371</u>	<u>73</u>	<u>73</u>

**13. HIRE PURCHASE PAYABLES**

	Audited 31 December 2014 RM'000	Audited 31 December 2015 RM'000	Audited 31 December 2016 RM'000	Audited 31 October 2017 RM'000
Minimum hire purchase payments:				
- not later than 1 year	1,521	1,521	2,254	-
- later than 1 year and not later than 5 years	2,699	1,178	2,020	-
	4,220	2,699	4,274	-
Less: Future finance charges	(316)	(137)	(226)	-
Present value of hire purchase payables	<u>3,904</u>	<u>2,562</u>	<u>4,048</u>	<u>-</u>
Analyse by:-				
Current liabilities	1,339	1,419	2,123	-
Non-current liabilities	2,565	1,143	1,925	-
	<u>3,904</u>	<u>2,562</u>	<u>4,048</u>	<u>-</u>



**12. ACCOUNTANTS' REPORT (CONT'D)****GDB HOLDINGS BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****13. HIRE PURCHASE PAYABLES (CONT'D)**

The hire purchase payables of the Group at the end of the relevant financial years bore effective interest rates as follows:-

	Audited 31 December 2014 %	Audited 31 December 2015 %	Audited 31 December 2016 %	Audited 31 October 2017 %
Effective interest rates per annum	4.53 - 6.88	4.53 - 6.88	4.94 - 5.96	-

**14. TRADE PAYABLES**

	Note	Audited 31 December 2014 RM'000	Audited 31 December 2015 RM'000	Audited 31 December 2016 RM'000	Audited 31 October 2017 RM'000
Trade payables	(a)	13,996	10,123	10,337	22,166
Retention sums	(b)	2,791	7,467	16,302	16,729
		<u>16,787</u>	<u>17,590</u>	<u>26,639</u>	<u>38,895</u>

(a) The normal trade credit terms granted to the Group are as follows:-

	Audited 31 December 2014 Days	Audited 31 December 2015 Days	Audited 31 December 2016 Days	Audited 31 October 2017 Days
Credit terms	30 to 60	30 to 60	30 to 60	30 to 60

(b) The retention sums are to be settled in accordance with the terms of the respective contracts.

**12. ACCOUNTANTS' REPORT (CONT'D)****GDB HOLDINGS BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****15. OTHER PAYABLES AND ACCRUALS**

		Audited 31 December 2014 RM'000	Audited 31 December 2015 RM'000	Audited 31 December 2016 RM'000	Audited 31 October 2017 RM'000
	Note				
Other payables		5,572	9,567	12,420	8,230
Accruals	(a)	13,057	24,164	30,380	41,377
GST payables		-	737	541	-
		18,629	34,468	43,341	49,607

(a) Included in accruals are accrued costs of construction for projects amounting to RM9,944,823, RM17,239,335, RM21,836,944, and RM32,442,062 in the respective financial years/periods.

**16. PROVISION**

	Audited 31 December 2014 RM'000	Audited 31 December 2015 RM'000	Audited 31 December 2016 RM'000	Audited 31 October 2017 RM'000
At 1 January	-	-	-	2,164
Provision made during the financial year/period	-	-	2,164	3,411
Provision reversed during the financial year/period	-	-	-	(24)
At 31 December/31 October	-	-	2,164	5,551

Provision is made in respect of the rectification costs for defect works which are expected to be incurred on the completed projects during their defect liability periods based on their respective terms of contracts.

**17. AMOUNT OWING TO A DIRECTOR**

The amount owing was non-trade in nature, unsecured, and was subjected to an interest rate of 4% per annum. The amount owing was settled in cash.

**18. REVENUE**

	Audited 1.1.2014 to 31.12.2014 RM'000	Audited 1.1.2015 to 31.12.2015 RM'000	Audited 1.1.2016 to 31.12.2016 RM'000	Unaudited 1.1.2016 to 31.10.2016 RM'000	Audited 1.1.2017 to 31.10.2017 RM'000
Contract revenue	86,628	169,539	276,906	240,566	240,665

## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 19. COST OF SALES

	Audited 1.1.2014 to 31.12.2014 RM'000	Audited 1.1.2015 to 31.12.2015 RM'000	Audited 1.1.2016 to 31.12.2016 RM'000	Unaudited 1.1.2016 to 31.10.2016 RM'000	Audited 1.1.2017 to 31.10.2017 RM'000
Included in cost of sales are the following items:-					
Depreciation of plant and equipment	873	2,100	3,272	2,680	3,227
Hire purchase interests	150	178	251	239	151
Rental of:					
- equipment	313	868	1,830	1,507	1,213
- others	10	18	22	8	80
Project cost and related expenses	75,646	147,005	236,649	206,433	194,749
Plant and equipment written off	-	1	18	-	24
Staff cost:					
- salaries and other emoluments	2,953	6,303	10,208	7,225	9,306
- defined contribution plan	308	690	896	804	932
	<u>80,253</u>	<u>157,163</u>	<u>253,146</u>	<u>218,896</u>	<u>209,682</u>

## 20. OTHER INCOME

	Audited 1.1.2014 to 31.12.2014 RM'000	Audited 1.1.2015 to 31.12.2015 RM'000	Audited 1.1.2016 to 31.12.2016 RM'000	Unaudited 1.1.2016 to 31.10.2016 RM'000	Audited 1.1.2017 to 31.10.2017 RM'000
Included in other income are the following items:-					
Interest income:					
- fixed deposits/repo	65	192	448	313	388
- short-term investments	-	-	-	-	372
Scrap sales	44	100	112	90	200
	<u>44</u>	<u>100</u>	<u>112</u>	<u>90</u>	<u>200</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 21. ADMINISTRATIVE EXPENSES

	Audited 1.1.2014 to 31.12.2014 RM'000	Audited 1.1.2015 to 31.12.2015 RM'000	Audited 1.1.2016 to 31.12.2016 RM'000	Unaudited 1.1.2016 to 31.10.2016 RM'000	Audited 1.1.2017 to 31.10.2017 RM'000
Included in administrative expenses are the following items:-					
Auditors' remuneration					
- current financial years/periods	40	32	42	35	51
- overprovision in previous financial year	-	(5)	-	-	-
Directors' fee	-	-	-	-	12
Directors' non-fee emoluments:					
- salaries and other emoluments	897	1,007	1,062	1,058	1,206
- defined contribution plan	103	117	110	82	104
Staff costs:					
- salaries and other emoluments	841	1,238	913	770	1,320
- defined contribution plan	81	129	101	74	141
Rental of:					
- equipment	3	3	5	4	5
- office	90	90	90	75	95

## 22. OTHER EXPENSES

	Audited 1.1.2014 to 31.12.2014 RM'000	Audited 1.1.2015 to 31.12.2015 RM'000	Audited 1.1.2016 to 31.12.2016 RM'000	Unaudited 1.1.2016 to 31.10.2016 RM'000	Audited 1.1.2017 to 31.10.2017 RM'000
Depreciation of plant and equipment	196	212	216	181	227
Loss on disposal of plant and equipment	-	-	-	-	*
Listing expenses	-	-	-	-	772
Plant and equipment written off	-	-	-	-	*

Note:-

\* - Amount below RM1,000

## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 23. FINANCE COST

	Audited 1.1.2014 to 31.12.2014 RM'000	Audited 1.1.2015 to 31.12.2015 RM'000	Audited 1.1.2016 to 31.12.2016 RM'000	Unaudited 1.1.2016 to 31.10.2016 RM'000	Audited 1.1.2017 to 31.10.2017 RM'000
Interest expense paid to a director	90	40	-	-	-

## 24. INCOME TAX EXPENSE

	Audited 1.1.2014 to 31.12.2014 RM'000	Audited 1.1.2015 to 31.12.2015 RM'000	Audited 1.1.2016 to 31.12.2016 RM'000	Unaudited 1.1.2016 to 31.10.2016 RM'000	Audited 1.1.2017 to 31.10.2017 RM'000
Current tax:					
- for the financial years/periods	233	2,521	5,833	5,280	6,976
-(over)/underprovision in previous financial years/periods	-	*	(203)	(203)	263
	233	2,521	5,630	5,077	7,239
Deferred tax:					
- origination and reversal of temporary differences	392	-	(298)	(298)	-
- overprovision in previous financial years/periods	(21)	-	-	-	-
	371	-	(298)	(298)	-
	604	2,521	5,332	4,779	7,239
Domestic income tax rate:-					
Corporate income tax rate on the first RM500,000 of the chargeable income	20%	20%	Not applicable	Not applicable	Not applicable
Income tax rate applicable to the balance of the chargeable income	25%	25%	24%	24%	24%^

Note:-

\* - Amount below RM1,000

^ - On 21 October 2016, the Government of Malaysia announced the reduction of income tax rate from 24% to a range of 20% to 24% based on the percentage of increase in chargeable income as compared to the immediate preceding year of assessment for years of assessment 2017 and 2018.

## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 24. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group is as follows:-

	Audited 1.1.2014 to 31.12.2014 RM'000	Audited 1.1.2015 to 31.12.2015 RM'000	Audited 1.1.2016 to 31.12.2016 RM'000	Unaudited 1.1.2016 to 31.10.2016 RM'000	Audited 1.1.2017 to 31.10.2017 RM'000
Profit before taxation	3,881	9,698	21,424	19,550	27,286
Tax at the statutory rate of:-					
- 25%	970	2,424	-	-	-
- 24%	-	-	5,142	4,692	6,549
Tax effects of:-					
Non-taxable income	-	-	(11)	(11)	(89)
Non-deductible expenses	64	127	404	301	787
Utilisation of deferred tax assets previously not recognised	(383)	-	-	-	-
Effect of differential in tax rates	(26)	(30)	-	-	-
Effect of changes in corporate income tax rates	-	-	-	-	(271)
(Over)/Underprovision of current tax in previous financial years	-	*	(203)	(203)	263
Overprovision of deferred tax in previous financial years	(21)	-	-	-	-
Income tax expense for the financial years/periods	604	2,521	5,332	4,779	7,239

Note:-

\* - Amount below RM1,000

**12. ACCOUNTANTS' REPORT (CONT'D)****GDB HOLDINGS BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****25. EARNINGS PER SHARE**

	Audited 1.1.2014 to 31.12.2014 RM'000	Audited 1.1.2015 to 31.12.2015 RM'000	Audited 1.1.2016 to 31.12.2016 RM'000	Unaudited 1.1.2016 to 31.10.2016 RM'000	Audited 1.1.2017 to 31.10.2017 RM'000
Profit attributable to the owners of the Company	2,294	5,030	14,244	12,923	20,047
Weighted average number of ordinary shares:-					
Ordinary shares at 1 January	1,100	2,500	2,500	2,500	15,000
Issuance of shares	1,185	-	4,153	2,484	-
Bonus issue	762	833	2,218	1,661	5,000
Share split	73,127	80,000	212,896	159,475	480,000
Weighted average number of ordinary shares at 31 December/October	76,174	83,333	221,767	166,120	500,000
Earnings per share (Sen) attributable to the owners of the Company					
- Basic	3.01	6.04	6.42	7.78	4.01
- Diluted	3.01	6.04	6.42	7.78	4.01

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

**26. DIVIDENDS**

	Audited 1.1.2014 to 31.12.2014 RM'000	Audited 1.1.2015 to 31.12.2015 RM'000	Audited 1.1.2016 to 31.12.2016 RM'000	Unaudited 1.1.2016 to 31.10.2016 RM'000	Audited 1.1.2017 to 31.10.2017 RM'000
In respect of the FYE 31 December 2016 /FPE 31 October 2016					
- a first interim single-tier dividend approximately RM1.00 per ordinary share	-	-	5,000	5,000	-
- a second interim single-tier dividend approximately RM1.00 per ordinary share	-	-	5,000	5,000	-
	-	-	10,000	10,000	-

## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 26. DIVIDENDS (CONT'D)

	Audited 1.1.2014 to 31.12.2014 RM'000	Audited 1.1.2015 to 31.12.2015 RM'000	Audited 1.1.2016 to 31.12.2016 RM'000	Unaudited 1.1.2016 to 31.10.2016 RM'000	Audited 1.1.2017 to 31.10.2017 RM'000
In respect of the FPE 31 October 2017					
- a first interim single-tier dividend approximately RM0.07 per ordinary share	-	-	-	-	1,000
- a second interim single-tier dividend of RM0.15 per ordinary share	-	-	-	-	3,000
- a third interim single-tier dividend of RM0.29 per ordinary share	-	-	-	-	5,800
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,800</u>

## 27. PURCHASE OF PLANT AND EQUIPMENT

	Audited 1.1.2014 to 31.12.2014 RM'000	Audited 1.1.2015 to 31.12.2015 RM'000	Audited 1.1.2016 to 31.12.2016 RM'000	Unaudited 1.1.2016 to 31.10.2016 RM'000	Audited 1.1.2017 to 31.10.2017 RM'000
Cost of plant and equipment purchased	8,639	2,065	6,997	6,760	3,742
Amount financed through hire purchase	(4,311)	-	(4,374)	(4,374)	-
Cash disbursed for the purchase of plant and equipment	<u>4,328</u>	<u>2,065</u>	<u>2,623</u>	<u>2,386</u>	<u>3,742</u>



**12. ACCOUNTANTS' REPORT (CONT'D)****GDB HOLDINGS BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****28. CASH AND CASH EQUIVALENTS**

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	Audited 1.1.2014 to 31.12.2014 RM'000	Audited 1.1.2015 to 31.12.2015 RM'000	Audited 1.1.2016 to 31.12.2016 RM'000	Unaudited 1.1.2016 to 31.10.2016 RM'000	Audited 1.1.2017 to 31.10.2017 RM'000
Cash and bank balances	6,507	17,684	27,006	8,320	11,819
Fixed deposits with licensed banks	1,500	3,095	4,965	7,466	4,787
Short-term investments	-	-	-	-	15,362
	<u>8,007</u>	<u>20,779</u>	<u>31,971</u>	<u>15,786</u>	<u>31,968</u>
Less: Fixed deposits pledged to licensed banks (Note 10)	-	-	(1,940)	(1,421)	(4,787)
	<u>8,007</u>	<u>20,779</u>	<u>30,031</u>	<u>14,365</u>	<u>27,181</u>

**29. KEY MANAGEMENT PERSONNEL COMPENSATION**

The key management personnel of the Group include executive directors of the Group.

	Audited 1.1.2014 to 31.12.2014 RM'000	Audited 1.1.2015 to 31.12.2015 RM'000	Audited 1.1.2016 to 31.12.2016 RM'000	Unaudited 1.1.2016 to 31.10.2016 RM'000	Audited 1.1.2017 to 31.10.2017 RM'000
Executive directors:-					
Short-term employee benefits:					
- salaries and other emoluments	897	1,007	1,062	1,058	1,206
- defined contribution plan	103	117	110	82	104
	<u>1,000</u>	<u>1,124</u>	<u>1,172</u>	<u>1,140</u>	<u>1,310</u>

The estimated monetary value of benefits-in-kind provided by the Group to the directors were RM24,000, RM24,000, RM14,951, RM12,400 and RM25,261 in the respective financial years/periods.

**12. ACCOUNTANTS' REPORT (CONT'D)****GDB HOLDINGS BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****30. RELATED PARTY DISCLOSURES****30.1 Identities of Related Parties**

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, holding company, key management personnel and entities within the same group of companies.

**30.2 Related Party Transactions and Balances**

Other than those disclosed elsewhere in the financial statements, the Group also carried out the following transaction with the related parties during the respective financial years/periods:-

	Audited 1.1.2014 to 31.12.2014 RM'000	Audited 1.1.2015 to 31.12.2015 RM'000	Audited 1.1.2016 to 31.12.2016 RM'000	Unaudited 1.1.2016 to 31.10.2016 RM'000	Audited 1.1.2017 to 31.10.2017 RM'000
Interest expense paid to a director	90	40	-	-	-
Disposal of motor vehicles to directors	-	-	-	-	111
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**31. OPERATING SEGMENT**

Operating segment is prepared in a manner consistent with the internal reporting provided to the Managing Director as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their services provided.

The Group has one reportable segment as the Group is principally engaged in one business segment which is as main contractors for building construction works.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly current tax assets, current tax liabilities, deferred tax assets and deferred tax liabilities.

**31.1 Business Segment and Geographical Information**

The Group operates predominantly in one business segment in Malaysia. Accordingly, the information by business and geographical segments is not presented.

## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31. OPERATING SEGMENT (CONT'D)

## 31.2 Major Customers

The following are major customers with revenue equal to or more than 10% of the Group's total revenue.

Revenue	Audited 1.1.2014 to 31.12.2014 RM'000	Segment
Customer A	54,736	Construction
Customer B	31,892	Construction
	<hr/>	
	Audited 1.1.2015 to 31.12.2015 RM'000	
Customer A	79,793	Construction
Customer B	89,746	Construction
	<hr/>	
	Audited 1.1.2016 to 31.12.2016 RM'000	
Customer A	128,927	Construction
Customer B	133,844	Construction
	<hr/>	
	Unaudited 1.1.2016 to 31.10.2016 RM'000	
Customer A	110,036	Construction
Customer B	122,437	Construction
	<hr/>	
	Audited 1.1.2017 to 31.10.2017 RM'000	
Customer A	74,818	Construction
Customer B	77,595	Construction
Customer C	81,500	Construction
	<hr/>	

**12. ACCOUNTANTS' REPORT (CONT'D)****GDB HOLDINGS BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****32. CAPITAL COMMITMENT**

	Audited 31 December 2014 RM'000	Audited 31 December 2015 RM'000	Audited 31 December 2016 RM'000	Audited 31 October 2017 RM'000
Purchase of plant and equipment	-	840	-	1,447

**33. OPERATING LEASE COMMITMENT**

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	Audited 31 December 2014 RM'000	Audited 31 December 2015 RM'000	Audited 31 December 2016 RM'000	Audited 31 October 2017 RM'000
Not later than 1 year	66	22	66	81
Later than 1 year and not later than 5 years	22	-	22	28
	<u>88</u>	<u>22</u>	<u>88</u>	<u>109</u>

**34. CONTINGENT LIABILITY**

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	Audited 31 December 2014 RM'000	Audited 31 December 2015 RM'000	Audited 31 December 2016 RM'000	Audited 31 October 2017 RM'000
<b>Secured</b>				
Performance guarantee extended by subsidiary to third parties	10	3,868	21,208	38,774

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**GDB HOLDINGS BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS**

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

**35.1 FINANCIAL RISK MANAGEMENT POLICIES**

The Group's policies in respect of the major areas of treasury activity are as follows:-

**(a) Market Risk****(i) Foreign Currency Risk**

The Group does not have any transactions or balances denominated in foreign currencies and hence is not exposed to foreign currency risk.

**(ii) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's fixed deposits with licensed banks and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

*Interest Rate Risk Sensitivity Analysis*

The Group does not have any floating rate borrowings and hence, no sensitivity analysis is presented.

## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 35. FINANCIAL INSTRUMENTS (CONT'D)

## 35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (a) Market Risk (Cont'd)

## (iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in investment prices. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

## Equity Price Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the prices of the investments at the end of the reporting period, with all other variable held constant:-

	Audited 1.1.2014 to 31.12.2014 RM'000	Audited 1.1.2015 to 31.12.2015 RM'000	Audited 1.1.2016 to 31.12.2016 RM'000	Unaudited 1.1.2016 to 31.10.2016 RM'000	Audited 1.1.2017 to 31.10.2017 RM'000
Effects on profit after taxation/other comprehensive income					
Increase of 10%	-	-	-	-	1,536
Decrease of 10%	-	-	-	-	(1,536)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## (b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

**12. ACCOUNTANTS' REPORT (CONT'D)****GDB HOLDINGS BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS (CONT'D)****35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)**

The Group provides corporate guarantee to financial institutions for credit facilities granted to certain subsidiary. The Group monitors the results of this subsidiary regularly and repayments made by the subsidiary.

**(i) Credit Risk Concentration Profile**

The Group's major concentration of credit risk relates to the trade receivables at the end of the reporting period are as follows:-

	<b>Audited 31 December 2014</b>	<b>Audited 31 December 2015</b>	<b>Audited 31 December 2016</b>	<b>Audited 31 October 2017</b>
Number of customers	2	2	2	3
Percentage	100%	100%	89%	96%

**(ii) Exposure to Credit Risk**

The Group's maximum exposure to credit risk includes corporate guarantees provided to its subsidiary as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiary as at the end of the reporting period.

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the end of the reporting period.

The Group does not have exposure to international credit risk as the entire trade receivables are concentrated in Malaysia.

**12. ACCOUNTANTS' REPORT (CONT'D)****GDB HOLDINGS BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS (CONT'D)**

## 35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (b) Credit Risk (Cont'd)

## (iii) Ageing Analysis

The ageing analysis of the Group trade receivables at the end of the reporting period is as follows:-

	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
<b>31.12.2014</b>			
Not past due	8,743	-	8,743
Past due:			
- less than 3 months	2,281	-	2,281
	<u>11,024</u>	<u>-</u>	<u>11,024</u>
<b>31.12.2015</b>			
Not past due	<u>36,303</u>	<u>-</u>	<u>36,303</u>
<b>31.12.2016</b>			
Not past due	44,733	-	44,733
Past due:			
- less than 3 months	1,018	-	1,018
	<u>45,751</u>	<u>-</u>	<u>45,751</u>
<b>31.10.2017</b>			
Not past due	59,748	-	59,748
Past due:			
- less than 3 months	73	-	73
- 3 to 6 months	9	-	9
	<u>59,830</u>	<u>-</u>	<u>59,830</u>

The Group believes that no impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.



## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 35. FINANCIAL INSTRUMENTS (CONT'D)

## 35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and adequate working capital to meet its obligation as and when they fall due.

*Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 year RM'000	1-5 Years RM'000
<b>Audited</b>					
<b>31.12.2014</b>					
Hire purchase payables	2.39 - 3.65	3,904	4,220	1,521	2,699
Trade payables	-	16,787	16,787	16,787	-
Other payables and accruals	-	18,629	18,629	18,629	-
Amount owing to a director	4.00	2,000	2,080	2,080	-
Corporate guarantee given to financial institution for banking facilities granted to the subsidiary	-	-	1,085	1,085	-
		41,320	42,801	40,102	2,699

## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 35. FINANCIAL INSTRUMENTS (CONT'D)

## 35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (c) Liquidity Risk (Cont'd)

*Maturity Analysis (Cont'd)*

	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 year RM'000	1-5 Years RM'000
<b>Audited 31.12.2015</b>					
Hire purchase payables	2.39 - 3.65	2,562	2,699	1,521	1,178
Trade payables	-	17,590	17,590	17,590	-
Other payables and accruals	-	33,731	33,731	33,731	-
Corporate guarantee given to financial institution for banking facilities granted to the subsidiary	-	-	693	693	-
		53,883	54,713	53,535	1,178
<b>Audited 31.12.2016</b>					
Hire purchase payables	2.65 - 3.40	4,048	4,274	2,254	2,020
Trade payables	-	26,639	26,639	26,639	-
Other payables and accruals	-	42,800	42,800	42,800	-
Provision	-	2,164	2,164	2,164	-
Corporate guarantee given to financial institution for banking facilities granted to the subsidiary	-	-	274	274	-
		75,651	76,151	74,131	2,020

## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 35. FINANCIAL INSTRUMENTS (CONT'D)

## 35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

## (c) Liquidity Risk (Cont'd)

*Maturity Analysis (Cont'd)*

	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 year RM'000	1-5 Years RM'000
<b>Audited</b>					
<b>31.10.2017</b>					
Trade payables	-	38,895	38,895	38,895	-
Other payables and accruals	-	49,607	49,607	49,607	-
Provision	-	5,551	5,551	5,551	-
		94,053	94,053	94,053	-

## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 35. FINANCIAL INSTRUMENTS (CONT'D)

## 35.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. The debt-to-equity of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

## 35.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Audited 31 December 2014 RM'000	Audited 31 December 2015 RM'000	Audited 31 December 2016 RM'000	Audited 31 October 2017 RM'000
<b>Financial Assets</b>				
<u>Loans and receivables</u>				
<u>financial assets</u>				
Trade receivables	11,024	36,303	45,751	59,830
Other receivables and deposits	4,092	6,609	5,260	5,611
Fixed deposits with licensed banks	1,500	3,095	4,965	4,787
Cash and bank balances	6,507	17,684	27,006	11,819
	<u>23,123</u>	<u>63,691</u>	<u>82,982</u>	<u>82,047</u>
<u>Fair Value through Profit or Loss</u>				
Short-term investments	-	-	-	15,362
	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,362</u>
<b>Financial Liability</b>				
<u>Other financial liabilities</u>				
Trade payables	16,787	17,590	26,639	38,895
Other payables and accruals	18,629	33,731	42,800	49,607
Provision	-	-	2,164	5,551
Amount owing to a director	2,000	-	-	-
Hire purchase payables	3,904	2,562	4,048	-
	<u>41,320</u>	<u>53,883</u>	<u>75,651</u>	<u>94,053</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)

## GDB HOLDINGS BERHAD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 35. FINANCIAL INSTRUMENTS (CONT'D)

## 35.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms. The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>Audited</b>								
<b>31.12.2014</b>								
<u>Financial Liability</u>								
Hire purchase payables	-	-	-	-	3,894	-	3,894	3,904
<b>Audited</b>								
<b>31.12.2015</b>								
<u>Financial Liability</u>								
Hire purchase payables	-	-	-	-	2,558	-	2,558	2,562
<b>Audited</b>								
<b>31.12.2016</b>								
<u>Financial Liability</u>								
Hire purchase payables	-	-	-	-	4,024	-	4,024	4,048
<b>Audited</b>								
<b>31.10.2017</b>								
<u>Financial Asset</u>								
Short-term investments	15,362	-	-	-	-	-	15,362	15,362

**12. ACCOUNTANTS' REPORT (CONT'D)****GDB HOLDINGS BERHAD****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS (CONT'D)****35.4 FAIR VALUE INFORMATION (CONT'D)**

- (a) The fair value at short-term investments are determined at their observable input, either directly or indirectly.
- (b) The fair values of hire purchase payables that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using the interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	Audited 31 December 2014 %	Audited 31 December 2015 %	Audited 31 December 2016 %	Audited 31 October 2017 %
Hire purchase payables	2.50 - 3.50	2.50 - 3.50	2.50 - 3.50	-

**36. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD ENDED 31 OCTOBER 2017**

The Companies Act 2016 came into effect on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaced the Companies Act 1965.

Amongst the key changes introduced under the Companies Act 2016 that affected the financial statements of the Company upon its initial implementation are removal of authorised share capital and replacement of no par value shares in place of par or nominal value shares.

The Companies Act 2016 was applied prospectively. Therefore, the changes in the accounting policies and the possible impacts on the financial statements upon its initial implementation have been disclosed in the financial statements of the Company for the current financial period.

**37. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD**

Subsequent to the FPE 31 October 2017, the Company obtained approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the entire issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad.

**38. COMPARATIVE FIGURE**

The ten (10) months comparatives for the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows and their related explanatory information for the financial period ended 31 October 2016 have not been audited.

12. ACCOUNTANTS' REPORT (CONT'D)

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**GDB HOLDINGS BERHAD**

**STATEMENT BY DIRECTORS**

We, Cheah Ham Cheia and Alexander Lo Tzone Leong, being two of the directors of GDB Holdings Berhad, state that, in the opinion of the directors, the consolidated financial statements set out on pages 4 to 59 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines issued by the Securities Commission Malaysia so as to give a true and fair view of the financial position of GDB Holdings Berhad as at 31 December 2014, 2015 and 2016, 31 October 2017, and of their financial performance and cash flows for the financial years/periods ended on that date.



Cheah Ham Cheia



Alexander Lo Tzone Leong

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**13 ADDITIONAL INFORMATION**

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**13.1 SHARE CAPITAL**

- (i) No shares will be allotted or issued on the basis of this Prospectus later than six (6) months after the date of this Prospectus.
- (ii) We have no founder, management or deferred shares in our Group. As at the date of this Prospectus, we only have one (1) class of shares, namely issued ordinary shares, all of which rank equally with one another.
- (iii) None of our Group's capital is under any option or agreed conditionally or unconditionally to be put under any option.
- (iv) No person has been or is entitled to be given an option to subscribe for any share, stock, debenture or other security of our Group.
- (v) There is no scheme involving our employees in the capital of our Group, except for the Pink Form Allocations.
- (vi) Save as disclosed in Sections 3.4, 5.1.3 and 5.2 of this Prospectus, no shares, debentures, outstanding warrants, options, convertible securities or uncalled capital of our Group have been or are proposed to be issued, in cash or otherwise than in cash, within the two (2) years preceding the date of this Prospectus.
- (vii) As at the date of this Prospectus, our Group does not have any outstanding convertible debt securities, options, warrants or uncalled capital.

**13.2 EXTRACT OF OUR CONSTITUTION**

The following provisions are reproduced from our Company's Constitution which comply with the Listing Requirements, the Act and the Rules.

The words and expressions appearing in the following provisions shall bear the same meanings used in our Company's Constitution unless they are otherwise defined here or the context otherwise requires:-

**(i) Transfer of securities**

The provision in our Company's Constitution in respect of the arrangements for transfer of securities and restrictions on their free transferability are as follows:-

**Clause 29**

Subject to this Constitution, the Central Depositories Act and the Rules, any Member may transfer all or any of his Securities (except those Deposited Securities which are for the time being designated as securities in suspense) by instrument in writing in the form prescribed and approved by the Stock Exchange. The instrument shall have been executed by or on behalf of the transferor and the transferee and the transferor shall remain the holder of the Securities transferred until the transfer is registered and the name of the transferee is entered in the Record of Depositors.

**Clause 30**

The transfer of any Deposited Securities shall be made by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 105, 106 and 110 of the Act, but subject to subsection 148(2) of the Act and any exemption that may be made from compliance with subsection 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such Securities.



**13. ADDITIONAL INFORMATION (CONT'D)**

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**Clause 31**

Subject to the Central Depositories Act and the Rules, there shall be no restriction on the transfer of fully paid Securities except where required by law.

**Clause 32**

- (a) The Central Depository may, in its absolute discretion, refuse to register any transfer of Deposited Security that does not comply with the Central Depositories Act and / or the Rules.
- (b) Neither the Company nor the Directors nor any of its officers shall incur any liability in respect of any transfer of Deposited Security apparently made by sufficient parties and registered by the Central Depository, although the same may, by reason of any fraud or other cause not known to the Company or the Directors or other officers be legally inoperative or insufficient to pass the property in the Deposited Security proposed or professed to be transferred, and although transferred, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such Deposited Security and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

**Clause 33**

Subject to the provisions of the Act, the Depositories Act, the Rules and the Listing Requirements, the registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine PROVIDED ALWAYS that such registration shall not be suspended for more than thirty (30) days in any year. At least ten (10) clear Market Days' notice (or such other period as may from time to time be prescribed by Bursa Securities) prior to such closure shall be published in a daily newspaper circulating in Malaysia and shall also be given to Bursa Securities. The said notice shall state the period and purpose or purposes of such closure. The Company shall give notice in accordance with the requirements of the Rules to the Depository to prepare the appropriate Record of Depositors.

**Clause 34**

The Register and / or Record of Depositors may be closed for such periods as the Directors may from time to time determine PROVIDED ALWAYS that it shall not be closed for more than thirty (30) days in any year. Any notice of intention to close the Register and / or Record of Depositors and the reason therefor shall be given to the Stock Exchange, such closure of the Register and / or Record of Depositors shall be at least ten (10) Market Days (or such other period as prescribed by the Exchange from time to time) after the date of notification to the Stock Exchange. The said notice shall state the books closing date and purpose or purposes for which the Register and / or Record of Depositors is being closed. In this respect, the Company shall request the Central Depository, in accordance with the Rules, to prepare the appropriate Record of Depositors.

**Clause 35**

Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

**13. ADDITIONAL INFORMATION (CONT'D)**

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**(ii) Remuneration of Directors**

The provisions in our Company's Constitution in respect of the remuneration of Directors are as follows:-

**Clause 93**

The fees of the directors and any benefits payable to the directors shall from time to time be determined by the Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine and in default of agreement equally, except that if a Director has held office for part only of the period in respect of which such fees are payable, such a Director shall be entitled only to that proportion of the fees as is related to the period during which he has held office PROVIDED ALWAYS that: -

- (a) fee payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
- (b) salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover;
- (c) fees and benefits payable to directors are subject to annual shareholders' approval at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.
- (d) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

**Clause 94**

- (a) The Directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors. In addition to the foregoing, a Director shall be entitled to such reasonable fixed allowance as may be determined by the Directors in respect of any attendance at any meeting and / or the performance of any duty or other things required of him as a Director of the Company.
- (b) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board provided that in the case of non-executive Directors of the Company, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an Executive Director, such fee may be either in addition to or in substitution for any director's fees payable to him from time to time.

**13. ADDITIONAL INFORMATION (CONT'D)**

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**Clause 117**

- (a) A Director may appoint any other person approved by a majority of his co-Directors to act as his alternate provided that any fee paid by the Company to the alternate shall be deducted from that Director's remuneration. The alternate Director shall not be required to hold any shares in the Company but shall be entitled to receive notices of all meetings and to attend, speak and vote, and be counted for the quorum, and generally to exercise all powers, rights, duties and authorities of the Director appointing him, at any such meeting at which the Director appointing him is not present. For the avoidance of doubt, an alternate Director may not vote nor attend any meeting at which the Director appointing him is present. Any appointment so made may be revoked at any time by the appointor or by a majority of the Directors, and any appointment or revocation under this Constitution shall be effected by notice in writing to be delivered to the Secretary of the Company. An alternate Director shall ipso facto cease to be an alternate Director if his appointor for any reason ceases to be a Director.
- (b) No Director may act as an alternate Director, and a person may not act as an alternate Director for more than one (1) Director.
- (c) If any Director retires by rotation and is re-elected by the meeting or is, pursuant to this Constitution, deemed to be re-elected at the meeting at which such retirement took effect, any appointment made by him of an alternate Director which was in force immediately prior to the appointor's retirement shall continue to operate after such re-election as if the appointor had not so retired.
- (d) Every person acting as an alternate Director shall be an officer of the Company and shall alone be responsible to the Company for his own acts and defaults and he shall not be deemed to be the agent of or for the Director appointing him.

**Clause 119**

The remuneration of the chief executive, executive Director, managing Director or any person holding an equivalent position, shall, from time to time be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover but it may be a term of their appointment that they shall receive pension, gratuity or other benefits upon their retirement.

**(iii) Voting and borrowing powers of Directors**

The provisions in our Company's Constitution in respect of the voting and borrowing powers of Directors, including voting powers on proposals, arrangements or contracts in which they are interested in, are as follows:-

**Clause 98**

- a) The Directors may exercise all the powers of the Company to borrow money and to mortgage or mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or any related company as may be thought fit.
- (b) The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

**13. ADDITIONAL INFORMATION (CONT'D)**

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**Clause 99**

The Directors may establish or arrange any contributory or non-contributory pension or superannuation scheme for the benefit of, or pay a gratuity, pension or emolument to any person who is or has been employed by or in the service of the Company or any subsidiary of the Company, or to any person who is or has been a Director or other officer of and holds or has held salaried employment in the Company or any such subsidiary, and the widow, family or dependants of any such person. The Directors may also subscribe to any association or fund which they consider to be for the benefit of the Company or any such subsidiary or any such persons as aforesaid and make payments for or towards any hospital or scholastic expenses and any Director holding such salaried employment shall be entitled to retain any benefit received by him hereunder subject only, where the Act requires, to proper disclosure to the Members and the approval of the Company in general meeting.

**Clause 105**

Subject always to Sections 221, 228 and 229 of the Act, a Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

**Clause 114**

Subject to Section 221 of the Act, a Director shall not vote in respect of any contract or proposed contract or arrangement in which he has direct or indirect interest (and if he shall do so his vote shall not be counted), nor shall he be counted for the purpose of any resolution regarding the same, in the quorum present at the meeting.

**Clause 115**

A Director may vote in respect of:-

- (a) any arrangement for giving the Director himself or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company;
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part, under a guarantee or indemnity or by the deposit of a security;
- (c) any contract by a director to subscribe for or underwrite shares or debentures of the Company; or
- (d) any contract or arrangement with any other company in which he is interested only as an officer of the Company or as a holder of shares or other securities in that company.

**13. ADDITIONAL INFORMATION (CONT'D)**

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**Clause 116**

A Director of the Company may be or become a Director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation which is directly and indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefit received by him as a Director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporation, in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the Directors or other officers of such corporation), and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be or is about to be appointed a Director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in manner aforesaid.

**(iv) Changes in capital or variation of class rights**

The provisions in our Company's Constitution in respect of the changes in capital and variation of class rights, which are no less stringent than those required by law, are as follows:-

**Clause 5**

Without prejudice to any special rights previously conferred on the holders of any existing shares but subject to the Act and to this Constitution, shares in the Company may be issued by the Directors and any such shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Directors, subject to any ordinary resolution of the Company, may determine.

**Clause 6**

- (a) Subject to the provisions of this Constitution, the Act, the Central Depositories Act, the Rules, the Listing Requirements and to the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions and at such times as the Directors may determine provided always that the Directors shall comply with the following conditions: -
- (i) in the case of shares, other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution and in the resolution creating the same;
  - (ii) no shares shall be issued which shall have the effect of transferring a controlling interest in the Company without the prior approval of the Members in general meetings;
  - (iii) any issue of shares or options to employees and / or Directors and any participation in the share issuance scheme by Directors shall be approved by the members in general meeting and in relation to a Director such approval shall specifically detail the amount of shares or options to be issued to such Director;
  - (iv) except in the case of an issue of Securities on a pro-rata basis to all Members, placements undertaken in compliance with the Listing Requirements or issuance pursuant to a dividend reinvestment scheme, there shall be no issue of Securities to a Director, major shareholder, chief executive or person connected with any Director, major

**13. ADDITIONAL INFORMATION (CONT'D)**

shareholder or chief executive (hereinafter referred to as the "interested Director", "interested major shareholder", "interested chief executive" or "interested person connected with a Director, major shareholder or chief executive" respectively) unless the members in general meeting have approved of the specific allotment to be made to such aforesaid interested Director, interested major shareholder, interested chief executive or interested person connected with a Director, major shareholder or chief executive, as the case may be. In this Constitution, "major shareholder", "chief executive" and "person connected with any Director, major shareholder or chief executive" shall have the meaning ascribed thereto in the Listing Requirements; and

- (v) in the case of shares offered to the public or under a prospectus that is registered under the Capital Markets and Services Act 2007 for subscription, the amount payable on application on each share shall not be less than five per centum (5%) of the offer price of the share.
- (b) In a meeting to obtain Members' approval in respect of the allotment referred to under Clause 6(a)(iv) above:
  - (i) the interested Director, interested major shareholder, interested chief executive or interested person connected with a Director, major shareholder or chief executive; and
  - (ii) where the allotment is in favour of an interested person connected with a Director, major shareholder or chief executive, such Director, major shareholder or chief executive;

shall not vote on the resolution approving the said allotment. An interested Director, interested major shareholder or interested chief executive shall ensure that persons connected with him abstain from voting on the resolution approving the said allotment.

**Clause 7**

Subject to the Act and the Listing Requirements, any preference shares may with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed and the Company shall not issue preference shares ranking in priority above preference shares already issued, but may issue preference shares ranking equally therewith. Preference shareholders shall have:

- (a) the same rights as ordinary shareholders as regards receiving notices, reports and audited accounts and attending general meetings of the Company; and
- (b) the right to vote at any meeting convened for the purpose of reducing the capital of the Company or on a proposal to wind up or during the winding up of the Company, or sanctioning a sale of the whole of the Company's undertaking, property or business, or where any resolution to be submitted to the meeting directly affects their rights and privileges, or when the dividend on the preference shares or part of the dividend is in arrears for more than six (6) months.

**Clause 9**

Subject to Section 91 of the Act, if at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with:

**13. ADDITIONAL INFORMATION (CONT'D)**

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- (a) the consent in writing of the holders of not less than seventy five per centum (75%) of the total voting rights of the shareholders in that class; or
- (b) with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provisions of this Constitution relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two (2) persons holding or representing by proxy at least one-third of the number of issued shares of the class excluding any shares of that class held as treasury shares and that any holder of shares of the class present in person or by proxy may demand a poll and shall be entitled on a poll to one vote for every such share held by him. For adjourned meetings, quorum is one person present holding shares of such class. To every such special resolution, the provisions of Section 292 of the Act shall with such adaptations as are necessary, apply.

**Clause 10**

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

**Clause 53**

The Company in general meeting may from time to time increase its share capital by the creation and issue of new shares, such new capital to be of such amount to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs.

**Clause 55**

Except so far as otherwise provided by the conditions of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company, and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

**Clause 56**

The Company may by special resolution: -

- (a) increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (c) convert all or any of its paid-up shares into stock and reconvert that stock into paid-up shares; or
- (d) subdivide its share capital or any part thereof into shares of smaller amounts by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act.

**13. ADDITIONAL INFORMATION (CONT'D)**

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**Clause 58**

The Company may by special resolution reduce its share capital in any manner and with, and subject to, any authorisation, and consent required by law. Where the Company's share capital is reduced in accordance with the Act, a Member (past or present) shall not be liable in respect of the issue price of any share to any call or contribution greater in amount than the difference (if any) between:

- (a) the issue price of the share; and
- (b) the aggregate of the amount paid up on the share (if any) and the amount reduced on the share.

**13.3 LIMITATION ON THE RIGHT TO OWN SECURITIES**

There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

**13.4 DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

- (i) The names and addresses of our Directors are set out in Section 1 of this Prospectus.
- (ii) We do not require any Director to hold any qualification shares unless we fix it as a requirement in the general meeting.
- (iii) Save as disclosed in Sections 7.1.4 and 7.2.6 of this Prospectus, there have been no amounts and benefits that have been or are intended to be paid or given to our Promoters, Directors and / or substantial shareholders within the two (2) years preceding the date of this Prospectus.
- (iv) As at the LPD, there is no existing or proposed service contract between our Group, and our Directors or key senior management.
- (v) The details of our Directors' and / or substantial shareholders' direct and indirect interests in the Shares before and after the IPO are set forth in Sections 7.1.1 and 7.2.3 of this Prospectus.
- (vi) None of our Directors and / or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting as at the date of this Prospectus which is significant in relation to our business taken as a whole.
- (vii) Save for the risk factors and financial information highlighted in Sections 4 and 11 of this Prospectus, our Directors and substantial shareholders are not aware of any material information, including trading factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our Group's profits.
- (viii) Save for our Promoters and / or substantial shareholders as disclosed in Section 7.1 of this Prospectus, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company.



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**13. ADDITIONAL INFORMATION (CONT'D)**

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**13.5 GENERAL INFORMATION**

- (i) Save as disclosed in Sections 3.6 and 9 of this Prospectus, neither we nor our subsidiary have acquired or proposed to acquire any property.
- (ii) The nature of our business and the names of all corporations which are deemed to be related to us by virtue of Section 7 of the Act are disclosed in Section 5 of this Prospectus.
- (iii) The time of the opening of the IPO is set out in "Indicative Timetable" Section and Section 14 of this Prospectus.
- (iv) The amount payable in full on application is RM0.35 per IPO Share.
- (v) The name and address of the auditors are set out in Section 1 of this Prospectus.
- (vi) We have not established any other place of business outside Malaysia.
- (vii) The manner in which copies of this Prospectus together with the official Application Forms and envelopes may be obtained is set forth in Section 14 of this Prospectus.

**13.6 EXPENSES**

- (i) There have been no commissions, discounts, brokerages or other special terms granted to or paid by us within the two (2) years preceding the date of this Prospectus in connection with the issue or sale of any Shares in or debentures of our Group for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscription for, any shares in or debentures of our Group, and none of our Directors or Promoters or experts are entitled to receive any such payment save as set out in Section 3.7 of this Prospectus.
- (ii) We will fully bear all expenses incidental to the listing of and quotation for our entire issued share capital on the ACE Market of Bursa Securities amounting to approximately RM3.50 million as set out in Section 3.6 of this Prospectus.
- (iii) Brokerage fee is payable by our Group in respect of the 12,500,000 Issue Shares at the rate of 1.00% of the IPO Price.

**13.7 MATERIAL LITIGATION**

As at the LPD, we are not engaged in any material litigation and / or arbitration, either as plaintiff or defendant, which has a material effect on our financial position, and our Directors are not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or business in the 12 months immediately preceding the date of this Prospectus.

**13.8 MATERIAL CONTRACTS**

Save as disclosed below, we have not entered into any contracts which are material (not being contracts entered into in the ordinary course of business) within the period covered by the historical financial information as disclosed in this Prospectus up to the date of this Prospectus:-

- (i) Underwriting Agreement dated 6 February 2018 entered into between our Company and the Sole Underwriter for the underwriting of 27,500,000 Issue Shares under Public Issue, for underwriting commission at the rate set out in Section 3.7.2 of this Prospectus.

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**13. ADDITIONAL INFORMATION (CONT'D)**

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**13.9 PUBLIC TAKE-OVERS**

During the last financial year and the current financial year, there were no:-

- (i) public take-over offers by third parties in respect of our Group's shares; and
- (ii) public take-over offers by our Group in respect of other companies' shares.

**13.10 REPATRIATION OF CAPITAL AND PROFITS**

There are no governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and remittance of profit by or to our Group.

**13.11 CONSENTS**

- (i) The written consents of the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent, Solicitors for the Listing, Principal Bankers, Share Registrar, Issuing House and Company Secretary for the inclusion in this Prospectus of their names in the form and context in which their names appear in this Prospectus have been given before the issue of this Prospectus, and have not subsequently been withdrawn.
- (ii) The written consent of the External Auditors and Reporting Accountants for the inclusion in this Prospectus of their name, the Accountants' Report and the Reporting Accountants' Report on the Pro Forma Consolidated Statements of Financial Position in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.
- (iii) The written consent of the Independent Market Researcher for the inclusion in this Prospectus of its name and Industry Overview in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.

**13.12 DOCUMENTS FOR INSPECTION**

Copies of the following documents may be inspected at our registered office during office hours for a period of six (6) months from the date of this Prospectus:-

- (i) Our Constitution;
- (ii) The Industry Overview referred to in Section 6 of this Prospectus;
- (iii) The Reporting Accountants' Report relating to the Pro Forma Consolidated Statements of Financial Position of our Group as at 31 October 2017 referred to in Section 11.2 of this Prospectus;
- (iv) The Accountants' Report as included in Section 12 of this Prospectus;
- (v) The material contract referred to in Section 13.8 of this Prospectus;
- (vi) The letters of consent referred to in Section 13.11 of this Prospectus;
- (vii) The Independent Market Research Report; and

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**13. ADDITIONAL INFORMATION (CONT'D)**

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- (viii) The audited financial statements of:-
- (a) GDB for the FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2017; and
  - (b) Grand Dynamic Builders for the FYE 31 December 2014 to 31 December 2016 and 10-month FPE 31 October 2017.

**13.13 RESPONSIBILITY STATEMENTS**

- (i) AIBB 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 relating to the IPO.
- (ii) This Prospectus has been seen and approved by our Directors, Promoters and Offerors and they collectively and individually accept full responsibility for the accuracy of the information and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

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## 14. PROCEDURES FOR APPLICATION AND ACCEPTANCE

### 14.1 OPENING AND CLOSING OF APPLICATION

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 5 MARCH 2018

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 12 MARCH 2018

Applications for the Issue Shares will open and close at the dates stated above.

In the event there is any change to the dates stated above, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

**Late Applications will not be accepted.**

**You may obtain copies of the Application Forms together with this Prospectus, subject to availability, from AIBB, participating organisation of Bursa Securities, Members of the Association of Banks in Malaysia, Members of the Malaysian Investment Banking Association, MIH, and ADAs which are registered members of Bursa Securities.**

### 14.2 METHODS OF APPLICATIONS

#### 14.2.1 Application for our Issue Shares by the Malaysian Public and our eligible Directors, employees and persons who have contributed to the success of our Group

The method of Applications for our Issue Shares by the Malaysian Public and Eligible Directors, employees and persons who have contributed to the success of our Group are set out below:-

Type of Application Form	Category of investors
White Application Form or Electronic Share Application <sup>(1)</sup> or Internet Share Application <sup>(2)</sup>	Malaysian Public (for individuals)
White Application Form only	Malaysian Public (for non-individuals e.g. corporations, institutions, etc)
Pink Application Form only	Eligible Directors, employees and persons who have contributed to the success of our Group

**Notes:-**

(1) *The following processing fee per Electronic Share Application will be charged by the respective Participating Financial Institution:-*

- *Affin Bank Berhad – No fee will be charged for Application by their account holders;*
- *Alliance Bank Malaysia Berhad – RM1.00;*
- *AmBank (M) Berhad – RM1.00;*
- *CIMB Bank Berhad – RM2.50;*

**14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

- *HSBC Bank Malaysia Berhad – RM2.50;*
  - *Malayan Banking Berhad – RM1.00;*
  - *Public Bank Berhad – RM2.00;*
  - *RHB Bank Berhad – RM2.50; or*
  - *Standard Chartered Bank Malaysia Berhad (at selected branches only) – RM2.50*
- (2) *The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:-*
- *Affin Bank Berhad ([www.affinOnline.com](http://www.affinOnline.com)) via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com) – No fees will be charged for Application by their account holders;*
  - *Alliance Bank Malaysia Berhad ([www.allianceonline.com.my](http://www.allianceonline.com.my)) via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com) – RM1.00;*
  - *CIMB Bank Berhad ([www.cimbclicks.com.my](http://www.cimbclicks.com.my)) via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com) – RM2.00 for applicants with CDS accounts held with CIMB and RM2.50 for applicants with CDS accounts with other ADAs;*
  - *CIMB Investment Bank Berhad ([www.eipocimb.com](http://www.eipocimb.com))– RM2.00 for payment via CIMB Bank Berhad or Malayan Banking Berhad;*
  - *Malayan Banking Berhad ([www.maybank2u.com.my](http://www.maybank2u.com.my)) via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com) – RM1.00;*
  - *Public Bank Berhad ([www.pbebank.com](http://www.pbebank.com)) via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com) – RM2.00; and*
  - *RHB Bank Berhad ([www.rhbgroup.com](http://www.rhbgroup.com)) via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com) – RM2.50.*

The eligible Directors, employees and persons who have contributed to the success of our Group and who have made Applications using the Pink Application Forms may still apply for the Issue Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

Only one Application Form from each applicant will be considered and **APPLICATIONS MUST BE FOR 100 ISSUE SHARES OR MULTIPLES THEREOF. MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED.** A person who submit multiple Applications in his own name or by using the name of others, with or without their consent, commits an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and a jail term of up to 10 years under Section 182 of the CMSA.

As such, applicants using the White and Pink Application Form are not allowed to submit multiple applications in the same category of application. Further, applicants who have submitted their Applications using the White Application Form are not allowed to make additional Applications using the Electronic Share Application and the Internet Share Application, and vice versa.

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**14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**


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**14.2.2 Application by selected investors via Placement**

Selected investors will be contacted directly by the Placement Agent and are to follow the instructions communicated by the Placement Agent should they wish to accept the IPO Shares offered to them. Selected investors may still apply for the Issue Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

**14.3 PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Applications must be made in relation to and subject to the terms of this Prospectus and our Constitution. The submission of an Application Form does not necessarily mean that the application will be successful. You agree to be bound by our Constitution.

**14.3.1 Application by the Malaysian Public (White Application Form, Electronic Share Application or Internet Share Application)****Eligibility**

You can only apply for our Issue Shares if you fulfill all of the following:

- (i) You must have a CDS account. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in the list of ADAs accompanying the electronic copy of this Prospectus on the website of Bursa Securities;
- (ii) You must be one of the following:
  - (a) a Malaysian citizen who has attained 18 years of age as at the date of the application for the Issue Shares with a Malaysian address; or
  - (b) a corporation / institution incorporated in Malaysia where there is a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
  - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

We will not accept Applications from trustees, persons under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations / institutions referred to in (ii)(b) or (c) above or the trustees thereof; and

- (iii) You must not be a director or employee of MIH or an immediate family member of a director or employee of MIH.

**14.3.2 Application by eligible Directors, employees and persons who have contributed to the success of our Group (Pink Application Form)**

The eligible Directors, employees and persons who have contributed to the success of our Group will be provided with Pink Application Forms and letters by us detailing their respective allocation. The applicants must follow the notes and instructions in the said documents and where relevant, in this Prospectus. The amount payable in full on application is RM0.35 per Issue Share.

## 14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

Eligible Directors, employees and persons who have contributed to the success of our Group who apply for our Issue Shares must have a CDS account and a correspondence address in Malaysia.

Eligible Directors, employees and persons who have contributed to the success of our Group may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, MIH, AIBB, Participating organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

### 14.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

Each application for our Issue Shares must be made on the correct Application Form issued together with this Prospectus. The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications which do not conform **STRICTLY** to the terms of this Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

**FULL INSTRUCTIONS FOR THE APPLICATION FOR OUR ISSUE SHARES AND THE PROCEDURES TO BE FOLLOWED ARE SET OUT IN THE APPLICATION FORMS. YOU ARE ADVISED TO READ THE APPLICATION FORMS AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.**

Malaysian Public should follow the following procedures in making their Applications.

#### **Step 1: Obtain Application Forms**

Obtain the relevant Application Form together with the Official "A" and "B" envelopes and this Prospectus.

The **White** Application Forms can be obtained subject to availability from AIBB, Participating organisations of Bursa Securities, Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association and MIH.

#### **Step 2: Read the Prospectus**

In accordance with Section 232(2) of the CMSA, the Application Forms are accompanied by this Prospectus. You are advised to read and understand the Prospectus before making your Application.

#### **Step 3: Complete the relevant Application Form**

Complete the relevant Application Form legibly and **STRICTLY** in accordance with the notes and instructions printed on it and in this Prospectus.

##### **(i) Personal particulars**

You must ensure that your personal particulars submitted in your Application are identical with the records maintained by Bursa Depository. You are required to inform Bursa Depository promptly of any changes to your personal particulars as notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.

If you are an individual and you are not a member of the armed forces or police, the name and national registration identity card ("**NRIC**") numbers must be the same as your NRIC or official temporary identity documents issued by relevant authorities.

**14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

If you are a member of the armed forces or police, your name and your armed forces or police personnel number, as the case may be, must be exactly as that stated in your authority card. In addition, your address must be the address of your respective camp, base or station.

For corporations or institutions, the name and certificate of incorporation numbers must be the same as that stated in the certificate of incorporation or the certificate of change of name, where applicable, or equivalent documents proving its constitution. The address must be the corporations' or institutions' registered addresses.

**(ii) CDS account number**

You must state your CDS account number in the space provided in the Application Form. Invalid or nominee or third party CDS accounts will **not** be accepted.

**(iii) Details of payment**

You must state the details of your payment in the appropriate boxes provided in the Application Form.

**(iv) Number of Issue Shares applied**

Applications must be for at least 100 Issue Shares or multiples of 100 Issue Shares.

**Step 4: Prepare appropriate form of payment**

You must prepare the correct form of payment in RM for the FULL amount payable based on the IPO Price of RM0.35 for each Issue Share.

Payment must be made out in favour of "**MIH SHARE ISSUE ACCOUNT NUMBER 587**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Only Banker's Draft or Cashier's Order drawn on a bank in Kuala Lumpur, Money or Postal Orders (Sabah and Sarawak only) and Guaranteed Giro Order from Bank Simpanan Nasional Malaysia Berhad will be accepted.

We will not accept Applications with excess or insufficient remittances or inappropriate forms of payment. Remittances must be completed in the appropriate boxes provided in the Application Forms.

**Step 5: Finalise application**

Insert the relevant Application Form together with payment and a clear photocopy of your identification document (NRIC or official temporary documents issued by relevant authorities) into the Official "A" envelope and seal it. You must write your name and address on the outside of the Official "A" and "B" envelopes.

The name and address written must be identical to your name and address as per your NRIC or official temporary identity documents or certificate of incorporation or the certificate of change of name for corporate or institutional applicant or passport (where applicable).

Affix an 80 sen stamp on the Official "A" envelope and insert the Official "A" envelope into the Official "B" envelope.

**Step 6: Submit application**

Each completed Application Form, accompanied by the appropriate remittance and clear photocopy of the relevant documents may be submitted using one of the following methods: -



#### 14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (i) despatched by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn Bhd (258345-X)  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan

or

P.O. Box 8269  
Pejabat Pos Kelana Jaya  
46785 Petaling Jaya  
Selangor Darul Ehsan

- (ii) **DELIVERED BY HAND AND DEPOSITED** in the Drop-in Boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan,

so as to arrive not later than 5.00 p.m. on 12 March 2018. We will not accept late Applications.

We, together with MIH, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to MIH.

#### 14.5 PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our Issue Shares by way of Electronic Share Application in respect of our Issue Shares made available to the Malaysian Public.

##### 14.5.1 Steps for Electronic Share Applications through a Participating Financial Institution's ATM

- (i) You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for our Issue Shares at an ATM belonging to other Participating Financial Institutions;
- (ii) You must have a CDS account;
- (iii) You are advised to read and understand the Prospectus before making the Application; and
- (iv) You may apply for our Issue Shares via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set out in Section 14.5.3 of this Prospectus under the terms and conditions for Electronic Share Application. You are to submit at least the following information through the ATM, where the instructions on the ATM screen, require you to do so:-
- Personal Identification Number ("**PIN**");
  - MIH Share Issue Account Number 587;

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**14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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- Your CDS account number;
- Number of Issue Shares applied for and the RM amount to be debited from the account; and
- Confirmation of several mandatory statements as set out in Section 14.5.3 of this Prospectus.

**14.5.2 Participating Financial Institutions**

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, HSBC Bank Malaysia Berhad, Malayan Banking Berhad, Public Bank Berhad, RHB Bank Berhad and Standard Chartered Bank Malaysia Berhad (at selected branches only).

**14.5.3 Terms and Conditions of Electronic Share Applications**

The procedures for Electronic Share Applications at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions (the “**Steps**”). For illustration purposes, the procedures for Electronic Share Application at ATMs are set out in “Steps for Electronic Share Application through a Participating Financial Institution’s ATMs” in Section 14.5.1 of this Prospectus.

The Steps set out the actions that you must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Applications set out below before making an Electronic Share Application.

**You must have a CDS account to be eligible to use the Electronic Share Application. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted.**

Upon the completion of your Electronic Share Application transaction at the ATM, you will receive a computer-generated transaction slip (“**Transaction Record**”), confirming the details of your Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or MIH. The Transaction Record is for your records and should not be submitted with any Application Form.

Upon the closing of the offer for the Application for the Issue Shares on **12 March 2018 at 5.00 p.m.** (“**Closing Date and Time**”), the Participating Financial Institutions shall submit a magnetic tape containing their respective customers’ Applications for the Issue Shares to MIH as soon as practicable but not later than **12.00 p.m.** of the second business day after the Closing Date and Time.

You will be allowed to make only one Application and shall not make any other Application for the Issue Shares made available to the Malaysian Public, whether at the ATMs of any Participating Financial Institution or using Internet Share Application or using the White Application Form.

**14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

**YOU MUST ENSURE THAT YOU USE YOUR OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. IF YOU OPERATE A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION, YOU MUST ENSURE THAT YOU ENTER YOUR OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO YOU IN YOUR OWN NAME. YOUR APPLICATION WILL BE REJECTED IF YOU FAIL TO COMPLY WITH THE ABOVE.**

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:-

- (i) Your Electronic Share Application shall be made in relation to and subject to the terms of this Prospectus and our Company's Constitution.
- (ii) You are required to confirm the following statements (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct:-
  - You have attained 18 years of age as at the date of the application for the Issue Shares;
  - You are a Malaysian citizen residing in Malaysia;
  - You have read this Prospectus and understood and agreed with the terms and conditions of the Application;
  - This is the only Application that you are submitting; and
  - You give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to MIH and other relevant authorities.

Your Application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the Steps required by the Participating Financial Institutions. By doing so, it is considered that you have confirmed each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia, including Section 134 of the Financial Services Act 2013 and Section 45 of the SICDA to the disclosure by the relevant Participating Financial Institutions or Bursa Depository, as the case may be, of any of your particulars to MIH or any relevant regulatory bodies.

- (iii) **YOU CONFIRM THAT YOU ARE NOT APPLYING FOR OUR ISSUE SHARES AS A NOMINEE OF ANY OTHER PERSON AND THAT THE ELECTRONIC SHARE APPLICATION THAT YOU MAKE IS MADE BY YOU AS THE BENEFICIAL OWNER. YOU SHALL ONLY MAKE ONE ELECTRONIC SHARE APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR OUR ISSUE SHARES, WHETHER AT THE ATMS OF ANY PARTICIPATING FINANCIAL INSTITUTION OR USING INTERNET SHARE APPLICATION OR ON ANY PRESCRIBED APPLICATION FORMS.**
- (iv) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time the Electronic Share Application is made, failing which the Electronic Share Application will not be completed. Any Electronic Share Application, which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made, will be rejected.

**14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

- (v) You agree and undertake to subscribe for or purchase and to accept the number of Issue Shares applied for as stated on the Transaction Record or any lesser number of Issue Shares that may be allotted or allocated to you in respect of the Electronic Share Application. In the event that we decide to allot or allocate a lesser number of such Issue Shares or not to allot or allocate any Issue Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated keys or buttons on the ATM keyboard) of the number of Issue Shares applied for shall signify, and shall be treated as, your acceptance of the number of Issue Shares that may be allotted or allocated to you and to be bound by our Constitution.
- (vi) MIH, on the authority of our Board, reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in whole or in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Issue Shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for our Shares.
- (vii) Where an Electronic Share Application is unsuccessful or successful in part only, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within two (2) Market Days after the balloting date. If your Electronic Share Application is unsuccessful or successful in part only, the relevant Participating Financial Institution will credit the full amount of the Application monies or the balance of it, as the case may be, in RM (without interest or any share of revenue or benefit arising therefrom) into your account with that Participating Financial Institution within two (2) Market Days after the receipt of confirmation from MIH. You may check your account on the 5<sup>th</sup> Market Day from the balloting date.

If your Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the Application monies in RM (without interest or any share of revenue or benefit arising therefrom) into your account with the Participating Financial Institution within two (2) Market Days after the receipt of confirmation from MIH. A number of Applications will, however, be held in reserve to replace any successfully balloted Applications, which are subsequently rejected. For such Applications which are subsequently rejected, the Application monies (without interest or any share of revenue or benefit arising therefrom) will be refunded to you by crediting into your account with the Participating Financial Institution no later than 10 Market Days from the day of the final ballot.

Should you encounter any problems in your Application, you may refer to the Participating Financial Institutions.

- (viii) You request and authorise us:-
  - (a) to credit the Issue Shares allotted or allocated to you into your CDS account; and
  - (b) to issue share certificate(s) representing such Issue Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (ix) You acknowledge that your Electronic Share Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond our control, MIH, Bursa Depository or the Participating Financial Institution and

**14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

irrevocably agree that if:-

- (a) our Company or MIH does not receive your Electronic Share Application; or
- (b) the data relating to your Electronic Share Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company or MIH,

you shall be deemed not to have made an Electronic Share Application and shall not make any claim whatsoever against our Company, MIH or the Participating Financial Institution for our Issue Shares applied for or for any compensation, loss or damage.

- (x) All of your particulars in the records of the relevant Participating Financial Institution at the time of making the Electronic Share Application shall be deemed to be true and correct, and our Company, MIH and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (xi) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Share Application is liable to be rejected. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allotment or allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
- (xii) By making and completing an Electronic Share Application, you agree that:-
  - (a) in consideration of us agreeing to allow and accept the making of any application for shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;
  - (b) we, the Participating Financial Institutions, Bursa Depository and MIH shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our or their control;
  - (c) notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of your offer to subscribe for and purchase the Issue Shares for which the Electronic Share Application has been successfully completed shall be constituted by the issue of notices of allotment in respect of the said Issue Shares;
  - (d) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and other documents required for the issue or transfer of the Issue Shares allotted or allocated to you; and
  - (e) you agree that in relation to any legal action, proceedings or disputes arising out of or in relation to the contract between the parties and / or the Electronic Share Application and / or any terms herein, all rights, obligations and liabilities of the parties shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies of

**14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

Malaysia and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.

- (xiii) If you are successful in your application, our Board reserves the right to require you to appear in person at the registered office of MIH at anytime within 14 days of the date of the notice issued to you to ascertain that your application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor shall it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- (xiv) MIH, acting on the authority of our Board reserves the right to reject Applications which do not conform to these instructions.

**14.6 PROCEDURES FOR APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS**

Only Malaysian individuals may use the Internet Share Application to apply for our Issue Shares made available to the Malaysian Public.

Please read carefully and follow the terms of this Prospectus, the procedures, terms and conditions for Internet Share Application and the exact procedures as set out on the internet financial services website of the Internet Participating Financial Institution before making an Internet Share Application.

**Internet Participating Financial Institution**

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CIMB Bank Berhad, CIMB Investment Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad.

**Step 1: Set up of account**

Before making an Application by way of Internet Share Application, you **must have all** of the following:-

- (i) an existing account with access to internet financial services with:-
  - Affin Bank Berhad at [www.affinOnline.com](http://www.affinOnline.com) (via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com)); or
  - Alliance Bank Malaysia Berhad ([www.allianceonline.com.my](http://www.allianceonline.com.my)) (via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com)); or
  - CIMB Bank Berhad at [www.cimbclicks.com.my](http://www.cimbclicks.com.my) (via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com)); or
  - CIMB Investment Bank Berhad at [www.eipocimb.com](http://www.eipocimb.com); or
  - Malayan Banking Berhad at [www.maybank2u.com.my](http://www.maybank2u.com.my) (via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com)); or
  - Public Bank Berhad at [www.pbebank.com](http://www.pbebank.com) (via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com)); or
  - RHB Bank Berhad at [www.rhbgroup.com](http://www.rhbgroup.com) (via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com)).

**14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

You need to have your user identification and PIN / password for the internet financial services facility; and

- (ii) an individual CDS account registered in your name (and not in a nominee's name) and in the case of a joint account an individual CDS account registered in your name which is to be used for the purpose of the application if you are making the application instead of a CDS account registered in the joint account holder's name.

**Step 2 : Read the Prospectus**

You are advised to read and understand the Prospectus before making your application.

**Step 3 : Apply through internet**

*The following steps for an application of our Issue Shares via Internet Share Application have been set out for illustration purposes only.*

**PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION MAY DIFFER FROM THE STEPS OUTLINED BELOW.**

- (i) Connect to the internet financial services website of the Internet Participating Financial Institution with which you have an account;
- (ii) Log in to the internet financial services facility by entering your user identification and PIN / password;
- (iii) Navigate to the section of the website on applications in respect of initial public offerings;
- (iv) Select the counter in respect of our Issue Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application;
- (v) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions;
- (vi) At the next screen, complete the online application form;
- (vii) Check that the information contained in the online application form, such as the share counter, NRIC number, CDS account number, number of Issue Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form;
- (viii) After selecting the designated hyperlink on the screen, you will have to confirm and undertake that the following mandatory statements are true and correct:-
  - (a) You have attained 18 years of age as at the date of the application for the Issue Shares;
  - (b) You are a Malaysian citizen residing in Malaysia;
  - (c) You have, prior to making the Internet Share Application, received and / or have had access to a printed or electronic copy of the Prospectus, the contents of which you have read and understood;
  - (d) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this

**14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

- Prospectus, before making the Internet Share Application for the Issue Shares;
- (e) Your Internet Share Application is the only Application that you are submitting for the Issue Shares;
  - (f) You authorise the financial institution with which you have an account to deduct the full amount payable for the Issue Shares from your account with the said financial institution ("**Authorised Financial Institution**");
  - (g) You give express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 134 of the Financial Services Act 2013 and Section 45 of the SICDA) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and / or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to MIH and the Authorised Financial Institution, the SC and any other relevant regulatory bodies;
  - (h) You are not applying for the Issue Shares as a nominee of any other person and the Application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
  - (i) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with the Public Issue, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the Public Issue. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services;
- (ix) Upon submission of the online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment for your Application;
  - (x) You must pay for the Issue Shares through the website of the Authorised Financial Institution, failing which the Internet Share Application is **not completed**, despite the display of the Confirmation Screen. "**Confirmation Screen**" refers to the screen which appears or is displayed on the internet financial services website, which confirms that the Internet Share Application has been completed and states the details of your Internet Share Application, including the number of Issue Shares applied for, which can be printed out by you for record purposes;
  - (xi) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment for the Issue Shares is being made. Subsequently, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website; and
  - (xii) You are advised to print out the Confirmation Screen for reference and retention.



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**14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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**14.7 TERMS AND CONDITIONS**

The terms and conditions outlined below are applicable to Applications submitted using the Application Forms, Electronic Share Application and Internet Share Application. The terms and conditions outlined below also supplement the additional terms and conditions for Internet Share Application contained in the internet financial services website of the Internet Participating Financial Institution. Please refer to the Internet Financial Services website of the Internet Participating Financial Institution for the exact terms and conditions and instructions.

- (i) You are required to pay the IPO Price of RM0.35 for each Issue Share applied for.
- (ii) You can submit only one Application for our Issue Shares offered to the Malaysian Public. For example, if you submit an application using a White Application Form, you cannot submit an Electronic Share Application or Internet Share Application.

However, if you have made an application using the Pink Application Form, you may still apply for our Issue Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

MIH, acting under the authority of our Board has the discretion to reject applications that appear to be multiple applications under each category of applications.

**We wish to caution you that if you submit more than one Application in your own name or by using the name of others, with or without their consent, you will be committing an offence under Section 179 of the CMSA and may be punished with a minimum fine of RM1,000,000 and a jail term of up to 10 years under Section 182 of the CMSA.**

- (iii) Each Application under the White and Pink Application Forms, Electronic Share Application and Internet Share Application must be for at least 100 Issue Shares or multiples of 100 Issue Shares.
- (iv) Each Application must be made in connection with and subject to this Prospectus and our Constitution. You agree to be bound by our Constitution should you be allotted any Shares.
- (v) Your submission of an application does not necessarily mean that your application will be successful. Any submission of application is irrevocable.
- (vi) We or MIH will not issue any acknowledgement of the receipt of your Application or Application monies.
- (vii) You must ensure that your personal particulars submitted in your Application and/or your personal particulars as recorded by the Internet Participating Financial Institution are correct and accurate and identical with the records maintained by the Bursa Depository. Otherwise, your application is liable to be rejected. You will have to promptly notify the Bursa Depository of any change in your address failing which the notification letter of successful allocation will be sent to your registered / correspondence addresses last maintained with the Bursa Depository.
- (viii) No application shall be deemed to have been accepted by reason of the remittances having been presented for payment. Our acceptance of your application to subscribe for or purchase our Issue Shares shall be constituted by the issue of notices of allotment for our Issue Shares to you.

**14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

- (ix) Submission of your CDS account number in your Application includes your authority / consent in accordance with Malaysian laws of the right of the Bursa Depository, the Participating Financial Institution and Internet Participating Financial Institution (as the case may be) to disclose information pertaining to your CDS account and other relevant information to us, MIH and any relevant authorities (as the case may be).
- (x) **You agree to accept our decision as final should we decide not to allot any Issue Shares to you or to allot a lesser number of Issue Shares than the number of Issue Shares applied for.**
- (xi) Additional terms and conditions for Electronic Share Application are as follows: -
- (a) You agree and undertake to subscribe for or purchase and to accept the number of Issue Shares applied for as stated in the Transaction Record or any lesser amount that may be allotted to you.
- (b) Your confirmation by pressing the key or button on the ATM shall be treated as your acceptance of the number of Issue Shares allotted to you.
- (c) Should you be allotted any Issue Shares, you shall be bound by our Constitution.
- (d) You confirm that you are not applying for Issue Shares as a nominee of other persons and that your Electronic Share Application is made on your own account as a beneficial owner.
- (e) You request and authorise us to credit our Issue Shares allotted to you into your CDS account and to issue share certificate(s) representing those Issue Shares allotted in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send them to the Bursa Depository.
- (f) You acknowledge that your application is subject to electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events which are not in the control of our Company, MIH, the Participating Financial Institution or the Bursa Depository.
- You irrevocably agree that you are deemed not to have made an Application if we or MIH do not receive your Application or your application data is wholly or partially lost, corrupted or inaccessible to us or MIH. You shall not make any claim whatsoever against us, MIH, the Participating Financial Institution or the Bursa Depository.
- (g) You irrevocably authorise the Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the transfer of our Issue Shares allotted to you.
- (h) You agree that in the event of legal disputes arising from the use of Electronic Share Applications, the mutual rights, obligations and liabilities of the parties shall be determined under the laws of Malaysia and be bound by decisions of the Courts of Malaysia.
- (xii) Additional terms and conditions for Internet Share Application are as follows:-
- (a) Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Share Application which would result in the internet financial services website displaying the Confirmation Screen. You are required to complete the Internet Share Application by the Closing Date and Time.

**14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

- (b) You irrevocably agree and undertake to subscribe for or purchase and to accept the number of Issue Shares applied for as stated on the Confirmation Screen or any lesser amount that may be allotted to you. Your confirmation by clicking the designated hyperlink on the relevant screen of the website shall be treated as your acceptance of the number of Issue Shares allotted to you.
- (c) You request and authorise us to credit our Issue Shares allotted to you into your CDS account and to issue share certificate(s) representing those Shares allotted in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send them to the Bursa Depository.
- (d) You irrevocably agree and acknowledge that the Internet Share Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond the control of our Company, MIH, the Internet Participating Financial Institution and / or the Authorised Financial Institution.

In any such event, our Company, MIH and / or the Internet Participating Financial Institution and / or the Authorised Financial Institution do not receive your Internet Share Application and / or payment, or in the event that any data relating to the Internet Share Application or the tape or any other devices containing such data is wholly or partially lost, corrupted, destroyed or otherwise not accessible for any reason, you shall be deemed not to have made an Internet Share Application and you shall have no claim whatsoever against our Company, MIH or the Internet Participating Financial Institution and the Authorised Financial Institution.

- (e) You irrevocably authorise the Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and / or other documents required for the transfer of our Issue Shares allotted to you.
- (f) You agree that in the event of legal disputes arising from the use of Internet Share Application, the mutual rights, obligations and liabilities of the parties shall be determined under the laws of Malaysia and be bound by the decisions of the Courts of Malaysia.
- (g) You shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Share Application by our Company, MIH and / or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and / or incomplete details provided by the applicant, or any other cause beyond the control of the Internet Participating Financial Institution.
- (h) You are not entitled to exercise any remedy of rescission for misrepresentation at any time after we have accepted your Internet Share Application.
- (i) In making the Internet Share Application, you have relied solely on the information contained in this Prospectus. Our Company, our Promoters, and AIBB and any other person involved in the IPO shall not be liable for any information not contained in this Prospectus which may have been relied by you in making the Internet Share Application.

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**14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**


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**14.8 AUTHORITY OF OUR BOARD AND MIH**

Your application will be selected in a manner to be determined by our Board. Due consideration will be given to the desirability of distributing our Issue Shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for our Shares. MIH, on the authority of our Board reserves the right to:-

- (i) reject Applications which:-
  - do not conform to the instructions in this Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
  - illegible, incomplete or inaccurate; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without assigning any reason therefor; and
- (iii) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest or any share of revenue or benefit arising therefrom), by
  - crediting into your bank account for purposes of cash dividend / distribution if you have provided such bank account information to Bursa Depository; or
  - ordinary post / registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository.

If you are successful in your application, our Board reserves the right to require you to appear in person at the registered office of MIH at anytime within 14 days of the date of the notice issued to you to ascertain that your application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor shall it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

**14.9 OVER / UNDER-SUBSCRIPTION**

In the event of over-subscription, MIH will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of distributing our Issue Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market in the trading of our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by the issuing house to the SC, Bursa Securities, all major Bahasa Malaysia, English and Chinese newspapers as well as posted on the issuing house's website ([www.mih.com.my](http://www.mih.com.my)) within 1 business day after the balloting event.

Pursuant to the Listing Requirements we are required to have a minimum of 25% of our Company's enlarged issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon completion of this IPO and at the time of Listing. We expect to achieve this at the point of Listing. In the event that the above requirement is not met, we may not be allowed to proceed with the Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest or any share of revenue or benefit arising therefrom).

**14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

If such monies are not returned within 14 days after our Company becomes liable to repay it, then in addition to the liability of our Company, the officers of our Company shall be jointly and severally liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC from the expiration of that period.

In the event of an under-subscription of Issue Shares by the Malaysian Public and / or eligible Directors, employees and persons who have contributed to the success of our Group, subject to the underwriting arrangements and reallocation as set out in Section 3.1.3 of this Prospectus, any of the abovementioned Issue Shares not applied for will then be subscribed by our Sole Underwriter based on the terms of the Underwriting Agreement.

**14.10 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS**

Application monies in respect of the unsuccessful / partially successful applicants will be returned without interest or any share of revenue or benefit arising therefrom in the following manner.

**14.10.1 For applications by way of Application Forms**

- (i) The Application monies or the balance of it, as the case may be, will be returned to you via the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account for purposes of cash dividend / distribution if you have provided such bank account information to Bursa Depository or by registered post to your address maintained at Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot if you have not provided such bank account information to Bursa Depository at your own risk.
- (ii) If your application was rejected because you did not provide a CDS account number, your Application monies will be sent to your address as stated in the National Registration Identity Card ("**NRIC**") or any valid temporary identity document issued by the National Registration Department from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (iii) A number of Applications will be reserved to replace any balloted Applications which are rejected. The Application monies relating to these Applications which were subsequently rejected or unsuccessful or only partly successful will be refunded (without interest or any share of revenue or benefit arising therefrom) by MIH as per item (i) and (ii) above (as the case may be).
- (iv) MIH reserves the right to bank in all Application monies from unsuccessful Applicants. These monies will be refunded within 10 Market Days from the date of the final ballot by crediting into your bank account for purposes of cash dividend / distribution if you have provided such bank account information to Bursa Depository or by ordinary / registered post to your address maintained at Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

**14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)****14.10.2 For applications by way of Electronic Share Application and Internet Share Application**

- (i) MIH shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within two (2) Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest or any share of revenue or benefit arising therefrom into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within two (2) Market Days after the receipt of confirmation from MIH.
- (ii) You may check your account on the 5<sup>th</sup> Market Day from the balloting day.
- (iii) A number of Applications will be reserved to replace any balloted Applications which are rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest or any share of revenue or benefit arising therefrom) by MIH by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the balloting date.

**14.11 SUCCESSFUL APPLICANTS**

If you are successful in your application:-

- (i) Our Issue Shares allotted to you will be credited into your CDS account.
- (ii) A notice of allotment will be despatched to you at the address last maintained with the Bursa Depository, at your own risk, before the Listing. This is your only acknowledgement of acceptance of the application.

Pursuant to the conditions imposed by Bursa Securities as disclosed in Section 8.1.1 of this Prospectus, we will also make an announcement on the basis of allotment / allocation of the IPO Shares on the website of Bursa Securities at least two (2) Market Days prior to the Listing date.

- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed the shares as Prescribed Securities. As such, the Issue Shares issued / offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

**14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)****14.12 ENQUIRIES**

Enquiries in respect of the applications may be directed as follows:-

<b>Mode of application</b>	<b>Parties to direct the enquiries</b>
Application Forms	MIH Enquiry Services Telephone at telephone no. (03) 7841 8289
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

You may also check the status of your application by calling your respective ADA at the telephone number as stated in the list of ADAs accompanying the electronic copy of this Prospectus on the website of Bursa Securites or MIH Enquiry Services Telephone at telephone no. (03) 7841 8289 between 5 to 10 Market Days (during office hours only) after the balloting date.

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