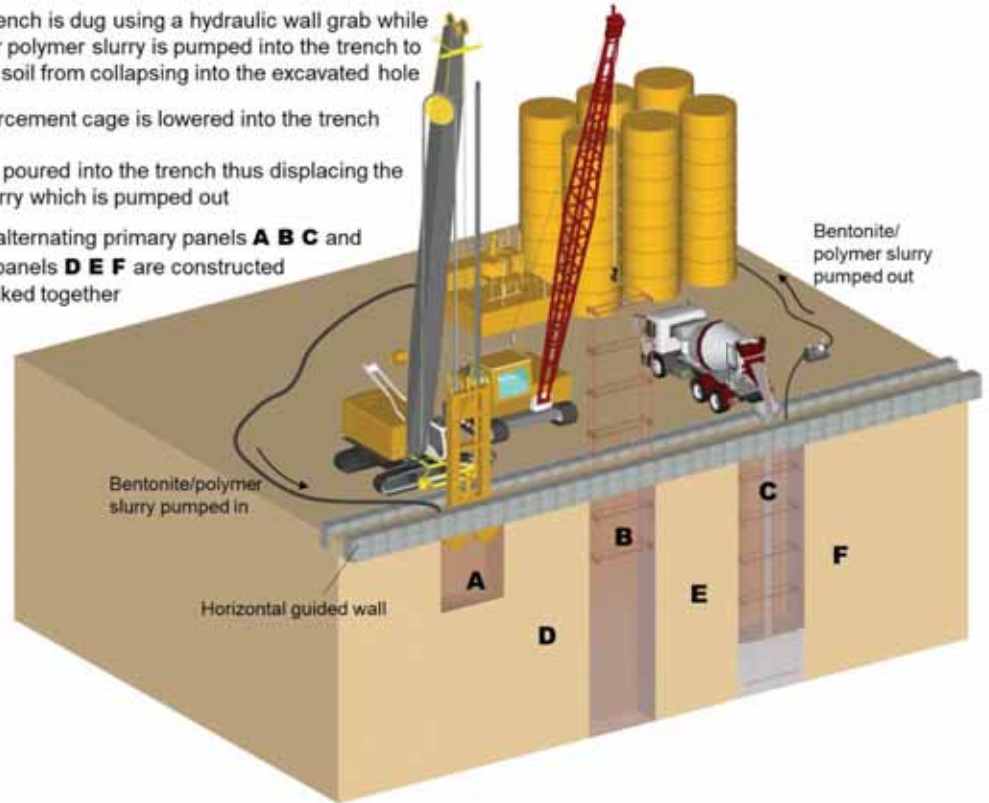


6. INFORMATION ON OUR GROUP (CONT'D)

An example of a method to construct diaphragm wall

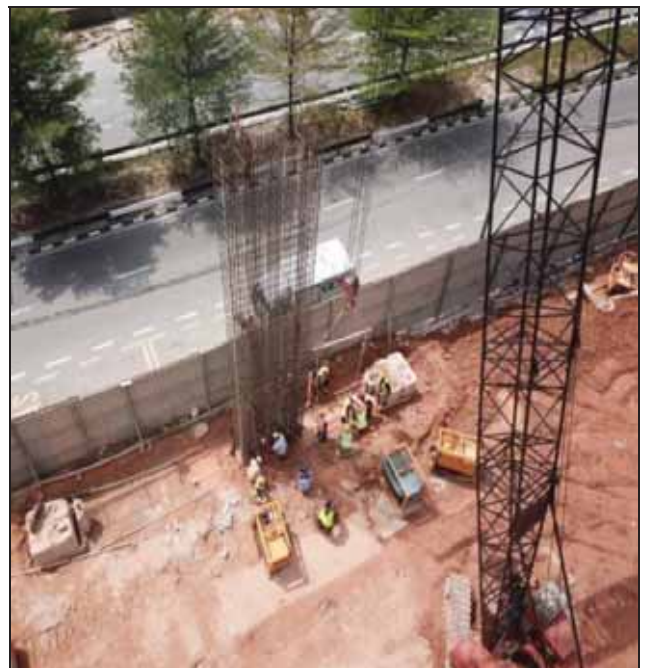
- ① A vertical trench is dug using a hydraulic wall grab while bentonite or polymer slurry is pumped into the trench to prevent the soil from collapsing into the excavated hole
- ② Steel reinforcement cage is lowered into the trench
- ③ Concrete is poured into the trench thus displacing the polymer slurry which is pumped out
- ④ A series of alternating primary panels **A B C** and secondary panels **D E F** are constructed and interlocked together



Diaphragm wall grab used for diaphragm wall construction



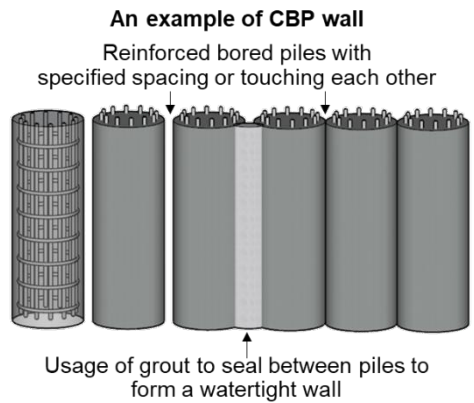
Insertion of steel reinforced cage into the trench for diaphragm wall construction for MET 5 @ KL Metropolis (Stage 1) Project



6. INFORMATION ON OUR GROUP (CONT'D)

(ii) CBP walls

CBP walls are vertical walls formed by constructing closely spaced bored piles. Usually CBP walls are used in stiff soil and lower water table conditions as it is economical and a faster option compared to other types of retaining walls.

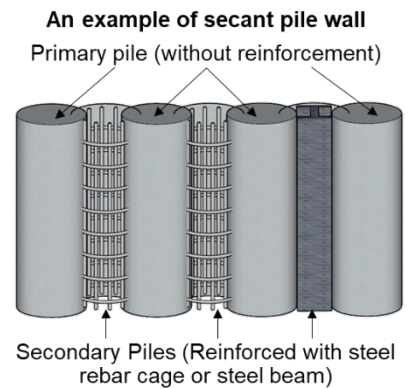


CBP wall for Damansara City in Kuala Lumpur



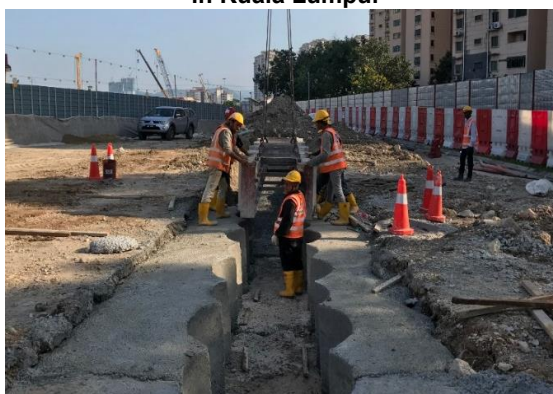
(iii) Secant pile walls

Secant pile walls are formed by constructing intersecting reinforced concrete piles. Firstly, a shallow guide wall is constructed to locate the piles. The primary piles are firstly constructed using bored piling method. Once the primary pile is set and stabilised, a secondary pile is constructed in between and overlapping the primary piles.

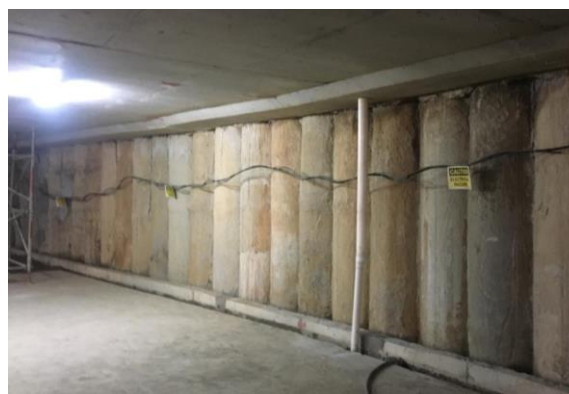


6. INFORMATION ON OUR GROUP (CONT'D)

Shallow guide walls are constructed first to locate the primary and secondary piles for secant pile wall construction for a mass rapid transit project in Kuala Lumpur



Secant pile wall for a project in Kuala Lumpur



(iv) Other types of walls and support systems

As for other types of retaining walls and support systems including sheet pile walls and soldier pile walls, as well as temporary supporting systems such as ground anchors and steel strutting systems, we engage external parties to carry out such works under our supervision and management.

Temporary steel strutting system used as support for the basement construction of a residential development in Kuala Lumpur



Ground anchor and steel strutting system as temporary support for diaphragm wall for Pavilion Ceylon Hills Project in Kuala Lumpur

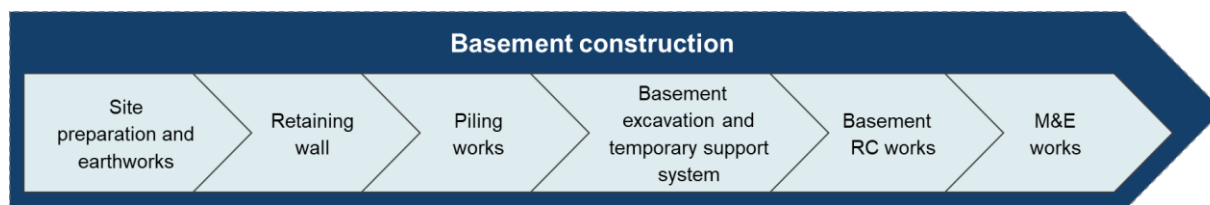


6.3.2.2 Basement construction

Basement refers to one or more floors of a building which is partly or entirely below ground level. Basement construction requires excavating soil to various depths while retaining walls are constructed to prevent the surrounding soil from collapsing into the excavated area. Basement construction is considered specialised works as it is commonly carried out deep below the ground in adverse conditions such as high groundwater, mud and limited working space. For the Financial Years / Period Under Review, we provided basement construction in Malaysia only.

6. INFORMATION ON OUR GROUP (CONT'D)

Our scope of work for basement construction projects are depicted in the diagram below:-



Within basement construction, our scope of work includes site preparation and earthworks, retaining wall construction, piling works, basement excavation and temporary support systems, basement RC works as well as M&E works. Apart from bored piling works and retaining wall construction, we engage external parties to carry out certain aspects of the basement construction under our supervision and management. Please refer to Section 6.3.4 of this Prospectus for further details on our subcontracted services.

We have the capabilities to design the basement of buildings where we take into consideration variables including, among others, groundwater pressure, foundation design including pile and pile cap design, retaining or basement wall design, and basement floor slab design.

For the Financial Years / Period Under Review, we have employed the following methods of basement construction for our construction projects:-

- **Bottom-up method**

The bottom-up method refers to the order where the basement subfloors are constructed from the bottom to the top. Firstly, the retaining walls are constructed to form the support followed by excavation before commencing on the construction of the lowest basement floor along with foundation works. The other basement levels are then built sequentially. Once the ground floor is constructed, this will be followed by the construction of the superstructure.

- **Top-down method**

The top-down method refers to the order where either the ground floor or first basement level concrete slab is constructed first, followed by the construction of lower basement levels.

Similarly, we would construct the retaining walls to form the support followed by the construction of the ground floor concrete slab with an access opening to allow for excavation to take place. As each subsequent basement level is completed, the concrete floor slab acts as lateral bracing for the perimeter retaining wall. This process continues until the desired depth is reached. With the ground floor slab constructed upfront, this approach allows for above ground and below ground structures to be constructed simultaneously.

6. INFORMATION ON OUR GROUP (CONT'D)

In some cases, we may use both bottom-up and top-down methods for the construction of basement for different buildings within a development. These construction considerations are determined upfront during the design and planning phase of our basement construction.

Top-down method for basement construction



Top-down and bottom-up methods for basement construction



6.3.2.3 Other related business

We provide rental of construction machinery and equipment. For the Financial Years / Period Under Review, rental of construction machinery and equipment accounted for less than 1.00% of our total revenue.

6. INFORMATION ON OUR GROUP (CONT'D)

6.3.3 Projects details

(a) Completed projects in Malaysia

The following is a list of our completed foundation and basement construction projects in Malaysia for the Financial Years / Period Under Review and up to the LPD, with total contract value (including variation orders) of RM20.00 million and above:-

No.	Project name	Our scope of work				Customer	Contract value ⁽²⁾ (RM'000)	Start year ⁽³⁾	Completion year ⁽⁴⁾
		Foundation		Basement	Others ⁽¹⁾				
		Bored piling	Retaining wall						
1.	West Coast Expressway (Sections 3, 4 and 5) ⁽⁶⁾⁽⁸⁾	√			√	Prebore Piling & Engineering Sdn Bhd / JJM Construction Sdn Bhd / LMT Asset Holdings Sdn Bhd	39,100	2015	2019
2.	Nidoz Residences ⁽⁶⁾	√				Nestcon Builders Sdn Bhd	32,630 ⁽⁷⁾	2016	2017
3.	MAIWP HQ	√	√		√	CY Creative Construction Sdn Bhd	20,397	2016	2018
4.	UOB Tower 2	√	√			JJM Construction Sdn Bhd	28,409	2017	2018
5.	Sentral Suites ⁽⁶⁾	√	√		√	MRCB Builders Sdn Bhd	90,751	2017	2018
6.	Pavilion Ceylon Hills	√	√		√	Domain Resources Sdn Bhd	43,913	2017	2019
7.	Bangsar 61	√	√			Bangsar 61 Sdn Bhd	27,117	2017	2018
8.	BBCC (Parcels 1, 4 and 5) ⁽⁶⁾⁽⁹⁾	√	√			JJM Construction Sdn Bhd/ Ahmad Zaki Sdn Bhd/ Sunway Geotechnics (M) Sdn Bhd	54,482	2017	2018
9.	8 th & Stellar @ Sri Petaling	√	√		√	Midas Prosperity Sdn Bhd	32,000	2018	2019
10.	MET 5 @ KL Metropolis (Stage 1)	√	√			Infra Segi Sdn Bhd	39,516	2018	2019
11.	MRT 2		√			JJM Construction Sdn Bhd	30,299	2018	July 2020
12.	Foundation construction project ⁽¹⁰⁾	√	√			Customer A ⁽¹⁰⁾	21,477	2019	June 2020
						Total	460,091		

6. INFORMATION ON OUR GROUP (CONT'D)

Notes:-

- (1) Others include ground improvement works.
- (2) Contract value including variation orders.
- (3) Start year of project is based on site possession date. In situations where there are several contracts for the same project, the earliest start date among the contracts will be used.
- (4) Completion year of project is based on project handover date. In situations where there are several contracts for the same project, the latest completion date among the contracts will be used.
- (5) Summation of several contracts or packages for the same project which may have been secured from different customers.
- (6) Include variation order for the construction of 3 levels of superstructure.
- (7) Include work orders for pile testing for Aspire Causeway Sdn Bhd and construction of tower crane pile caps for Taghill Projects Sdn Bhd, amounting to a total of RM0.12 million for the Nidoz Residences Project.
- (8) Include contracts for bored piling works for Sections 3, 4 and 5, as well as ground improvement works for Sections 4 and 5 of the West Coast Expressway Project.
- (9) Include contracts for bored piling works for Parcels 1, 4 and 5 as well as construction of diaphragm wall for Parcels 4 and 5 of the BBCC Project.
- (10) This project refers to the foundation construction undertaken by our Group for a residential development, namely a serviced apartment block, in Kuala Lumpur. We are not able to disclose the name of Customer A due to a non-disclosure covenant entered into between us and Customer A. Customer A is a private limited company incorporated in Malaysia and is principally involved in property development in Malaysia. Customer A is a subsidiary of a company listed on a stock exchange in the southern region of Southeast Asia with principal activities in property development and hospitality business.

6. INFORMATION ON OUR GROUP (CONT'D)

(b) Completed projects in Indonesia

The following is a list of our completed foundation construction projects in Indonesia for the Financial Years / Period Under Review and up to the LPD, with total contract value (including variation orders) of IDR5.00 billion (which is equivalent to RM1.487 million⁽³⁾) and above:-

No.	Project name	Our scope of work (Foundation construction)			Customer	Contract value ⁽²⁾ (IDR Million)	Contract value ⁽³⁾ (RM'000)	Start year ⁽⁴⁾	Completion year ⁽⁵⁾
		Bored piling	Retaining wall	Others ⁽¹⁾					
1.	Pasar Rumpit Low Cost Apartment	√			PT Waskita Karya (Persero) Tbk	8,791	2,615	2016	2017
2.	Bakter Toll Road (Section 1)	√			PT Widya Sapta Contractor	11,999	3,569	2017	2018
3.	Bocimi Toll Road (Section 1) ⁽⁶⁾	√	√	√	PT Waskita Karya (Persero) Tbk/ PT Global Link Pondasi/ PT Posco E&C Indonesia/ WASKITA-WIKA KSO	37,232	11,074	2016	2019
4.	Cisumdawu Toll Road (Phase 2) ⁽⁶⁾	√		√	PT Waskita Karya (Persero) Tbk/ JO. MCC-WIKA-NINDYA-WASKITA	12,932	3,846	2016	2019
5.	Semarang – Solo Toll Road (Salatiga-Kertapura Package) ⁽⁶⁾	√			PT Waskita Karya (Persero) Tbk	6,646	1,977	2017	2018
6.	DAPENBI Building ⁽⁶⁾	√			Dana Pensiun Bank Indonesia/ PT PP Urban	6,427	1,912	2018	2019
7.	Cimanggis-Cibitung Toll Road (Section 2) ⁽⁶⁾	√			PT Waskita Karya (Persero) Tbk	7,235	2,152	2019	June 2020
8.	Cikarang Underpass	√			PT Waskita Karya (Persero) Tbk	5,116	1,522	July 2019	December 2019
9.	Istiqial Mosque	√			PT Waskita Karya (Persero) Tbk	12,959	3,854	May 2019	December 2019
Total						109,337	32,521		

6. INFORMATION ON OUR GROUP (CONT'D)

Notes:-

- (1) Others include installation of corrugated concrete sheet pile, spun pile and pipe conductor by boring of hole.
- (2) Contract value including variation orders.
- (3) Based on conversion rate of IDR100 = RM0.029742 which is the average of the conversion rate used for the Financial Years / Period Under Review.
- (4) Start year of project is based on site possession date. In situations where there are several contracts for the same project, the earliest start date among the contracts will be used.
- (5) Completion year of project is based on *Berita Acara Serah Terima* ("**BAST**") or record of transfer of project. For projects with several contracts, it refers to the contract or work order with the latest completion date.
- (6) Summation of several contracts or packages for the same project which may have been secured from different customers.

6. INFORMATION ON OUR GROUP (CONT'D)

(c) On-going projects in Malaysia

As at the LPD, our on-going foundation construction projects in Malaysia amounted to a total contract value (including variation orders) of approximately RM195.78 million. Details of these projects are as follows:-

No.	Project name	Our scope of work			Customer	Contract value ⁽²⁾ (RM'000)	Start year ⁽³⁾	Expected completion year ⁽⁴⁾	Approximate percentage of completion as at the LPD ⁽⁵⁾
		Foundation							
		Bored Piling	Retaining Wall	Others ⁽¹⁾					
1.	West Coast Expressway (Section 3)			√	LMT Asset Holdings Sdn Bhd	4,350	2017	2021 ⁽⁶⁾	40%
2.	BBCC (Parcels 4 & 5)			√	Ahmad Zaki Sdn Bhd	5,045	2018	January 2019 ⁽⁷⁾	65%
3.	Infrastructure for Merdeka 118	√	√		Ahmad Zaki Sdn Bhd	30,381	2018	2021 ⁽⁸⁾	100% ⁽⁸⁾
4.	Belfield Tunnel		√		Gamuda Geo Sdn Bhd	41,834	2019	March 2020 ⁽⁹⁾	89%
5.	Agile Embassy Garden	√			Agile Property Development Sdn Bhd	24,500	2019	January 2021 ⁽¹⁰⁾	71%
6.	MET 5 @ KL Metropolis (Stage 2)	√	√		Infra Segi Sdn Bhd	80,876	2020	July 2022	13%
7.	LRT 3 Underground Tunnel	√	√		Geotechnical Alliance Sdn Bhd / Optimum Utility Sdn Bhd	1,051 ⁽¹¹⁾	2020	October 2020	53%
8.	Bukit Setongkol Flyover	√			Ahmad Zaki Sdn Bhd	3,363	2020	January 2021	21%
9.	Klang Sterilisation Plant	√			Geotechnical Alliance Sdn Bhd	1,424	2020	June 2021	21%
10.	Bukit Tunku Private Residential	√			Tan Sri Kong Hon Kong & Puan Sri Lau Ah Lan	2,951	2020	January 2021	1%
					Total	195,775			

Notes:-

(1) Others include installation of spun piles and ground anchor works.

6. INFORMATION ON OUR GROUP (CONT'D)

- (2) Contract value including variation orders.
- (3) Start year of project is based on site possession date.
- (4) Expected completion year of project is based on date of completion stated in the Letter of Award, unless otherwise specified.
- (5) Based on percentage of completion method.
- (6) The installation of spun piles has been temporarily halted since February 2020 due to design changes. In February 2020, we obtained an extension of time for this project and the completion date has been extended from November 2018 to November 2021. As at the LPD, we are awaiting further instructions from the customer.
- (7) Our remaining ground anchor works, namely destressing and removal of ground anchors, were previously temporarily halted pending availability of the site from main contractor. This was due to the main contractor has yet to complete its scope of works, including basement excavation and casting of basement slab before we can proceed with destressing and removal of ground anchors. On 19 May 2020, our customer had notified us to proceed with the remaining part of the works starting from 27 May 2020. As at the LPD, we have yet to submit a request for extension of time for this project as we are still in the midst of assessing the current work progress in order to determine the appropriate duration of the extension of time required to complete this project. We are unable to estimate the timing of submission of our request for extension of time at this juncture.
- (8) This project is temporarily halted pending availability of the site as the main contractor has yet to complete its scope of work before we can proceed with our remaining works. The percentage of completion for this project is 100% as the budgeted construction cost has been fully incurred as at the LPD. In August 2020, we obtained an extension of time for this project and the completion date has been extended from 15 August 2020 to 15 February 2021.
- (9) The completion of this project will be delayed. This is mainly due to the temporary suspension of works arising from the MCO as well as, among others, delays in handing over work sites by the main contractor, and delays in diversion of utilities, road diversion and traffic management for us to carry out our works. We have submitted a request for extension of time for this project and it is still pending approval from the customer.
- (10) Based on the assumption that construction works for the final section will commence immediately upon completion of the preceding sections.
- (11) Include contracts for bored piling works and construction of diaphragm wall for the LRT 3 Underground Tunnel Project.

6. INFORMATION ON OUR GROUP (CONT'D)

(d) On-going projects in Indonesia

As at the LPD, our on-going foundation construction projects in Indonesia amounted to a total contract value (including variation orders) of approximately IDR14.33 billion (which is equivalent to RM4.26 million⁽²⁾). Details of these projects are as follows:-

No.	Project name	Our scope of work (Foundation construction)		Contract value ⁽¹⁾ (IDR million)	Contract value ⁽²⁾ (RM'000)	Start year ⁽³⁾	Expected completion year ⁽⁴⁾	Approximate percentage of completion as at the LPD ⁽⁵⁾
		Bored piling	Customer					
1.	Bekasi Station Building	√	ISTAKA - MINA, KSO	1,481	440	2019	2021	99%
2.	Manggarai-Jatinegara Railway	√	Waskita-Utama KSO	5,959	1,772	January 2020	2021	9%
3.	Sky House	√	PT Sunny Garden Property / PT Totalindo Eka Persada	6,888 ⁽⁶⁾	2,049	May 2020	October 2020	74%
				Total	14,328			4,261

Notes:-

- (1) Contract value including variation orders.
- (2) Based on conversion rate of IDR100 = RM0.029742 which is the average of the conversion rate used for the Financial Years / Period Under Review.
- (3) Start year of project is based on site possession date.
- (4) Expected completion year of project is based on date of completion stated in the Construction Contract or *Surat Perjanjian Pemborongan Pekerjaan* or *Surat Perintah Kerja*, unless otherwise specified.
- (5) Based on percentage of completion method.
- (6) Summation of 2 contracts for the same project secured from different customers.

6. INFORMATION ON OUR GROUP (CONT'D)**6.3.4 Key types, sources and availability of supplies**

The following are the major types of input materials and services that we purchased for our foundation and basement construction operations for the Financial Years / Period Under Review:-

Purchases of input materials and services

	FYE 2017		FYE 2018		FYE 2019		FPE 2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Materials and consumables	61,875	50.03	97,154	48.41	77,821	51.10	23,250	35.70
Concrete ⁽¹⁾	24,490	19.80	36,592	18.23	32,376	21.26	8,156	12.52
Steel materials ⁽²⁾	26,210	21.19	47,739	23.79	30,410	19.97	7,448	11.44
Diesel	3,332	2.70	5,842	2.91	6,029	3.96	3,472	5.33
Piling tools and other accessories	1,346	1.09	2,399	1.20	1,512	0.99	313	0.48
Other materials and consumables ⁽³⁾	6,497	5.25	4,582	2.28	7,494	4.92	3,861	5.93
Subcontracted services	36,447	29.47	72,576	36.16	48,846	32.08	28,094	43.13
RC works	3,811	3.08	17,099	8.52	17,632	11.58	55	0.08
Subcontracted labour supply	4,388	3.55	9,338	4.65	8,001	5.25	4,480	6.88
Earthworks	5,187	4.19	17,384	8.66	6,527	4.29	3,758	5.77
Piling and geotechnical works	16,638	13.45	14,658	7.30	5,628	3.70	14,872	22.83
Testing and quality control inspections	2,481	2.01	5,258	2.62	4,096	2.69	1,655	2.54
Other subcontracted services ⁽⁴⁾	3,942	3.19	8,839	4.41	6,962	4.57	3,274	5.03
Other services	25,350	20.50	30,978	15.43	25,613	16.82	13,786	21.17
Rental of construction machinery and equipment	11,544	9.33	16,949	8.44	13,090	8.60	7,268	11.16
Repair and maintenance services ⁽⁵⁾	5,674	4.59	7,581	3.78	6,371	4.18	3,133	4.81
Others ⁽⁶⁾	8,132	6.58	6,448	3.21	6,152	4.04	3,385	5.20
Total purchases	123,672	100.00	200,708	100.00	152,280	100.00	65,130	100.00

Notes:-

- (1) Including cement and ready-mix concrete.
- (2) Including steel bars and structural steel.
- (3) Including consumables, hardware, bentonite and polymer powder, lubricant, quarry product and adhesive / epoxy.
- (4) Including installation of temporary strutting system, M&E works, waterproofing, steel bar bending services as well as engineering services.
- (5) Including spare parts and accessories.
- (6) Including site expenses such as technical advisory fee, security fee, utilities, rental and upkeep of site office and insurance as well as transportation cost.

6. INFORMATION ON OUR GROUP (CONT'D)

Our Group's purchases comprise mostly materials and consumables, followed by subcontracted services and other services.

Purchases of materials and consumables accounted for 50.03%, 48.41%, 51.10% and 35.70% of our Group's total purchases for the FYE 2017, FYE 2018, FYE 2019 and FPE 2020, respectively. Some of the materials and consumables we purchased include steel bars, structural steel, cement, ready-mix concrete, diesel, piling tools and other accessories, bentonite and polymer powder, adhesive / epoxy products, quarry products and lubricants. These were mainly for our operations in Malaysia. As for our operations in Indonesia, materials and consumables such as steel bars and concrete are mainly provided by the main contractors.

Meanwhile, subcontracted services accounted for 29.47%, 36.16%, 32.08% and 43.13% of our Group's total purchases for the FYE 2017, FYE 2018, FYE 2019 and FPE 2020, respectively. The following are some of the services where we engage external parties to carry out the works:-

- Earthworks including land clearing, soil removal and backfilling works;
- RC works including construction of pile caps, basement floor slabs and beams;
- Piling and geotechnical works mainly including bored piles, driven piles, micro piles and spun piles, installation of temporary ground anchors, ground improvement works such as jet grouting as well as site surveying;
- Subcontracted labour supply to carry out construction works on-site;
- Testing and quality control inspections comprising mainly independent quality control pile testing services such as dynamic load test, static load test and cross hole sonic logging tests; and
- Other subcontracted services including installation of temporary strutting system, M&E works, waterproofing, steel bar bending services as well as engineering services. In some situations, we engage external engineers for design endorsement.

In FPE 2020, subcontracted piling and geotechnical works accounted for 22.83% which is the highest within the purchases of subcontracted services, mainly for installation of temporary ground anchors. For the Financial Years / Period Under Review, we have not undertaken any installation of temporary ground anchors internally. This is due to the labour intensive nature of the work for the installation of this temporary support system. Our core competency is in bored piling works and construction of retaining wall. Although we use subcontracted services to carry out this type of works, we are responsible for supervising and managing the works that are being carried out at our job site.

We subcontract bored piling works in situations where we have conflicting timing of completion for projects or when we have a shortage of bored piling machinery and equipment. Other services which include rental of construction machinery and equipment, repair and maintenance services, transportation cost and site expenses accounted for 20.50%, 15.43%, 16.82% and 21.17% of our Group's total purchases in the FYE 2017, FYE 2018, FYE 2019 and FPE 2020, respectively. Rental of construction machinery and equipment are mainly excavators, cranes and generators.

6. INFORMATION ON OUR GROUP (CONT'D)**Volatility in prices of raw materials**

Concrete and steel bars are the key materials used in our foundation and basement construction operations in Malaysia. Steel bars and concrete are subject to fluctuations in prices. The following table displays the changes in average price of steel bars and concrete purchased by our Group for the Financial Years / Period Under Review:-

	Average price increase / decrease ⁽¹⁾ (%)			
	FYE 2017	FYE 2018	FYE 2019	FPE 2020
Steel bars	17.32	16.18	-8.88	7.22
Concrete	-12.45	-3.18	2.26	3.07

Note:-

(1) Prices are based on purchases of steel bars and concrete for our Malaysia operations.

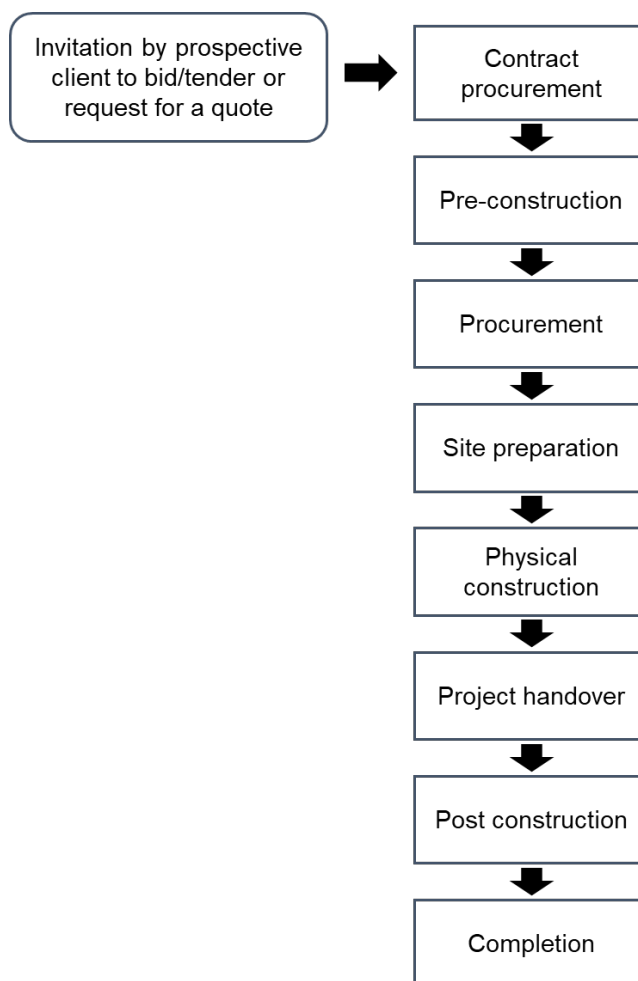
The prices of steel bars and concrete are subject to price fluctuations as a result of demand and supply conditions in the market. As these materials are the 2 largest input materials for our foundation and basement construction operations, the purchase prices will affect our margins to a certain extent. Generally, the unit prices for these construction materials are based on prevailing market prices upon securing a project. Therefore, any unfavourable fluctuations in the cost of these materials during the performance of our contracts may increase our overall project costs. As we are unable to pass on this increase in cost to our customers, this may in turn affect our profitability. Please refer to Sections 8.1.3 and 8.1.9 of this Prospectus for further details on risks of fluctuations in construction material prices.

Thus far, we have not encountered any interruptions in supply of input materials or services for our business operations.

6. INFORMATION ON OUR GROUP (CONT'D)

6.3.5 Process flow

The following diagram depicts our general process for our foundation and basement construction operations:-



The process flow of a construction project is as follows:-

- **Contract procurement phase**

The contract procurement phase begins with invitations from prospective customers to either bid, tender or request for quotation. We will carry out assessment on contract terms and creditworthiness of the prospective customer. The decision to participate in the tender or provide a quotation is based on the outcome of such assessments.

We will perform a site investigation as part of our assessment and proceed with the preparation of tender documents or quotation which involves costing and budgetary evaluation, identification of statutory and regulatory requirements, and evaluation of the predetermined design and specification of the foundation and basement construction. Most commonly, we will submit 2 proposals to the prospective customer, one based on the predetermined design requirements by the customer or engineering consultant and another with our proposed alternative design solutions. These proposals are then submitted along with supporting documents and tender bond.

6. INFORMATION ON OUR GROUP (CONT'D)

- **Pre-construction:** Pre-construction starts with the formation of a project team to undertake project scheduling and planning, as well as for the review of design, contract terms and budget. During this stage, the preparation of preliminary works for site possession will commence.
- **Procurement:** This involves the procurement of construction materials, hiring of supporting machinery and equipment, and engagement of contract labour and subcontracted works including, among others, site clearance, earthworks, RC works, testing and quality control inspections, and geotechnical land surveying. This is also the stage where we plan the scheduling of our construction machinery and equipment including, among others, rotary drilling rigs, crawler cranes and diaphragm wall grabs. The appointment of subcontractors or suppliers will be based on criteria such as timeliness of delivery, quality and pricing.
- **Site preparation:** Prior to the commencement of construction, we will prepare the working platform and this will be followed by mobilisation of our construction machinery and equipment as well as the setting up of our bentonite or polymer mixing plant.
- **Physical construction:** The next process involves physical construction which will be monitored by our project team to ensure compliance with design and specifications, quality, safety and timely construction works.
- **Project handover:** Final inspection and testing will be carried out before the project is officially handed over to the customer. Additionally, we would also demobilise resources and construction materials from the site before the project is handed over to our customers. The project is deemed completed based on the issuance of letter or notice of project handover by our Group to the main contractor or property developer. Generally, a CPC is issued after the issuance of such letter or notice. However, in some cases, it may only be issued after the completion of the entire project.
- **Post construction:** Depending on the contract, we may be responsible for rectification of defects during the defect liability period, which mainly ranges between 12 and 24 months from the CPC date.
- **Completion:** The project is deemed fully completed upon expiration of the defect liability period where the final retention sum can be claimed.

6.3.6 Quality control procedures

We place emphasis on our adherence to quality standards on our services and we have been accredited with the following quality management system:-

Company within our Group	Accreditation	Scope	Issuing party	Validity period
Aneka Jaringan	ISO 9001:2015	Provision of design and construction of foundation and geotechnical services for construction of building and infrastructure works	(i) Bureau Veritas Certification Holding SAS – UK Branch (ii) Bureau Veritas Certification	7 January 2018 to 6 January 2021

As at the LPD, we have not obtained similar accreditation for PT Aneka for our Indonesia operations.

6. INFORMATION ON OUR GROUP (CONT'D)

As part of our quality procedures, we conduct various tests on the integrity of the bored pile as well as the strength of our foundation construction mainly including dynamic load test, static load test, integrity test and sonic logging test. These are carried out by our Group and verified by external independent testing companies such as Geonamics (M) Sdn Bhd, Material Testing Laboratory Sdn Bhd and Dynamic Pile Testing Sdn Bhd.

Static load test using the Kentledge system performed on our bored piling works



Dynamic load test using the Pile Driver Analyzer (PDA) performed on our bored piling works



6.3.7 R&D

As we are involved in foundation and basement construction, R&D is not relevant to our business. As such, we do not carry out any R&D activities and we have not recognised any R&D expenditure for the Financial Years / Period Under Review.

6.3.8 Technology

We do not employ any special technology in our business operations. We rely on the technologies that are embedded in the construction machinery and equipment to carry out our foundation and basement construction. The list of our key construction machinery and equipment is set out in Section 6.9 of the Prospectus.

6.3.9 Modes of marketing, distribution and sales

6.3.9.1 Sales and marketing strategies

We will continue to employ the following sales and marketing strategies for our Group:-

- we will continue to position ourselves as a specialist in foundation construction and pursue and participate in tenders within the private sector as well as government sectors for buildings and infrastructure projects;
- we will maximise the benefits from our registration as a Grade G7 Contractor with CIDB, where we are not subject to tender limitation on project amount, by bidding for sizeable projects. Such projects will enable us to utilise our strengths in providing a total solution for foundation and basement construction works supported by an experienced management and technical team together with our in-house fleet of construction machinery for timely and ease of deployment;

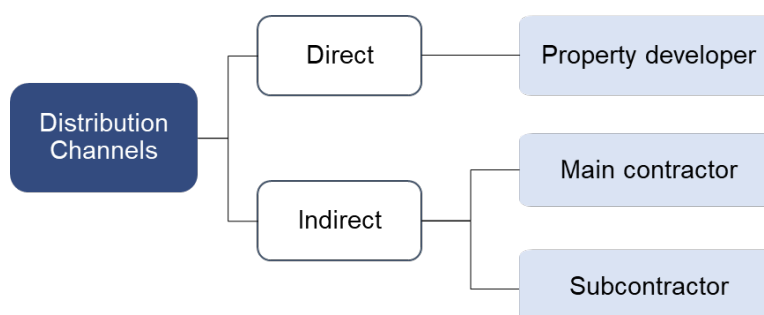
6. INFORMATION ON OUR GROUP (CONT'D)

- we will continue to market our capabilities in carrying out retaining wall and basement construction as a means to extend our portfolio of services to our existing customers in Indonesia; and
- we will continue to position ourselves with the capability of handling sizeable projects complemented with our technical expertise and in-house fleet of construction machinery and equipment in Indonesia. To support this strategy, we aim to increase our construction machinery and equipment in Indonesia.

In addition to our operations in Indonesia, part of our future plans is to explore opportunities in Singapore. In light of this strategy, we have registered a branch office in Singapore in January 2020 with the intention to bid for foundation and basement construction projects upon securing the relevant registration and licence with the authorities. For further details, please refer to Section 6.11.3 of this Prospectus on this business strategy.

6.3.9.2 Distribution channels

We adopt both direct and indirect distribution channel strategy to reach our customers. Our distribution channels are depicted in the diagram below:-



Direct distribution channel refers to projects secured directly from property developers. Meanwhile, indirect distribution channel refers to projects secured through main contractors as well as subcontractors such as other foundation and basement contractors. For the FPE 2020, our Group's revenue was mainly derived from projects secured indirectly through main contractors and subcontractors.

The following table shows the breakdown of our total revenue by distribution channels for the Financial Years / Period Under Review:-

Revenue breakdown by distribution channels

Revenue derived from	FYE 2017		FYE 2018		FYE 2019		FPE 2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Indirect distribution channels ⁽¹⁾	145,352	84.93	231,008	86.56	180,485	81.60	77,305	74.17
Direct distribution channels	25,801	15.07	35,864	13.44	40,687	18.40	26,921	25.83
Total	171,153	100.00	266,872	100.00	221,172	100.00	104,226	100.00

Note:-

- (1) Includes revenue derived from rental of construction machinery and equipment.

6. INFORMATION ON OUR GROUP (CONT'D)

Direct distribution channel

Some of our foundation and basement construction projects are awarded directly by the property developers. This is due to our customers' preference in completing the foundation and basement construction before other contractors commence on their respective works on the superstructure or building construction. Such cases are more common for sizeable developments where we would submit our bids or quotation directly to the property developers.

Indirect distribution channel

Generally, foundation and basement construction form part of a construction project that is commonly awarded to a main contractor as a single project package. From that perspective, we are a subcontractor to the project's main contractor. As such, we would submit our bids to carry out foundation and basement construction indirectly through the main contractor. Our Group is generally the key and sole contractor to the main contractor in the areas of foundation and basement construction works within a project for contracts secured by our Group.

For some projects, we have been nominated by the property developer as the contractor to carry out foundation and basement construction. This is because we were involved in the design stage of the foundation and basement construction together with the property developer. However, it is also common for the property developer to award the total construction contract to a main contractor and nominate us as the foundation and basement contractor. This is mainly because the main contractors of our projects are usually the construction arm of the property developer.

Some of our projects are also secured indirectly through a subcontractor who is responsible for foundation and basement construction. Most commonly, this would occur when the foundation and basement construction is sizeable with a tight deadline for completion. In such cases, the said foundation and basement contractor would request for a quotation from our Group to carry out a portion of the foundation and basement construction.

6. INFORMATION ON OUR GROUP (CONT'D)

6.3.10 Major approvals, licences and permits obtained

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

No.	Company	Description	Authority	Licence / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
1.	Aneka Jaringan	Business and signage licence for Aneka Jaringan at K-2-1, K-2-1-M, K-2-2, K-2-3, Pusat Perdagangan Bandar Bukit Jalil, Persiaran Jalil 2, 57000 Kuala Lumpur <ul style="list-style-type: none"> • Pejabat Urusan • Papan tanda iklan 	Dewan Bandaraya Kuala Lumpur ("DBKL")	DBKL.JPPP / KM01 / 0524 / 01 / 2020	10 January 2020 / 9 January 2021	(a) The licensee must only carry out the licensed activity and comply with the prescribed licensing conditions. (b) The licensee needs to comply with the prescribed signage licence guidelines. (c) The licensee needs to comply with the hygiene conditions prescribed by Health & Environment Department of DBKL. (d) The licensee needs to fulfil the safety criteria prescribed by the Fire and Rescue Department. ⁽¹⁾	Complied Complied Complied To be complied

6. INFORMATION ON OUR GROUP (CONT'D)

No.	Company	Description	Authority	Licence / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
2.	Aneka Jaringan	Business licence for Aneka Jaringan at K-3-1-M, Pusat Perdagangan Bandar Bukit Jalil, Persiaran Jalil 2, 57000 Kuala Lumpur <ul style="list-style-type: none"> Pejabat Urusan 	DBKL	DBKL.JPPP / PR01 / 0294 / 02 / 2020	7 February 2020 / 6 February 2021	(a) The licensee must only carry out the licensed activity and comply with the prescribed licensing conditions. (b) The licensee needs to comply with the hygiene conditions prescribed by Health & Environment Department of DBKL. (c) The licensee needs to fulfil the safety criteria prescribed by the Fire and Rescue Department. ⁽¹⁾	Complied Complied To be complied

6. INFORMATION ON OUR GROUP (CONT'D)

No.	Company	Description	Authority	Licence / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
3.	Aneka Jaringan	<p>Certificate of Registration issued to Aneka Jaringan pursuant to Part VI of Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994 in respect of:</p> <ul style="list-style-type: none"> • Grade G7, category B, registration specialisation B04, B05 and B21 • Grade G7, category CE, registration specialisation CE10, CE21 and CE29 • Grade G7, category ME, registration specialisation M15 	CIDB	Registration No. 0120020508-WP070891	<p>Issuance date: 12 March 2020</p> <p>Validity period: 12 March 2020 – 15 March 2023</p>	<p>1. General Conditions</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>2. Responsibility and Obligations of the Contractor</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> <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>Noted</p> <p>Noted</p> <p>Complied</p> <p>Complied</p>

6. INFORMATION ON OUR GROUP (CONT'D)

No.	Company	Description	Authority	Licence / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						<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>	Complied
						<p>d) The contractor shall apply for a renewal of registration within 60 days before the expiry date specified in this certificate.</p>	Complied

6. INFORMATION ON OUR GROUP (CONT'D)

No.	Company	Description	Authority	Licence / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
4.	Aneka Jaringan	<p>Business premises licence for PT 1319, Kawasan Perusahaan Sungai Bakau, Mukim Rawang, 48000 Rawang, Selangor:</p> <ul style="list-style-type: none"> • Membaiki, mengecat, dan servis kenderaan bermotor, jentera atau mesin berat (membuat/memproses/memborong/menyimpan) • Kilang membaiki dan menyimpan jentera berat dan peralatan pembinaan 	MPS	202000014603	Expiry date: 31 December 2020	<p>(a) Every licence issued by MPS will expire on 31st December every year and has to be renewed on or before that date. Late payment processing fee amounting to 10% of the licence fee will be charged for any payment after 31st December.</p> <p>(b) The licence holders must comply with the provisions of the Local Government Act 1976, Street, Drainage and Building Act 1974 and all by-laws of MPS made thereunder and all additional conditions issued by MPS from time to time, including any amendments made thereto.</p> <p>(c) Any licence issued is subject to the conditions set out in the approval letter.</p> <p>(d) MPS may in its discretion suspend, cancel or refuse to renew any licence without giving any reason.</p> <p>(e) Any change of information in the licence must be submitted to the licensing department of MPS.</p>	<p>Noted</p> <p>Complied</p> <p>Complied</p> <p>Noted</p> <p>Noted</p>

6. INFORMATION ON OUR GROUP (CONT'D)

No.	Company	Description	Authority	Licence / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
5.	Aneka Jaringan	Permit for the proposed erection of temporary buildings consist of "4 unit bangsal terbuka, 2 unit tandas, 1 unit kabin pejabat, 1 unit kabin surau, 1 unit kabin pondok pengawal, 6 unit kabin ruang rehat and 7 unit setor untuk kerja-kerja membaiki peralatan jentera berat" on a piece of land held under P.T. 1319, Kawasan Perusahaan Sungai Bakau, Mukim Rawang, Daerah Gombak, Majlis Perbandaran Selayang, Selangor Darul Ehsan	MPS	Serial No. 01175	Expiry date: 31 December 2020	<p>1. The owner as the permit holder shall be responsible for the following:-</p> <p>1.1. to ensure that the use of the building is consistent with the approved type of use.</p> <p>1.2. to ensure that all fire hydrant locations and any other existing utilities and facilities are not blocked by any construction and construction materials or any other materials.</p> <p>1.3. to renew the temporary building permit before 31st March every year. In the event of failure to renew the permit after 31st March every year, MPS will forfeit the deposit paid by Aneka Jaringan to MPS. Aneka Jaringan will be required to provide a fresh deposit upon renewal of the permit after 31st March every year.</p>	<p>Complied</p> <p>Complied</p> <p>Noted</p>

6. INFORMATION ON OUR GROUP (CONT'D)

No.	Company	Description	Authority	Licence / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
6.	Aneka Jaringan	Certificate of fitness in accordance with Factories and Machinery Act 1967 ("FAMA") and Regulation 10(2) of the Factories and Machinery (Notification, Certificate of Fitness and Inspections) Regulations, 1970 ("FAMA Reg") for hydraulic cutter rig located at Gamuda Berhad: Jalan Maharajalela, Mukim Bandar Kuala Lumpur	Department of Occupational Safety and Health, Kuala Lumpur	Certificate No.: PMA – WP/19 55371 Registration No.: WP PMA 19913	Issuance date: 12 June 2019 Expiry date: 9 December 2020	<p>2. Special conditions:</p> <p>2.1 Submit a copy of the endorsement from the Fire and Rescue Department of Malaysia, the Department of Occupational Safety and Health for the cabins which are used for workers' accommodation, the Town Planning Department of MPS and the Engineering Department of MPS.⁽²⁾</p>	To be complied
						<p>(a) This certificate is valid until the date stated in the certificate, unless suspended, revoked or otherwise terminated earlier under the provisions of FAMA and provided that the provisions of FAMA and the regulations in respect of the hydraulic cutter rig shall not be violated.</p> <p>(b) According to Regulation 26(1) of the FAMA Reg, 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.</p>	Complied

6. INFORMATION ON OUR GROUP (CONT'D)

No.	Company	Description	Authority	Licence / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
22.	PT Aneka	Principle License	Investment Coordinating Board (Badan Koordinasi Penanaman Modal or BKPM)	838/1/IP/PMA/2014	<p>Issuance date: 19 March 2014 as amended on 19 March 2015</p> <p>Expiry date: Valid until the projects stated in which are completed, followed by the issuance of relevant business license (IUJK)</p>	<p>(a) The company is prohibited to conduct construction services using simple technology / low risk / and value of work up to IDR1 billion.</p> <p>(b) Completion of project stated in the Principle License is 3 years from the date of issuance of Principle License.</p> <p>(c) The obligation to submit LKPM (Capital Investment Activities Report).</p> <p>(d) The obligation to undertake environmental provisions and other provisions which related to the investment implementation.</p>	<p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Noted</p>
23.	PT Aneka	SBU (Sertifikat Usaha / Certificate of Construction Company)	Lembaga Pengembangan Jasa Konstruksi Nasional (LPJKN)	Registration No. 0-3175-16-023-2-09-909393	<p>Issuance date: 30 December 2015, renewed as of 15 August 2018 and restated on 20 December 2019</p> <p>Expiry date: 14 August 2021</p>	<p>(a) The obligation to conduct second year re-registration June 2017 at the latest.</p> <p>(b) The obligation to conduct third year re-registration on 29 June 2018 at the latest.</p>	<p>Complied</p> <p>Complied</p>

6. INFORMATION ON OUR GROUP (CONT'D)

No.	Company	Description	Authority	Licence / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
24.	PT Aneka	Taxpayer Identification Number (Nomor Pokok Wajib Pajak / NPWP)	Directorate General of Taxes, Ministry of Finance	70.032.807.3-043.000	Issuance date: 23 April 2014 Expiry date: Valid as long as the company still carries out its business and/or activities in accordance with the laws and regulations	The obligation to submit Annual Tax Report at the latest of 4 months after the end of the relevant Tax Year.	Complied
25.	PT Aneka	Producer Import License (API-P)	Ministry of Trade	090312050-B	Issuance date: 17 March 2018 Expiry date: Valid as long as the company conducts its business activity, however it must be re-registered every 5 years	(a) The obligation to conduct re-registration once in 5 years. (b) Identity Number: 3172062209740002 The obligation to submit Import Realization every 3 months through http://api.kemendag.go.id	Noted Noted

6. INFORMATION ON OUR GROUP (CONT'D)

No.	Company	Description	Authority	Licence / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
36.	PT Aneka	Evaluation Report of Periodic Inspection and Testing of Liebherr HS841HD/ 183196	DISNAKERT RANS	1481/LP/Berkala//2020	Issuance date: 24 January 2020 Expiry date: Valid until the issuance of next Evaluation Report every 1 year after the issuance of this Evaluation Report at the latest	(a) Company to obtain statement letter to certify fulfillment of health and safety requirement, issued by Manpower Office of DKI Jakarta. (b) Company to apply for periodic inspection in January 2021 at the latest.	Noted
37.	PT Aneka	Evaluation Report of Periodic Inspection and Testing of Kobelco SK200-10	DISNAKERT RANS	2882/LP/Berkala//2020	Issuance date: 16 June 2020 Expiry date: Valid until the issuance of next Evaluation Report every 1 year after the issuance of this Evaluation Report at the latest	Company to apply for periodic inspection in June 2021 at the latest.	Noted



6. INFORMATION ON OUR GROUP (CONT'D)

Section 33 of the FSA states that where there is no fire certificate in force in respect of any designated premises, the owner of the premises shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 5 years or to both. The management of our Group has confirmed that save for the Properties, the other material properties owned by our Group are not designated premises under the FS Order.

- (2) Our Group is currently taking measures to obtain the CCC for the Rawang Structures. A planning approval and a building plan approval are required to be obtained prior to the issuance of a CCC. As part of the procedures for the application of CCC, our Group will be required to obtain the endorsement from the Fire and Rescue Department of Malaysia, the Town Planning Department of MPS and the Engineering Department of MPS in the process of obtaining the CCC. As such, these conditions will be complied by our Group once we have obtained the CCC. The management of our Group has confirmed that the Rawang Structures are not being used as workers' accommodation and thus, endorsement from the Department of Occupational Safety and Health will not be required to be obtained.

6. INFORMATION ON OUR GROUP (CONT'D)**6.3.11 Patents, trademarks and registrations**

Our Group currently holds the following trademarks, all of which are registered under Aneka Jaringan:-

Trademark	Issuing authority / Trademark no.	Class / Description	Validity period	Condition
	Intellectual Property Corporation of Malaysia / 2018060984	42, Engineering design; engineering design services, civil engineering (design); civil engineering design services; structural engineering services (design); design, research and development services relating to foundation construction; engineering project management services; project management (design)	25 May 2018 to 25 May 2028	The first trade mark in the series is limited to the colours as shown in the representation on the form of application
	Intellectual Property Corporation of Malaysia / 2018060981	37, Civil engineering construction; construction engineering; construction of foundations for bridges, roads, dams, buildings and civil engineering structures; soil foundation work; pile driving services; construction of diaphragm walls; installation of ground anchors; project preparation relating to civil engineering; project preparation relating to construction engineering; on site building project management	25 May 2018 to 25 May 2028	The first trade mark in the series is limited to the colours as shown in the representation on the form of application

6.3.12 Contracts / arrangements / documents on which our Group is materially dependent

As at the LPD, there is no contracts / arrangements / documents on which our Group is materially dependent.

6.3.13 Interruptions to business and operations

Save for our business suspension in Malaysia arising from the MCO as disclosed in Section 6.3.14 of this Prospectus, our Group has not experienced any other interruption in business which had a significant effect on our operations during the period prior to the date of this Prospectus.

6. INFORMATION ON OUR GROUP (CONT'D)

6.3.14 Outbreak of COVID-19 pandemic

On 18 March 2020, our business operations and on-going projects in Malaysia were temporarily suspended due to the MCO. After several extensions, the MCO was eased to allow certain economic sectors, including the construction sector, to resume operations beginning 4 May 2020 under a conditional MCO (“**CMCO**”). The CMCO was replaced with a recovery MCO beginning 10 June 2020 and to date the recovery MCO is still in force up to 31 December 2020. Following the CMCO, we have recommenced our operations in Malaysia gradually from 4 May 2020 by adhering to the SOPs issued under the direction of the Director General of Health pursuant to regulation 11 of the Prevention and Control of Infectious Diseases (Measures Within Infected Local Areas) (No. 5) Regulations 2020. All our employees underwent COVID-19 screenings before they recommenced work, and we incurred total cost of approximately RM0.12 million for these screenings. Among others, we are currently practicing the following SOPs:-

- (i) we have established an Emergency Response Protocol to manage and implement procedures for emergency cases (in the event of a COVID-19 infection or investigation);
- (ii) we have appointed a coordinator to oversee the COVID-19 preventive measures at the workplace;
- (iii) we briefed our employees in order to create awareness on the risks of COVID-19 infection and the importance of the preventive measures;
- (iv) we ensure social distancing of a minimum 1 meter between our employees is practised by demarcating the work area and ensure spacing between seats during bus transport;
- (v) we conduct temperature checks at the entrance of our construction sites and office premises on a daily basis and we keep and record the readings from such checks;
- (vi) we record the movement of materials / supplies to the construction sites;
- (vii) we provide hand washing facilities and hand sanitisers at our office premises and construction sites;
- (viii) we provide each worker with personal protective equipment such as face mask;
- (ix) we disinfect the communal areas and regular touch points (e.g. door handles, toilet area, machinery and equipment controls, etc) at construction sites and office premises;
- (x) we require our employees, suppliers, subcontractors or visitors to declare their health status before entering our construction sites and office premises. Those who fail any of the criteria stated in the health declaration form shall be prohibited from entering the said premises; and
- (xi) we record the name and contact number of visitors to our construction sites and office premises to aid in contact tracing if COVID-19 infection is detected.

Meanwhile, our Indonesia operations have not been significantly affected by the prolonged COVID-19 pandemic. This is because notwithstanding the imposition of a national large-scale social restriction policy on 31 March 2020 by the Central Government of Indonesia and its implementation in Jakarta area which was effective on 9 April 2020 to 4 June 2020, followed by (i) the large-scale social restriction transition on 5 June 2020 to 10 September 2020, and (ii) reimposition of full large-scale social restriction policy on 14 September 2020 to 27 September 2020, the construction services sector, being one of the exempted services, may remain in full operation by adopting COVID-19 health protocol established under the Ministry of Public Works and Housing by the issuance of Instruction No. 02/IN/M/2020 on site. None of our on-going projects nor our business operations in Indonesia have been suspended due to the social restriction policy to date. While carrying out construction works during the social restriction policy period, each of our on-going projects has complied with the COVID-19 health protocol on site including the following:-

6. INFORMATION ON OUR GROUP (CONT'D)

- (i) establishing a COVID-19 task force which educates workers on COVID-19 prevention and monitors the implementation of the protocol;
- (ii) providing health facilities required in the prevention of COVID-19 spread, such as hand wash facility, face mask, vitamin and medical supplies;
- (iii) conducting body temperature checks in the morning, noon, and evening;
- (iv) establishing strong relationship and arrangement with the nearest hospitals and / or public health centres on "Suspect COVID-19" cases;
- (v) temporarily suspending the construction work if there is an indication of worker(s) being affected by COVID-19; and
- (vi) conducting isolation and disinfectant spraying towards the facilities and infrastructure on site.

We are incurring additional expenses of approximately RM0.02 million per month for having the aforementioned procedures in place.

As a result of the suspension of our on-going projects in Malaysia as mentioned above, our billings to customers have been delayed. Our Group recorded revenue of RM9.43 million for March 2020 mainly from construction works carried out in Malaysia prior to the MCO. However, our revenue dropped to RM0.62 million for April 2020 as a result of the business suspension arising from the MCO. Nevertheless, we did not incur any costs for construction materials and / or subcontracted works for our projects in Malaysia during the business suspension period. However, we continued to incur depreciation cost mainly for our construction machinery and equipment, and administrative expenses mainly comprising staff costs and directors' remuneration during the same period. Due to the business suspension, it is estimated that our Group incurred a total loss before tax of RM2.71 million for March and April 2020. Pursuant to our gradual recommencement of business operations in Malaysia from 4 May 2020, our loss before tax reduced to RM0.86 million for May 2020. This would have an adverse impact on our Group's overall financial performance for the FYE 2020.

As at the LPD, our cash and cash equivalents stood at RM7.52 million and banking facilities available to us for working capital purposes amounted to RM85.01 million, of which RM42.05 million has yet to be utilised. Our Directors are of the opinion that after taking into consideration our cash and cash equivalents, expected cash flow to be generated from our operations, the impact of the COVID-19 pandemic on our business operations and financial performance including our previous business suspension during the MCO, amount that is available under our existing financing facilities as well as proceeds expected to be raised from our Public Issue, we will have adequate working capital to meet our present and foreseeable requirements for a period of 12 months from the date of this Prospectus notwithstanding a prolonged COVID-19 pandemic situation ("**Sensitivity Analysis**"). Our key assumptions for the said Sensitivity Analysis include:-

- (i) our business operations in Malaysia will be subject to further occasion(s) of suspension of a total of 2 months due to reimplementation of the MCO to contain further spread of the COVID-19 outbreak within the 12-month period from the date of this Prospectus ("**Further Business Suspension**"). This assumption is mainly premised on current development of the COVID-19 pandemic, where new cases of COVID-19 in Malaysia are generally in a reducing trend and public awareness of COVID-19 prevention has improved. Premised on these, it is expected that the Further Business Suspension, if any, will not be for more than 2 months within the 12-month period from the date of this Prospectus. During this Further Business Suspension, it is assumed that we will not generate any revenue from our operations in Malaysia, and no costs will be incurred for subcontracted works and construction materials due to suspension of project works;
- (ii) we will continue to incur fixed costs such as depreciation costs, staff costs, directors' remuneration and finance costs for the said 12-month period;
- (iii) there will be no substantial deterioration in the collection of our trade receivables;

6. INFORMATION ON OUR GROUP (CONT'D)

- (iv) we will continue to settle our trade payables mainly using proceeds from our collection of trade receivables; and
- (v) we will continue to service our financing obligations as and when they are due.

Upon resumption of our business operations pursuant to the CMCO, we have continued the implementation of our on-going projects so as to make up for the lost time due to the MCO, which will in turn generate revenue and billings to customers as well as rejuvenate our working capital cycle. Due to the delays in the progress of our on-going projects in Malaysia arising from the previous suspension of our business operations, we have sought or will be seeking an extension of time from our customers for our affected projects in Malaysia, where required. These include West Coast Expressway (Section 3) Project, BBCC (Parcels 4 & 5) Project, Infrastructure for Merdeka 118 Project, MRT 2 Project, Belfield Tunnel Project, SUKE (Package CA2) Project, Sunway South Quay (Parcel CP2) Project and Agile Embassy Garden Project. We have previously notified these customers of the suspension of their projects by us due to the MCO in accordance with the terms of our contracts with them save for BBCC (Parcels 4 & 5) Project as for that project our customer has notified us to temporarily halt the remaining part of the works being destressing and removal of temporary ground anchor in order for our customer to complete its part of the work for the project before we are able to resume the remaining part of our scope of works. On 19 May 2020, our customer had notified us to proceed with the remaining part of the works starting from 27 May 2020. As at the LPD, we have also submitted our applications for the extension of time to these customers save for West Coast Expressway (Section 3) Project and BBCC (Parcels 4 & 5) Project where we are still in the midst of assessing the current work progress in order to determine the appropriate duration of the extension of time required to complete the projects. We are currently pending approval from our customers for our applications for extension of time submitted. As at the LPD, we have not received any information from our customers on their intention to defer or terminate our on-going projects save for the piling works portion of the MET 5 @ KL Metropolis (Stage 2) Project, which was deferred by our customer on 9 June 2020 pending finalisation of design change of the works following the developer's decision to undertake a project design review. We subsequently resumed the piling works for the MET 5 @ KL Metropolis (Stage 2) Project on 1 September 2020.

Since the resumption of our business operations in Malaysia in May 2020, we have not experienced any disruption to our supply chain that caused a material impact on the implementation of our on-going projects. We are, and will continue to be, in regular liaison with our suppliers and subcontractors to ensure that there is no material difficulty in delivering materials which have been ordered by us in a timely manner or carrying out subcontracted works which have been engaged by us according to schedule. In addition, we have identified alternative suppliers and subcontractors to address any potential disruption to our supply chain arising from operational difficulties faced by our existing suppliers and subcontractors due to the COVID-19 pandemic. We have also identified outsourced labour suppliers to address any potential labour shortage for our construction projects in the event that any of our workers is infected with COVID-19.

While our business operations and financial performance have been adversely affected by our business suspension due to the COVID-19 pandemic, where we incurred a total loss before tax of RM3.57 million from March to May 2020, we consider the overall disruption caused by and the impact of the COVID-19 pandemic to be temporary. Pending further improvement of the COVID-19 situation following the replacement of the CMCO with the recovery MCO beginning 10 June 2020, we will continue to carry on our business operations with the aforementioned health procedures duly observed to reduce the risk of workplace infection and any corresponding suspension of our business operations and construction projects. Therefore, it is expected that our Group will be able to discharge our obligations under all existing construction projects subject to no termination notice being issued to us by our customers and no personnel working at the construction site(s) being infected with COVID-19 or being held under quarantine for medical inspection where the construction site(s) may have to be suspended accordingly. Nevertheless, we will continue to monitor the progress of our on-going projects as well as the development of the COVID-19 pandemic so as to take timely and appropriate actions to address any potential adverse impact arising from the COVID-19 pandemic.

Further, we will continue to actively bid for projects in Malaysia and Indonesia to strengthen our order book and sustain our growth in the long run. Since the MCO and up to the LPD, there are delays in project award for some of the projects tendered or quoted by us mainly due to project owners delaying

6. INFORMATION ON OUR GROUP (CONT'D)

their decisions. While we remain positive that the economy and construction sector of both Malaysia and Indonesia will recover after the COVID-19 pandemic recedes, there may be a slow down in the commencement of new construction projects during this recovery period. This may in turn lead to lower number of new projects to be secured by us and / or lower profit margin for any new projects to be secured by us due to market competition and challenging market conditions. Therefore, our overall profitability may be adversely affected pending further improvement of the economy and construction sector of both Malaysia and Indonesia.

Nevertheless, we are of the view that the COVID-19 pandemic will not have a material adverse impact on our prospects in Malaysia and Indonesia in the long run. This view takes into consideration the gradual recovery of Malaysia's economy in the second half of 2020 underpinned by key growth drivers including continued improvement in global growth, trade and technology cycle, reopening of the domestic economy, improvement in income prospects and sentiments to support consumption spending, and stimulus measures including fiscal, monetary and financial. This will be supported by growth factors including large public projects such as MRT, and high multiplier smaller projects, as well as recovery on commodity production. Some of the construction related activities that is expected to contribute to the improvement in Malaysia's economy includes the continuation of large-scale infrastructure projects namely MRT2, LRT3, Pan Borneo Highway, East Coast Rail Link project, Johor Bahru-Singapore rapid transit system, National Fiberisation and Connectivity Plan, ramp-up of upstream and downstream oil and gas projects, and power generation projects. This will be supported by the Malaysian Government's economic stimulus packages including the Prihatin Rakyat Economic Stimulus (PRIHATIN) with an allocation of RM250 billion, Prihatin SME Economic Stimulus Package (PRIHATIN SME+) with an allocation of RM10 billion and Short Term Economic Recovery Plan (PENJANA) with an allocation of RM35 billion. *(Source: Industry Overview)* We are of the view that the continuation of these large-scale infrastructure projects and the economic stimulus packages from the Malaysian Government will provide opportunities for the construction industry including foundation and basement works.

In addition, the Twelve Malaysia Plan 2021 to 2025 (12MP), which is currently in preparation, is expected to provide a framework for Malaysia's socioeconomic development and contribute towards a prosperous society over the next decade. The 12MP, which is based on shared prosperity incorporates three initiatives, namely economic empowerment, environmental sustainability and social re-engineering which will be driven by sources of growth including, among others, digital economy, smart construction, affordable housing, seamless transport, renewable energy, green technology and integrated regional development. *(Source: Industry Overview)* We are of the view that the Government's emphasis on moving Malaysia into the next phase of growth in the 12MP with emphasis on affordable housing and transportation will continue to provide opportunities for the construction industry as well as foundation and basement works.

Meanwhile, the Government of Indonesia's long term objective is still focused on infrastructure development in the country. Although this may have been temporarily put on hold to address the COVID-19 pandemic in the country, it is expected that once the health crisis is contained, the focus on infrastructure development will continue to be back on track.

Please refer to Section 8.1.1 of this Prospectus for the risk factor in relation to the prolonged COVID-19 pandemic.

6.3.15 Seasonality

We do not experience any material seasonality in our business as our business operations are mainly based on contractual arrangements.

6. BUSINESS OVERVIEW

6.4 PROPERTIES, PLANT AND EQUIPMENT

6.4.1 Properties owned and to be acquired

(a) The material properties owned by our Group as at the LPD are as follows:-

No.	Registered / Beneficial owner	Title details / Property address	Description and existing use	Category of land use / Tenure of property	Restrictions in interest / Material encumbrance(s)	Date of issuance of CF or CCC	Land / Built-up area (sq. ft.)	NBV as at 31 May 2020 RM'000
1.	Registered owner Bukit Jalil Development Sdn Bhd Beneficial owner Aneka Geotechnics	Title details Geran 79551, Lot 101900, Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur Property address K-2-1, K-2-1M, K-2-2, K-2-3, Pusat Perdagangan Bandar Bukit Jalil, Persiaran Jalil 2, Bukit Jalil, 57000 Wilayah Persekutuan Kuala Lumpur ⁽¹⁾	Description 4-storey stratified shop office Existing use Used as head office	Category of land use Building ⁽²⁾ Tenure of property Freehold	Restrictions in interest This land shall not be transferred, leased, charged or dealt in any other form unless the written consent from the Land Executive Committee of Federal Territory of Kuala Lumpur has been obtained except for the first and second transfer Material encumbrances Assigned to Public Bank Berhad	1 June 2017	Built-up area 8,569	6,272
2.	Registered owner Aneka Jaringan	Title details PM 2686, Lot 1290, Bandar Kundang, Tempat Sungai Bakau, Daerah Gombak, Negeri Selangor	Description Temporary structures consisting of open-sided workshops and stores	Category of land use Industrial	Restrictions in interest This land shall not be disposed, leased, charged or transferred in any manner whatsoever except with the consent of the State Authority.	-(³)	Land area 109,060	1,847

6. BUSINESS OVERVIEW (CONT'D)

No.	Registered / Beneficial owner	Title details / Property address	Description and existing use	Category of land use / Tenure of property	Restrictions in interest / Material encumbrance(s)	Date of issuance of CF or CCC	Land / Built-up area (sq. ft.)	NBV as at 31 May 2020 RM'000
	<p><u>Beneficial owner</u> N/A</p>	<p><u>Property address</u> PT 1319, Kawasan Perusahaan Sungai Bakau, Mukim Rawang, 48000 Rawang, Selangor</p>	<p><u>Existing use</u> Storage, repair and maintenance area for construction machinery and equipment</p>	<p><u>Tenure of property</u> Leasehold for 99 years expiring on 14 December 2091 (approximately 71 years of unexpired lease term)</p>	<p><u>Material encumbrance(s)</u> Charged to CIMB Islamic Bank Berhad</p>			
3.	<p><u>Registered owner</u> Perbadanan Pengurusan Cascades</p> <p><u>Beneficial owner</u> Aneka Jaringan</p>	<p><u>Title details</u> PN 97694, Lot 53298, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor</p> <p><u>Property address</u> B-G-25 to B-3-25, Dataran Cascades, 13A, Jalan PJU 5/1, Kota Damansara, 47810 Petaling Jaya, Selangor</p>	<p><u>Description</u> 4-storey shop offices⁽⁴⁾</p> <p><u>Existing use</u> Ground floor and 2nd floor – Rented out 1st floor and 3rd floor – Vacant</p>	<p><u>Category of land use</u> Building⁽²⁾</p> <p><u>Tenure of property</u> Leasehold for 99 years expiring on 1 February 2106 (approximately 86 years of unexpired lease term)</p>	<p><u>Restrictions in interest</u> This land shall not be transferred, leased or charged except with the consent of the State Authority.</p> <p><u>Material encumbrances</u> Assigned to CIMB Islamic Bank Berhad</p>	6 December 2013	<u>Built-up area</u> 5,590	3,173

6. BUSINESS OVERVIEW (CONT'D)

No.	Registered / Beneficial owner	Title details / Property address	Description and existing use	Category of land use / Tenure of property	Restrictions in interest / Material encumbrance(s)	Date of issuance of CF or CCC	Land / Built-up area (sq. ft.)	NBV as at 31 May 2020 RM'000
4.	<p><u>Registered owner</u> Perbadanan Pengurusan Cascades</p> <p><u>Beneficial owner</u> Aneka Jaringan</p>	<p><u>Title details</u> PN 97694, Lot 53298, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor</p> <p><u>Property address</u> D-21-06, Menara Mitraland, 13A, Jalan PJU 5/1, Kota Damansara, 47810 Petaling Jaya, Selangor</p>	<p><u>Description</u> Office unit on level 21 of an office tower⁽⁴⁾</p> <p><u>Existing use</u> Rented out</p>	<p><u>Category of land use</u> Building⁽²⁾</p> <p><u>Tenure of property</u> Leasehold for 99 years expiring on 1 February 2106 (approximately 86 years of unexpired lease term)</p>	<p><u>Restrictions in interest</u> This land shall not be transferred, leased or charged except with the consent of the State Authority.</p> <p><u>Material encumbrances</u> Assigned to CIMB Islamic Bank Berhad</p>	27 May 2014	<u>Built-up area</u> 1,020	581
5.	<p><u>Registered owner</u> Idaman Robertson Sdn Bhd</p> <p><u>Beneficial owner</u> Aneka Jaringan</p>	<p><u>Title details</u> Geran 78365, Lot 20018 Seksyen 56, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur</p> <p><u>Property address</u> S-17-06, Idaman Robertson, 109, Jalan Pudu, 50150 Wilayah Persekutuan Kuala Lumpur</p>	<p><u>Description</u> Service apartment unit on level 17⁽⁵⁾</p> <p><u>Existing use</u> Vacant</p>	<p><u>Category of land use</u> Building⁽²⁾</p> <p><u>Tenure of property</u> Freehold</p>	<p><u>Restrictions in interest</u> Nil</p> <p><u>Material encumbrances</u> Assigned to Hong Leong Bank Berhad</p>	26 December 2017	<u>Built-up area</u> 624	913

6. BUSINESS OVERVIEW (CONT'D)

No.	Registered / Beneficial owner	Title details / Property address	Description and existing use	Category of land use / Tenure of property	Restrictions in interest / Material encumbrance(s)	Date of issuance of CF or CCC	Land / Built-up area (sq. ft.)	NBV as at 31 May 2020 RM'000
6.	<p><u>Registered owner</u> Agile Property Development Sdn Bhd</p> <p><u>Beneficial owner</u> Aneka Jaringan</p>	<p><u>Title details</u> Geran 10567, Lot 258 Seksyen 89A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur</p> <p><u>Property address</u> N/A</p>	<p><u>Description</u> Service apartment unit on level 35</p> <p><u>Existing use</u> Under construction</p>	<p><u>Category of land use</u> Building⁽²⁾</p> <p><u>Tenure of property</u> Freehold</p>	<p><u>Restrictions in interest</u> Nil</p> <p><u>Material encumbrances</u> Nil</p>	N/A	<p><u>Built-up area</u> 554</p>	N/A
7.	<p><u>Registered owner</u> Agile Property Development Sdn Bhd</p> <p><u>Beneficial owner</u> Aneka Jaringan</p>	<p><u>Title details</u> Geran 10567, Lot 258 Seksyen 89A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur</p> <p><u>Property address</u> N/A</p>	<p><u>Description</u> Service apartment unit on level 35</p> <p><u>Existing use</u> Under construction</p>	<p><u>Category of land use</u> Building⁽²⁾</p> <p><u>Tenure of property</u> Freehold</p>	<p><u>Restrictions in interest</u> Nil</p> <p><u>Material encumbrances</u> Nil</p>	N/A	<p><u>Built-up area</u> 710</p>	N/A

6. BUSINESS OVERVIEW (CONT'D)

No.	Registered / Beneficial owner	Title details / Property address	Description and existing use	Category of land use / Tenure of property	Restrictions in interest / Material encumbrance(s)	Date of issuance of CF or CCC	Land / Built-up area (sq. ft.)	NBV as at 31 May 2020 RM'000
8.	<p>Registered owner PT Citra Abadi Mandiri</p> <p>Beneficial owner PT Aneka⁽⁶⁾</p>	<p>Title details Domiciled in East Jakarta, Correspondence: ASG Tower, Jl. Pantai Indah Kapuk Boulevard Kamal Muara, Penjaringan, North Jakarta 14470</p> <p>Property address Rukan Boulevard Selatan Plus Blok A No. 051, Kelapa Gading, Indonesia</p>	<p>Description Land and office building (shop house)</p> <p>Existing use Under construction</p>	<p>Category of land use Land and office building</p> <p>Tenure of property Right to use⁽⁷⁾</p>	<p>Restrictions in interest</p> <p>(i) The land and office building must be used in accordance to its allotment as determined by the authorised government agency;</p> <p>(ii) Until the commitment price has been fully paid, the land and building cannot be leased-out, lent, or controlled by third parties, or collateralised to other parties, without prior written approval from the owner; and</p> <p>(iii) Until the commitment price has been fully paid, the land and building is prohibited for any changes in construction, shapes, or in any whatsoever nature, without prior written consent from the owner.</p> <p>Material encumbrances N/A</p>	N/A	Built-up area 2,906	N/A

6. BUSINESS OVERVIEW (CONT'D)

Notes:-

- (1) We have yet to fulfil the Fire Certificate Requirement for this property. Please refer to Note (1) of Section 6.3.10 of this Prospectus for further details.
- (2) As at the LPD, individual strata title has yet to be issued. The category of land use and restriction in interest for these properties are based on the master title on which these properties are held under.
- (3) Erected on the land are open-sided workshops and stores constructed of metal framework and metal deck roof for storage, repair and maintenance of construction machinery and equipment, as well as cabin containers used mainly as storerooms, cabin office and guard house ("**Rawang Structures**"). As at the LPD, a CCC has yet to be issued for the Rawang Structures. However, we had, on 31 May 2019, obtained a permit for temporary building from MPS for the Rawang Structures ("**MPS Permit**") which was valid until 31 December 2019 with an option for annual renewal. The MPS Permit has been renewed on 19 December 2019 and will be valid until 31 December 2020. Prior to the issuance of the MPS Permit on 31 May 2019, MPS had, on 27 February 2018 and 18 February 2019, imposed fines amounting to RM8,000 and RM68,020, respectively, on our Group for building the Rawang Structures without prior approval. The fines have been subsequently paid off.

To avoid having to apply for a temporary permit on an annual basis, our Group is currently taking measures to obtain the CCC for the Rawang Structures. A planning approval and a building plan approval are required to be obtained prior to the issuance of a CCC. In this regard, we had, on 3 December 2019, appointed a town planning consultant firm ("**Consultant**") to prepare and submit the relevant applications to MPS on our behalf.

On 21 February 2020, our Consultant had submitted an application to MPS to obtain the planning approval for the Rawang Structures. The said application was conditionally approved by MPS vide its letter dated 6 August 2020. Our Consultant will submit the building plan by the fourth quarter of 2020 for approval with the aim of obtaining the CCC within 18 months from the date of this Prospectus.

We expect to incur total professional fees and application fees to relevant authorities of approximately RM0.10 million for the whole process of obtaining the CCC for the Rawang Structures, which will not have a significant adverse impact on our financial performance. In addition, we may incur additional cost for remedial / modification works on the Rawang Structures and/or infrastructure works on the surroundings to be undertaken in accordance with the requirements of MPS to facilitate the issuance of the CCC. Barring any unforeseen circumstances, these costs are estimated to be approximately RM0.50 million, which, if incurred, will be capitalised as property, plant and equipment and depreciated over a period of 50 years in accordance with our depreciation policy for buildings. Accordingly, these costs to be incurred are not expected to have a significant adverse impact on our financial performance. We intend to fund these costs via internally generated funds.

In the event that a CCC for the Rawang Structures cannot be obtained, we intend to continue to occupy the Rawang Structures based on the MPS Permit, which is subject to annual renewal. In the event of a termination or non-renewal of the MPS Permit, we will remove the Rawang Structures, if required, and relocate our repair and maintenance workshop to a new location. We do not expect the said relocation to have a significant adverse impact on our financial performance and business operations as it will not affect our core business operations at our Aneka HQ and our construction operations at project sites.

6. BUSINESS OVERVIEW (CONT'D)

- (4) These properties were initially planned to be used as our Group's head office. However, due to location factor, our Group subsequently decided to set up our head office in Bukit Jalil City.
- As at the LPD, we have entered into a tenancy agreement for the 1st floor unit of the 4-storey shop offices which will commence on 1 October 2020. We will endeavour to procure a tenant for the 3rd floor unit of these 4-storey shop offices which is currently vacant.
- (5) This property was acquired by our Group in support of our customer's development project. We will endeavour to procure a tenant for this property which is currently vacant.
- Please refer to Section 6.4.1(b) of this Prospectus for further details on this property.
- (6) PT Aneka entered into a conditional sale and purchase agreement of land and building (shop house) No. SCKG2/PERJ/0719/000042 with PT Citra Abadi Mandiri on 24 July 2019. The sale and purchase deed (which serves as conveyance deed) of the land and building will be executed once: (a) the construction of the building is completed; (b) PT Aneka has settled the purchase price and relevant payments detailed in the agreement; (c) the Right to Use Certificate (*Sertifikat Hak Guna Bangunan*) has been issued by the relevant authority under PT Citra Abadi Mandiri's name; and PT Aneka has settled the fees of the deed of sale and purchase, handover of Right to Use certificate, and other relevant payment as detailed in the agreement.
- Noting that the building (shop house) is still under construction, the transfer of title of the property to PT Aneka has not taken place. The building construction is projected to complete by 30 April 2022.
- (7) The "right to use" under Indonesian laws is equivalent to a leasehold concept. The right to use certificate is valid for 30 years from its first issuance, with an option to extend for a maximum period of 20 years. As at the LPD, PT Aneka has not received the certificate as it is pending the construction completion and settlement of payment. Hence, the tenure of the right to use over the land can only be ascertained upon receipt of the certificate.

6. BUSINESS OVERVIEW (CONT'D)

(b) Our Group has acquired / agreed to acquire properties via payment-in-kind for outstanding trade receivables (“**Contra Payment**”) and / or in support of our customers’ property development projects in conjunction with the award of the project to our Group (“**Project Support**”). These properties are held / intended to be held as investment properties for rental to external parties pending opportunities for resale. The table below sets out the details of such properties, including properties that had been acquired and subsequently disposed of during the Financial Years / Period Under Review, as well as the properties that have been agreed to be acquired by our Group but not yet acquired as at the LPD:-

No.	Property	Name of customer / Name of project(s) related to the acquisition of property	Acquisition date	Total acquisition cost (RM'000)	Source of funding	Purpose of acquisition	Total contract value for the related project(s) (RM'000)	Property acquisition cost as a percentage of total contract value for the related project(s)
1.	Service apartment unit in The Robertson, Kuala Lumpur	Idaman Robertson Sdn Bhd / Basement construction for The Robertson	6 February 2015	944	Loan financing	Project Support	51,202	1.84%
2.	Lili Mutiara apartment located in Puncak Alam ⁽¹⁾	Puncak Niaga Construction Sdn Bhd / Foundation construction of the academic block at UiTM, Puncak Alam	13 July 2005	65	Contra Payment for the foundation construction of the academic block at UiTM, Puncak Alam	Contra Payment	1,870	3.48%

6. BUSINESS OVERVIEW (CONT'D)

No.	Property	Name of customer / Name of project(s) related to the acquisition of property	Acquisition date	Total acquisition cost (RM'000)	Source of funding	Purpose of acquisition	Total contract value for the related project(s) (RM'000)	Property acquisition cost as a percentage of total contract value for the related project(s)
3.	Stratified shop offices located in Bukit Jalil City ⁽²⁾	Domain Resources Sdn Bhd / Bukit Jalil City Project, foundation construction for Da:Men Mall and foundation construction for Menara Khuan Choo	22 June 2018	4,183 ⁽³⁾	Contra Payment for the following projects: (i) Bukit Jalil City Project; (ii) Foundation construction for Da:Men Mall; and (iii) Foundation construction for Menara Khuan Choo	Contra Payment	43,990	9.51%
4.	Duplex hotel suite located in Emerald Avenue ⁽²⁾	Engtex Emerald Sdn Bhd / Basement construction for Emerald Avenue and foundation construction for Ibis Style Hotel Bandar Sri Damansara	18 January 2016	590	Contra Payment for the following projects: (i) Basement construction for Emerald Avenue; and (ii) Foundation construction for Ibis Style Hotel Bandar Sri Damansara	Contra Payment	31,039	1.90%

6. BUSINESS OVERVIEW (CONT'D)

No.	Property	Name of customer / Name of project(s) related to the acquisition of property	Acquisition date	Total acquisition cost (RM'000)	Source of funding	Purpose of acquisition	Total contract value for the related project(s) (RM'000)	Property acquisition cost as a percentage of total contract value for the related project(s)
5.	2 service apartment units in Agile Embassy Garden, Kuala Lumpur	Agile Property Development Sdn Bhd / Agile Embassy Garden Project	18 May 2020	2,148 ⁽⁴⁾	Contra Payment for Agile Embassy Garden Project	Contra Payment and Project Support	24,500	8.77%
6.	Properties to be acquired within the project	Infra Segi Sdn Bhd / MET 5 @ KL Metropolis (Stage 2) Project	Pending acquisition	Not exceeding RM1.60 million ⁽⁶⁾	To be determined	Project Support	80,876	1.98% ⁽⁶⁾

Notes:-

- (1) This property was sold to a non-related party for a disposal consideration of RM130,000 in the FYE 2017.
- (2) The stratified shop offices and duplex hotel suite were sold to a related party, namely Aneka Properties Sdn Bhd, at cost for disposal considerations of RM4,182,781 and RM590,400, respectively.
- (3) This property was acquired by Aneka Jaringan at an acquisition cost of RM4,778,000. Subsequent to signing of the sale and purchase agreement, a rebate of RM595,219 was given by the developer, namely Pioneer Haven Sdn Bhd, and the acquisition cost of this property was reduced to RM4,182,781.
- (4) Our Group is entitled to a total rebate of RM495,331 for the acquisition of these properties from the customer. The original total acquisition cost of these properties is RM2,643,600.
- (5) Our Group has agreed to acquire properties of not exceeding RM1.60 million in total amount pursuant to Project Support arrangement. As at the LPD, the type of properties to be acquired has yet to be determined.
- (6) Calculated based on assumed property acquisition cost of RM1.60 million.

6. BUSINESS OVERVIEW (CONT'D)

Moving forward, we may still acquire properties from our customers as Contra Payment and / or for Project Support provided that such acquisitions are deemed to be in the best interest of our Group. In general, such acquisitions will only be made after taking into consideration, among others, the following:-

- (i) payment history of the customer and outstanding period of the relevant trade receivables proposed to be settled via Contra Payment;
- (ii) other avenues to amicably recover our outstanding trade receivables;
- (iii) the value of property(ies) to be acquired via Contra Payment or Project Support as a percentage of total contract value for the related projects and estimated profitability of these projects to our Group;
- (iv) for Project Support, past business relationship with the customer (if any) including, among others, length of business relationship, creditworthiness of the customer, opportunities for award of future projects as well as total contract value awarded to our Group in recent years and the corresponding profitability;
- (v) general outlook and marketability as well as location and accessibility of the property(ies); and
- (vi) potential impact of these acquisitions on our Group's cash flow and liquidity.

6. BUSINESS OVERVIEW (CONT'D)

6.4.2 Properties rented

The material properties rented by our Group as at the LPD are as follows:-

No.	Landlord	Tenant	Property address	Description and Existing use	Land / Built-up area (sq. ft.)	Tenure	Date of issuance of CF or CCC	Rental per annum RM
1.	Smart-Acc Solutions Sdn Bhd	Aneka Jaringan	K-3-1M, Pusat Perdagangan Bandar Bukit Jalil, Persiaran Jalil 2, Bukit Jalil, 57000 Wilayah Persekutuan Kuala Lumpur ⁽¹⁾	Description 1 st floor office unit of a 4-storey shop offices Existing use Office	Built-up area 1,693	2 years 1 October 2018 to 30 September 2020	1 June 2017	48,000
2.	Nathaniel Tanaya	PT Aneka	Jl. Raya Jonggol Kp, Cipeucang RT004/002, Ds. Cipeucang – Sub-district of Cileungsi, Bogor Regency, West Java	Description Plot of Land Existing use Equipment storage yard	Land area 26,910	2 years 1 December 2018 to 1 December 2020	N/A	IDR144 million, equivalent to RM40,896 ⁽²⁾ for the entire tenure (or IDR72 million, equivalent to RM20,448 ⁽²⁾ per annum)
3.	Wawa Indrawati	PT Aneka	Komplek Ruko Inkopal Block G No.67, Sub-district of West Kelapa Gading, District of Kelapa Gading, Jakarta Utara, DKI Jakarta	Description Shop house Existing use Office	Built-up area 2,196	2 years 15 January 2019 to 14 January 2021	- ⁽³⁾	IDR175 million, equivalent to RM49,700 ⁽²⁾ for the entire tenure (or IDR87.50 million, equivalent to RM24,850 ⁽²⁾ per annum)

Notes:-

- (1) This property has yet to comply with the Fire Certificate Requirement. Please refer to Note (1) of Section 6.3.10 of this Prospectus for further details.
- (2) For illustration purposes, we have used the foreign exchange translation rate of IDR100:RM0.028400 as at the LPD.

6. BUSINESS OVERVIEW (CONT'D)

- (3) The status of Indonesian Certificate of Occupancy (Sertifikat Laik Fungsi) (which is the Indonesia equivalent to the CF / CCC) being an official certificate which certifies that the building is fit for occupation of this property is unable to be ascertained as our Group has attempted to procure the said certificate from the lessor but the lessor does not have copy of the same. As such, our Group will request for confirmation from the Regional Government of Jakarta on the availability of the said certificate. We had, on 21 August 2020, submitted our written request to the DKI Jakarta One-Stop Integrated Services for this purpose, which is currently pending its response as at the LPD. Pursuant to the Ministry of Public Works and Housing Regulation No. 27/PRT/M/2018 on Building Construction Worthiness Certificate (“MPWH Reg. 27/2018”) and Regional Regulation of DKI Jakarta No. 7 of 2010 on Building Construction (“DKI Jakarta Reg. 7/2010”), Indonesian Certificate of Occupancy is required to be obtained prior to the utilisation of a building. Both MPWH Reg. 27/2018 and DKI Jakarta Reg. 7/2010 stipulate that the obligation to apply for and obtain the Indonesian Certificate of Occupancy lies with or is of the responsibility of the building owner. For any non-compliance to the obligations for the Indonesian Certificate of Occupancy, the building owner will be subject to administrative sanctions imposed on the building owner. Notwithstanding that, if the authority discovered that such building does not have a valid certificate, the current occupant might be exposed to administrative sanction, ranging from multiple warning letters to cessation of building occupancy. In the event that the office is determined to be without an Indonesian Certificate of Occupancy and PT Aneka is required by regulatory authorities to cease occupancy, we will relocate to another office temporarily while waiting for our newly acquired office building to be ready for occupancy. We do not expect this relocation, if required, to have any significant adverse impact on our financial performance and business operations as it will not affect our construction operations at project sites.

6.4.3 Regulatory requirements and environmental issue

As at the LPD, save as disclosed in Note (1) of Section 6.4.1(a), and Note (1) and Note (3) of Section 6.4.2 of this Prospectus, all other properties owned and rented by our Group have not breached any of the land use conditions / permissible land use; and where buildings are involved, we are in compliance with applicable laws, rules and building regulations.

There are no environmental issues which may materially affect our Group’s operation and usage of the material properties owned and rented by our Group as set out in Sections 6.4.1 and 6.4.2, respectively, of this Prospectus as at the LPD.

6. INFORMATION ON OUR GROUP (CONT'D)**6.5 EMPLOYEES**

A summary of our Group's employees as at the LPD is set out below:-

Department	Number of employees based in Malaysia	Number of employees based in Indonesia
Management	5	8
Finance Department	8	3
Human Resources and Administration	7	2
Purchasing Department	5	1
Contract Department	7	-
Technical Department	8	1
Operations Department	261	37
Plant and Store Department	11	6
Total	312	58

As at the LPD, for our Malaysia operations, we have 148 foreign employees, all of which are contractual employees. All the foreign employees hold valid employment pass which is renewable annually.

In June 2020, the Ministry of Human Resources Malaysia announced a freeze on the recruitment of foreign workers until the end of 2020. As at LPD, we have a combination of foreign employees and subcontractors to carry out works at our project sites. In the event that our recruitment of foreign workers is affected by the said recruitment freeze, we will resort to subcontractors as well as outsourced labour suppliers to address any temporary labour shortage for our construction projects.

As at the LPD, for our Indonesia operations, we have 1 foreign employee namely Ngoi Tong King, our Director of PT Aneka who is a Malaysian. He holds a valid employment pass which is renewable annually. We have 11 contractual employees for our Indonesia operations as at the LPD.

None of our employees are members of any union nor have there been any major industrial disputes in the past.

6. INFORMATION ON OUR GROUP (CONT'D)**6.6 MAJOR CUSTOMERS**

The table below lists our top 5 major customers for the Financial Years / Period Under Review:-

(i) FYE 2017

Major customers	Main type of services provided	RM'000	% of total revenue	Length of business relationship (years)⁽¹⁾
Nestcon Builders Sdn Bhd	Foundation construction	27,817	16.25	1
MRCB Builders Sdn Bhd ⁽²⁾	Basement construction	26,187	15.30	3
Domain Resources Sdn Bhd ⁽³⁾	Basement construction	18,631	10.89	5
Prebore Piling & Engineering Sdn Bhd ⁽⁴⁾	Foundation construction	13,706	8.01	13 ⁽⁴⁾
CY Creative Construction Sdn Bhd	Basement construction	12,324	7.20	1
Total		98,665	57.65	

(ii) FYE 2018

Major customers	Main type of services provided	RM'000	% of total revenue	Length of business relationship (years)⁽¹⁾
MRCB Builders Sdn Bhd ⁽²⁾	Basement construction	62,395	23.38	4
IJM Construction Sdn Bhd ⁽⁴⁾	Foundation construction	61,813	23.16	14 ⁽⁴⁾
Domain Resources Sdn Bhd ⁽³⁾	Basement construction	24,888	9.33	6
Bangsar 61 Sdn Bhd	Foundation construction	20,784	7.79	1
Ahmad Zaki Sdn Bhd ⁽⁵⁾	Foundation construction	18,373	6.88	1
Total		188,253	70.54	

6. INFORMATION ON OUR GROUP (CONT'D)**(iii) FYE 2019**

Major customers	Main type of services provided	RM'000	% of total revenue	Length of business relationship (years)⁽¹⁾
IJM Construction Sdn Bhd ⁽⁴⁾	Foundation construction	38,147	17.25	15 ⁽⁴⁾
Infra Segi Sdn Bhd	Foundation construction	32,558	14.72	1
Ahmad Zaki Sdn Bhd ⁽⁵⁾	Foundation construction	29,729	13.44	2
Midas Prosperity Sdn Bhd (currently known as Stellar 8 Sdn Bhd)	Basement construction	21,500	9.72	1
Domain Resources Sdn Bhd ⁽³⁾	Foundation and basement construction	15,984	7.23	7
	Total	137,918	62.36	

(iv) FPE 2020

Major customers	Main type of services provided	RM'000	% of total revenue	Length of business relationship (years)⁽¹⁾
Customer A ⁽⁶⁾	Foundation construction	19,480	18.69	1
Infra Segi Sdn Bhd	Foundation construction	16,936	16.25	2
Gamuda Geo Sdn Bhd ⁽⁷⁾	Foundation construction	11,997	11.51	1
Sunway Geotechnics (M) Sdn Bhd ⁽⁸⁾	Foundation construction	10,375	9.95	3
Agile Property Development Sdn Bhd	Foundation construction	9,450	9.07	1
	Total	68,238	65.47	

Notes:-

- (1) Length of business relationship is determined as at the respective FYEs / FPE.
- (2) MRCB Builders Sdn Bhd is a subsidiary of Malaysian Resources Corporation Berhad, a company listed on the Main Market of Bursa Securities.
- (3) Domain Resources Sdn Bhd is a subsidiary of Malton Berhad, a company listed on the Main Market of Bursa Securities.
- (4) Prebore Piling & Engineering Sdn Bhd and IJM Construction Sdn Bhd are subsidiaries of IJM Corporation Berhad, a company listed on the Main Market of Bursa Securities. Length of business relationship is based on our Group's relationship with IJM Construction Sdn Bhd's subsidiary namely Road Builder (M) Sdn Bhd since 2004.
- (5) Ahmad Zaki Sdn Bhd is a subsidiary of Ahmad Zaki Resources Berhad, a company listed on the Main Market of Bursa Securities.

6. INFORMATION ON OUR GROUP (CONT'D)

- (6) We are not able to disclose the name of Customer A due to a non-disclosure covenant entered into between us and Customer A. Customer A is a private limited company incorporated in Malaysia and is principally involved in property development in Malaysia. Customer A is a subsidiary of a company listed on a stock exchange in the southern region of Southeast Asia with principal activities in property development and hospitality business.
- (7) Gamuda Geo Sdn Bhd is a subsidiary of Gamuda Berhad, a company listed on the Main Market of Bursa Securities.
- (8) Sunway Geotechnics (M) Sdn Bhd is a subsidiary of Sunway Construction Group Berhad, a company listed on the Main Market of Bursa Securities.

Our top 5 major customers that were in 2 or 3 of the Financial Years / Period Under Review include IJM Construction Sdn Bhd, Domain Resources Sdn Bhd and Infra Segi Sdn Bhd. As our business is project-based and revenue contributions from customers are based on the percentage of completion, revenue contributions from customers would be on a reducing scale upon the completion of the projects. From that perspective, we are not dependent on any major customers.

6. INFORMATION ON OUR GROUP (CONT'D)**6.7 MAJOR SUPPLIERS**

The table below lists our top 5 major suppliers for the Financial Years / Period Under Review:-

(i) FYE 2017

Major suppliers	Main types of products / services provided	RM'000	% of total purchases	Length of business relationship (years)⁽¹⁾
Syarikat Logam Unitrade Sdn Bhd	Steel bar	13,883	11.23	2
Megamix Sdn Bhd	Concrete	11,850	9.58	5
LBL Leong Trading	Ground improvement works	5,026	4.06	<1
Capital Bliss Sdn Bhd	Earthworks	4,831	3.91	8
Rapid Essential Sdn Bhd	Temporary strutting system	4,131	3.34	<1
	Total	39,721	32.12	

(ii) FYE 2018

Major suppliers	Main types of products / services provided	RM'000	% of total purchases	Length of business relationship (years)⁽¹⁾
Megamix Sdn Bhd	Concrete	23,036	11.48	6
Capital Bliss Sdn Bhd	Earthworks	16,787	8.36	9
Stricon Sdn Bhd	RC works	13,495	6.72	17
Syarikat Logam Unitrade Sdn Bhd	Steel bar	12,787	6.37	3
Saga Makmur Industri Sdn Bhd	Steel bar	12,202	6.08	1
	Total	78,307	39.01	

6. INFORMATION ON OUR GROUP (CONT'D)**(iii) FYE 2019**

Major suppliers	Main types of products / services provided	RM'000	% of total purchases	Length of business relationship (years)⁽¹⁾
IJM Construction Sdn Bhd ⁽²⁾	Concrete and steel bar	10,176	6.68	15 ⁽²⁾
Ahmad Zaki Sdn Bhd ⁽³⁾	Concrete and steel bar	7,903	5.19	2
Megamix Sdn Bhd	Concrete	7,480	4.91	7
Pacific Construction & Trading Sdn Bhd	RC works	7,308	4.80	1
Gamuda Geo Sdn Bhd ⁽⁴⁾	Concrete and steel bar	6,301	4.14	<1
	Total	39,168	25.72	

(iv) FPE 2020

Major suppliers	Main types of products / services provided	RM'000	% of total purchases	Length of business relationship (years)⁽¹⁾
LC Geo-Technology Sdn Bhd	Temporary ground anchor work	11,915	18.29	8
Megamix Sdn Bhd	Concrete	4,323	6.64	8
Capital Bliss Sdn Bhd	Earthworks	3,417	5.25	11
Cemix Concrete (M) Sdn Bhd	Concrete	3,338	5.13	19
Gamuda Geo Sdn Bhd ⁽⁴⁾	Concrete and steel bar	3,025	4.64	1
	Total	26,018	39.95	

Notes:-

- (1) Length of business relationship is determined as at the respective FYEs / FPE.
- (2) IJM Construction Sdn Bhd is a subsidiary of IJM Corporation Berhad, a company listed on the Main Market of Bursa Securities. Length of business relationship is based on our Group's relationship with IJM Construction Sdn Bhd's subsidiary namely Road Builder (M) Sdn Bhd since 2004.
- (3) Ahmad Zaki Sdn Bhd is a subsidiary of Ahmad Zaki Resources Berhad, a company listed on the Main Market of Bursa Securities.
- (4) Gamuda Geo Sdn Bhd is a subsidiary of Gamuda Berhad, a company listed on the Main Market of Bursa Securities.

We are not dependent on any suppliers by virtue of their contributions to our total purchases of materials and services for the Financial Years / Period Under Review. The materials and consumables, subcontracted services, as well as rental of construction machinery and equipment that we purchased are widely available and we source these materials and services from various local suppliers.

6. INFORMATION ON OUR GROUP (CONT'D)**6.8 EXCHANGE CONTROL**

All corporations in Malaysia are required to adopt a single-tier dividend. All dividends distributed by Malaysian resident companies under a single-tier dividend are not taxable. Further, the Government does not levy withholding tax on dividend payments. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian companies. There is no Malaysian capital gains tax arising from the disposal of listed shares.

All dividends distributed by Indonesian companies are subject to a withholding tax. There are different tax rates on dividends, depending on the resident status of the person receiving the dividends. For non-resident, the dividends received are subject to a withholding tax rate of 20%. However, non-residents who are tax resident of certain countries may benefit from bilateral tax treaty between Indonesia and their origin country. Under tax treaty between Indonesia and Malaysia, all dividends received by Malaysian resident from Indonesian companies shall be subject to a withholding tax rate of 15%.

As at the LPD, there are no other governmental law, decree, regulation or other requirement which may affect the repatriation of capital and remittance of profit by or to our Group.

6.9 KEY CONSTRUCTION MACHINERY AND EQUIPMENT

Our key construction machinery and equipment used in our foundation and basement construction in Malaysia are as follows:-

Malaysia operations

Key construction machinery and equipment	No of unit(s) as at 31 May 2020			NBV as at 31 May 2020 (RM'000)
	Fully depreciated	With NBV	Total	
Rotary drilling rig ⁽¹⁾	8	10	18	21,998
Piling rig	0	1	1	145
Crawler crane ⁽¹⁾	8	4	12	1,002
Desander / Desanding plant	4	2	6	49
Diaphragm wall grab / Hydraulic grab ⁽¹⁾	3	6	9	1,971
Diesel welding set / machine	10	20	30	95
Drilling monitor	-	4	4	175
Excavator	11	5	16	205
Hydraulic breaker	-	4	4	67
Kelly bar / Extension for Kelly bar	1	12	13	2,267
Mild steel silo	-	71	71	799
Skid steer loader	-	2	2	72
Vibratory hammer	5	3	8	739

Note:-

- (1) Subsequent to the FPE 2020 and up to the LPD, we have acquired 1 unit of rotary drilling rig and 1 unit of crawler crane for our Malaysia operations.

6. INFORMATION ON OUR GROUP (CONT'D)

As part of our business strategies and future plans to expand our fleet of construction machinery and equipment, we intend to progressively phase out some of the older construction machinery and equipment which have been fully depreciated. Please refer to Section 6.11.1(i) of this Prospectus for further details on the expansion on our fleet of construction machinery and equipment.

Our key construction machinery and equipment used in our foundation construction in Indonesia are as follows:-

Indonesia operations

Key construction machinery and equipment	No of unit(s) as at 31 May 2020			NBV as at 31 May 2020	
	Fully depreciated	With NBV	Total	(IDR million)	(RM'000) ⁽¹⁾
Rotary drilling rig	-	11	11	23,139	6,872
Crawler crane	-	3	3	1,777	528
Diaphragm wall grab / Hydraulic grab	-	1	1	54	16
Diesel welding set / machine	-	4	4	126	37
Excavator	-	2	2	1,879	558
Kelly bar / Extension for Kelly bar	-	2	2	429	127

Note:-

(1) Based on conversion rate of IDR100 = RM0.029700 as at 31 May 2020.

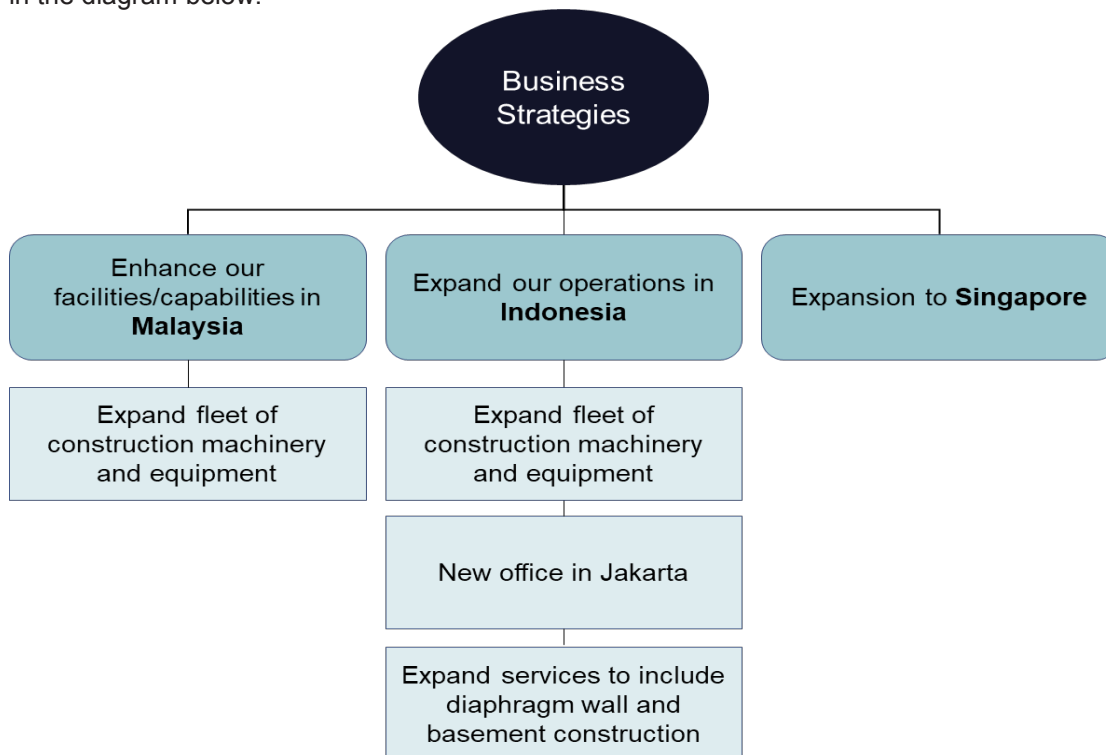
6.10 PRODUCTION CAPACITY AND OUTPUT

Production output, capacity and utilisation are not applicable to our business operations as our business activities are mainly involved in foundation and basement construction.

6. INFORMATION ON OUR GROUP (CONT'D)

6.11 BUSINESS STRATEGIES

Moving forward, we will continue to strengthen on our core competency in foundation and basement construction. Part of our overall strategies is to strengthen our facilities in Malaysia, expand our operations in Indonesia as well as explore opportunities in other regional markets. This is as depicted in the diagram below:-



We intend to implement these business strategies between 2021 and 2023, as further detailed below. In light of the COVID-19 pandemic situation, we may experience a delay in implementing these business strategies in accordance with the expected timeline. Please refer to Section 8.1.1 of this Prospectus for further details on the impact of the prolonged COVID-19 pandemic on our business and financial performance.

6.11.1 Enhance our facilities / capabilities in Malaysia

Part of our business strategy and future plans is to enhance our facilities / capabilities to support our operations in Malaysia. In this respect, we intend to expand on our fleet of construction machinery and equipment. This is predicated by the following:-

(i) Expansion on our fleet of construction machinery and equipment

For the Financial Years / Period Under Review and up to the LPD, we have been using a combination of our own as well as rented construction machinery and equipment to serve our on-going projects. We rent construction machinery and equipment from external parties when we face shortage in construction machinery and equipment in situations where we have conflicting schedules in mobilisation or our construction machinery and equipment are under maintenance.

We plan to expand on our fleet of construction machinery and equipment for our operations in Malaysia in anticipation of increasing business opportunities in foundation and basement construction industry in Malaysia. In addition, we also plan to progressively phase out the older construction machinery and equipment. After further assessment of the conditions of our construction machinery and equipment, we plan to phase out 2 units of rotary drilling rigs and 1 unit of crawler crane between 2020 and 2022.

6. INFORMATION ON OUR GROUP (CONT'D)

We plan to purchase 2 units of rotary drilling rigs and 1 unit of crawler crane between 2021 and 2023. Rotary drilling rigs are for bored piling works, whilst crawler crane is for diaphragm wall construction works and material handling. The purchase of these new rotary drilling rigs and crawler crane will enable us to have more flexibility in our coordination of rigs and cranes as these are key machineries used in our foundation and basement construction projects. This is expected to result in better time management of our project schedule to facilitate timely completion of our projects. Further, the availability of additional drilling rigs and crawler crane will enable our Group to be less dependent on the rental of such machinery and equipment on project basis from external parties, which in turn will result in savings in rental of machinery and equipment. Nevertheless, rental of rotary drilling rigs and crawler cranes on project basis from external parties may still be required in the future if we face shortage in these machinery and equipment due to project requirements. We incurred total rental of RM6.77 million, RM10.67 million, RM8.34 million and RM5.52 million for drilling / boring rigs and crawler / mobile cranes on project basis for the FYE 2017, FYE 2018, FYE 2019 and FPE 2020, respectively.

The total cost of purchasing these new rotary drilling rigs and crawler cranes is estimated to be RM17.30 million, and we plan to utilise our proceeds from the Public Issue to fund the cost of these purchases.

Malaysia's GDP is expected to contract by 3.5% to 5.5% in 2020 before staging a rebound to grow within a range of 5.5% to 8.0% by 2021. In the second half of 2020, the gradual improvement in Malaysia's economy is underpinned by key growth drivers including continued improvement in global growth, trade and technology cycle, reopening of the domestic economy, improvement in income prospects and sentiments to support consumption spending, and stimulus measures including fiscal, monetary and financial. This will be supported by growth factors including large public projects and high multiplier smaller projects, as well as recovery on commodity production.

Some of the construction related activities that is expected to contribute to the improvement in Malaysia's economy includes the continuation of large-scale infrastructure projects namely MRT2, LRT3, Pan Borneo Highway, East Coast Rail Link project, Johor Bahru-Singapore rapid transit system, National Fiberisation and Connectivity Plan, ramp-up of upstream and downstream oil and gas projects, and power generation projects. *(Source: Industry Overview)*

The following table summarises the total estimated cost for our business strategies and plans that will be funded via our proceeds from the Public Issue:-

Business strategies	Total estimated costs (RM million)	Internally generated funds and / or bank borrowings (RM million)	Use of IPO proceeds (RM million)
Expansion on our fleet of construction machinery and equipment in Malaysia			
2 units of rotary drilling rig	12.80	-	12.80
1 unit of crawler crane	4.50	-	4.50
Total estimated costs	17.30	-	17.30

6. INFORMATION ON OUR GROUP (CONT'D)

6.11.2 Expand our operations in Indonesia

In our efforts to diversify our sources of revenue as well as to grow our business, we plan to expand our fleet of construction machinery and equipment as well as to extend our service offerings in Indonesia. Our plans for our operations in Indonesia are as follows:-

(i) Expansion on our fleet of construction machinery and equipment

We plan to expand on our fleet of construction machinery and equipment in view of addressing business opportunities in foundation and basement construction. This is in light of the Indonesian Government's decision to accelerate infrastructure development in the country. We plan to purchase 6 rotary drilling rigs, 6 excavators and 3 crawler cranes between 2021 and 2023. The total cost of purchasing these new construction machinery and equipment is estimated to be IDR49.08 billion (equivalent to RM13.94 million based on conversion rate of IDR100 = RM0.028400 as at the LPD), and we plan to utilise bank borrowings and / or internally generated funds to fund the cost of these purchases.

In Indonesia's Budget 2020, the infrastructure spending is estimated to reach approximately IDR423.3 trillion in 2020. Some of the planned infrastructure developments in 2020 include construction of a total of approximately 480 km of roads, 240 km of railway lines, 19 km of bridges, 3 new airports, 49 units of dams, 5,300 units of low-cost apartments and 2,000 units of special houses for low income community. However, in light of the COVID-19 outbreak, the Ministry of Finance in Indonesia has instructed all ministries, institutions and local governments to review the budget with the view of refocusing on health funds and social assistance programmes. (Source: *Industry Overview*)

In this respect, the new fleet of construction machinery and equipment will enable our Group to be in a better position to secure new projects in the future, which will in turn increase the income and profitability of our Group.

The following table summarises the total estimated cost for our business strategies and plans that will be funded via internally generated funds and / or bank borrowings:-

Business strategies	Total estimated costs (RM million)	Internally generated funds and / or bank borrowings (RM million)	Use of IPO proceeds (RM million)
Expansion on our fleet of construction machinery and equipment in Indonesia			
6 units of rotary drilling rig	10.02	10.02	-
6 units of excavator	1.96	1.96	-
3 units of crawler crane	1.96	1.96	-
Total estimated costs	13.94	13.94	-

(ii) New office in Jakarta to relocate and expand our operations

On 24 July 2019, we signed a conditional sale and purchase agreement with PT Citra Abadi Mandiri to purchase a shop office at Sedayu City at Kelapa Gading Phase 2 for the total price of IDR5.90 billion (equivalent to RM1.68 million based on conversion rate of IDR100 = RM0.028400 as at the LPD). The built-up area of the shop office is approximately 2,906 sq. ft. in size which is larger than our existing rented premises. The shop office is currently under construction.

The construction of the shop office is expected to be completed by April 2022. We expect to relocate to this new office premise by 2022. As at the LPD, we have made total progress

6. INFORMATION ON OUR GROUP (CONT'D)

payment of IDR2.73 billion (equivalent to RM0.78 million based on conversion rate of IDR100 = RM0.028400 as at the LPD) via internally generated funds for the purchase of this new office.

Upon completion of construction of the shop office, we intend to renovate and fit-out the new office premise. The estimated cost for setting up the shop office is approximately IDR645 million (equivalent to RM0.18 million based on conversion rate of IDR100 = RM0.028400 as at the LPD) which will be funded via internally generated funds.

The following table summarises the total costs for our business strategies and plans that will be funded via internally generated funds:-

Business strategies	Total costs (RM million)	Internally generated funds (RM million)	Use of IPO proceeds (RM million)
New office in Jakarta			
Purchase of 4-storey shop office	1.68	1.68	-
Setting up of shop office	0.18	0.18	-
Total costs	1.86	1.86	-

(iii) Expansion of services to include diaphragm wall and basement construction

With our experience and track record in Malaysia, we plan to seek out diaphragm wall and basement construction projects in Indonesia. We intend to provide technical support from our team of engineers and technical staff from Malaysia. Additionally, if opportunity arises, we would mobilise machineries such as hydraulic diaphragm wall grabs from Malaysia to perform diaphragm wall construction in Indonesia. The estimated cost of mobilising machineries and equipment to Indonesia is approximately IDR240 million (equivalent to RM0.07 million based on conversion rate of IDR100 = RM0.028400 as at the LPD) for each machinery while the secondment of 2 engineers / technical staff from Malaysia is approximately RM0.02 million per month. Therefore, the total estimated cost of funding for this expansion plan is approximately RM0.38 million comprising one-off cost of RM0.14 million for mobilising 2 machinery and equipment to Indonesia as well as salaries of RM0.24 million per year for the 2 engineers / technical staff. We plan to utilise internally generated funds and / or bank borrowings to fund this expansion.

6.11.3 Expansion to Singapore

Part of our strategy is to explore opportunities to provide our foundation and basement construction in Singapore. In light of this strategy, we have registered a branch office in Singapore in January 2020 where we are in the midst of applying for a builder's licence on Singapore's Building and Construction Authority's ("BCA") Builders Licensing Scheme ("BLS"). In general, any person or company who undertakes any building works for public and / or private construction projects in Singapore will have to obtain a builder's license under the BCA's BLS.

Companies that intend to participate in public sector construction tenders in Singapore will need to be registered under BCA's Contractors Registration System ("CRS"). As such, upon obtaining the builder's license under the BCA's BLS, we also intend to register our Group on the BCA's CRS.

6. INFORMATION ON OUR GROUP (CONT'D)

The following table depicts our Group's tentative timeline for our expansion in Singapore:-

Timing	Details
January 2020	Branch office registered in Singapore
3 rd quarter of 2020	To submit application for builder's licence to BCA
4 th quarter of 2020	To obtain approval for builder's licence and registration as a contractor on CRS under BCA
1 st quarter of 2021	<ul style="list-style-type: none"> • To rent an office for the commencement of our business operation in Singapore • To hire administrative and technical staff as well as to set up our business operation in Singapore • To bid for foundation and basement construction projects in Singapore

Upon securing projects, we plan to utilise our own fleet of construction machinery and equipment as well as technical team from Malaysia operations to undertake projects in the initial stages until we expand our resources in Singapore. We plan to utilise internally generated funds and / or bank borrowings to fund any future projects in Singapore.

The estimated rental cost of an office in Singapore is approximately SGD0.06 million per year (equivalent to RM0.18 million based on conversion rate of SGD1 = RM3.0511 as at the LPD) for office space range between 800 and 1,000 sq. ft. in the western parts of Singapore. As at the LPD, we are unable to quantify the mobilisation cost of construction machinery and equipment from Malaysia to Singapore. The type and number of construction machinery and equipment to be mobilised is dependent on the type of foundation and basement construction projects to be undertaken by our Group.

7. INDUSTRY OVERVIEW



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

Vital Factor Consulting Sdn Bhd
(Company No.: 199301012059 (266797-T))

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Block 6 Level 6, Jalan Utara
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Selangor, Malaysia

Tel (603) 7931 3188
Fax (603) 7931 2188
www.vitalfactor.com

2 September 2020

The Board of Directors
Aneka Jaringan Holdings Berhad
K-2-1, Pusat Perdagangan Bandar Bukit Jalil
Persiaran Jalil 2
57000 Kuala Lumpur

Dear Sirs/Madam

Independent Assessment of the Construction Industry Focusing on Foundation and Basement Works

We are an independent business consulting and market research company in Malaysia. We commenced our business in 1993 and, among others, our services include development of business plans incorporating financial assessments, information memorandums, commercial due diligence, feasibility and financial viability studies, and market and industry studies. We have been involved in corporate exercises since 1996, including initial public offerings and reverse takeovers for public listed companies on Bursa Malaysia Securities Berhad (Bursa Securities), acting as the independent business and market research consultants.

We have been engaged to provide an independent industry assessment on the above subject for inclusion into the prospectus of Aneka Jaringan Holdings Berhad in relation to its proposed listing on the ACE Market of Bursa Securities. We have prepared this report in an independent and objective manner and had taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, secondary statistics and information, and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibilities for the decisions or actions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the shares of any company.

Our report includes assessments and opinions, which are subject to uncertainties and contingencies. Note that such statements are made based on, among others, secondary information, primary market research, and after careful analysis of data and information, the industry is subjected to various known and unforeseen forces, actions and inactions that may render some of these statements to differ materially from actual events and future results.

Yours sincerely

Wooi Tan
Managing Director

Wooi Tan has a degree in Bachelor of Science from The University of New South Wales, Australia and a degree in Master of Business Administration from The New South Wales Institute of Technology (now known as University of Technology, Sydney), Australia. He is a Fellow of the Australian Marketing Institute and Institute of Managers and Leaders (formerly known as Australian Institute of Management). He has more than 20 years of experience in business consulting and market research, as well as assisting companies in their initial public offerings and listing on Bursa Malaysia Securities Berhad.

7. INDUSTRY OVERVIEW (CONT'D)



VITAL FACTOR CONSULTING
 Creating Winning Business Solutions

INDEPENDENT ASSESSMENT OF THE CONSTRUCTION INDUSTRY FOCUSING ON FOUNDATION AND BASEMENT WORKS

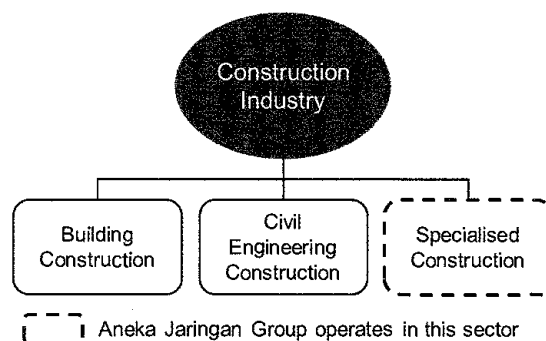
1. INTRODUCTION

- Aneka Jaringan Holdings Berhad (together with its subsidiaries, either individually or collectively, will be referred to as 'Aneka Group') is principally involved in foundation and basement construction in Malaysia, which will be the focus of this report. Aneka Group also undertakes foundation construction in Indonesia, and therefore this report would provide some coverage of the construction industry in Indonesia.

2. OVERVIEW OF THE CONSTRUCTION INDUSTRY

Industry Structure

- In general, the construction industry can be segmented into three sectors:

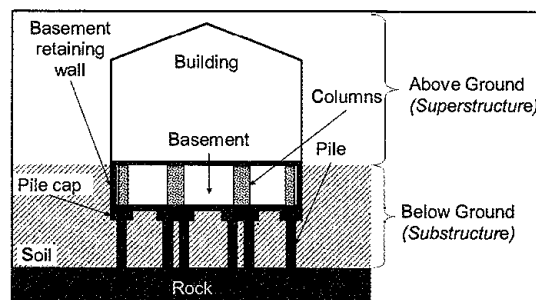


- **Building construction** refers to the construction of residential and non-residential buildings, which includes new works, repairs, additions, alterations as well as erection of pre-fabricated buildings or structures.
- **Civil engineering construction** refers to the construction of structures, infrastructures and built environment for public use. These include roads, railways, bridges, airports, as well as water, gas, telecommunications and power systems.
- **Specialised construction** refers to the construction of parts of buildings and civil engineering works without the responsibility for the entire project. It is usually specialised in one aspect common to different structures, requiring specialised skills or equipment, such as demolitions, piling and foundation works, scaffolding, installation of utilities and building completions.

Aneka Group operates within the specialised construction sector. Aneka Group undertakes foundation construction for buildings and infrastructures. In some situations, they also undertake basement construction for buildings.

3. OVERVIEW OF THE FOUNDATION AND BASEMENT CONSTRUCTION

- Foundations and basements are below ground structures, also known as substructures. Foundations provide adequate and safe support for structures above the ground level, also known as superstructures, such as buildings, bridges, and elevated roadways and railway tracks. A structure's foundation is designed to transmit the load of the structure to supportive rock or other structures below the ground, or the surrounding soil.



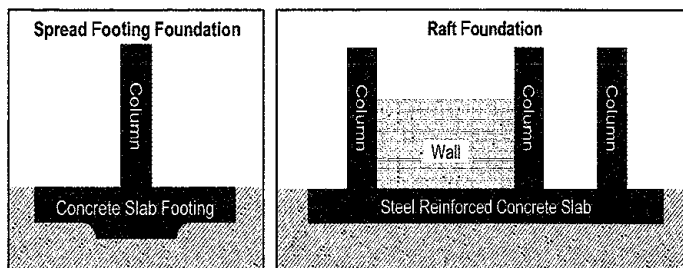
7. INDUSTRY OVERVIEW (CONT'D)



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There are shallow and deep foundations.

- **Shallow foundation** is placed near the surface of the ground. It is used when surface soils are sufficiently strong to support the imposed loads. Typically, shallow foundation is used for landed residential buildings or any structures with light loads. The different types of shallow foundations include spread footing foundation, which is an enlarged

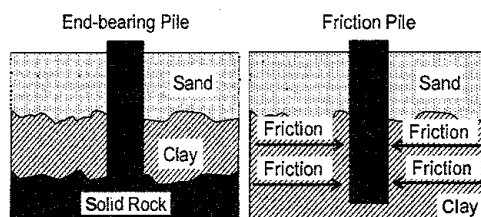


block of reinforced concrete slab at the bottom of a single column or load bearing wall that spreads the applied structural loads over a sufficiently large soil area. The other type is mat or raft foundation, which comprises a large flat steel reinforced concrete slab that supports a number of columns and walls. Aneka Group undertakes raft foundation works.

- **Deep foundation** is used when the load bearing capacity of the surface soil is not stable or insufficient to support the load imposed without sinking. Therefore, there is a need to transfer the building loads deeper into the ground. Typically, deep foundation is used to support high-rise buildings or to support structures built over water or lateral loads such as bridges, jetty, elevated roadways and elevated railways.

The two common types of deep foundations are pile and caisson foundations.

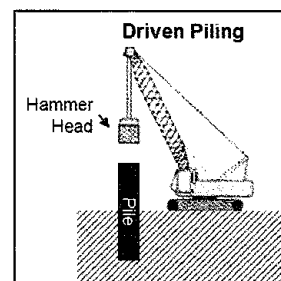
- **Pile foundation** involves placing long and slender columns into the ground such that they stand on solid rock, supported by other structures or the surrounding soil. Most of the piles used today, especially for large and high-rise buildings or structures, are made out of reinforced concrete.



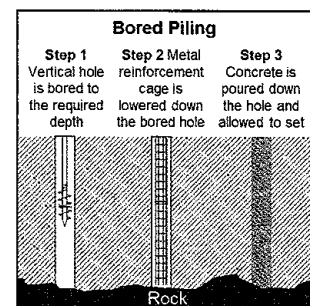
Piles are normally driven deep underground to hold the load of the superstructure. Generally, there are two types of piles. The first type is called end-bearing piles where the ends of the piles sit on solid rock or hard layer of soil to provide support to the surface load. The second type is called friction piles, where the piles are driven deep into the soil such that the sides of the pile in contact with the soil provide sufficient friction for the piles to support the surface load without sinking any further. Friction pile is used when solid rock or hard layer of soil is too deep. In some cases, a combination of end-bearing and friction piles are used to provide support to surface loads.

The common types of piling methods are as follows:

- **Driven piling**, where pre-manufactured piles are installed by impact hammering, vibrating, or pushing piles into unexcavated soil to a desired depth or resistance using a hammer.



- **Jack-in piling**, where pre-manufactured piles such as spun piles, are hydraulically jacked into the ground. This method uses static force (dead weight) to push and insert piles into the ground.



7. INDUSTRY OVERVIEW (CONT'D)

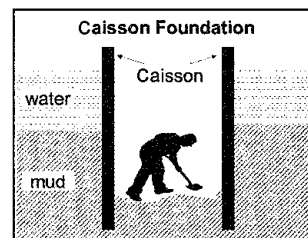


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Bored piling, where piles are constructed on the specific spot that the piles are required to be placed. They are formed by first excavating a hole into the soil to the required depth. A metal reinforcement cage is then lowered into the hole, after which wet concrete is poured and left to set.

Aneka Group uses the bored piling method for a large proportion of its foundation jobs.

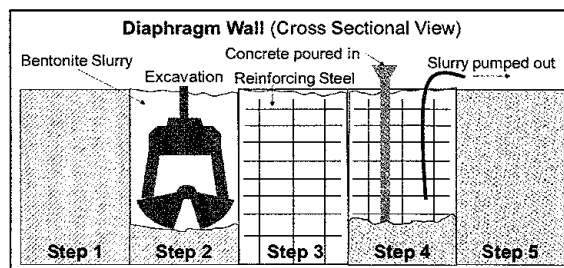
- **Caisson** is a prefabricated hollow cylinder with an open bottom. Caisson foundations are constructed by sinking a caisson into the ground and workers would get into the box and excavate the soil in the box to create a cavity. The box acts as a preventive wall from materials falling into the cavity as workers dig a hole to accommodate a pile. Caisson is most often used in the construction of bridge piers and other structures that require foundation beneath rivers and other bodies of water.



- **Retaining walls** are vertical structures that hold back or retain materials such as soil, rocks and water. Retaining walls are used in a wide variety of civil engineering applications including embankment stabilisation, construction of basement walls, underpasses or tunnel approaches and other buried structures. Retaining walls are considered a type of foundation because they are designed to support vertical and/or horizontal loads.

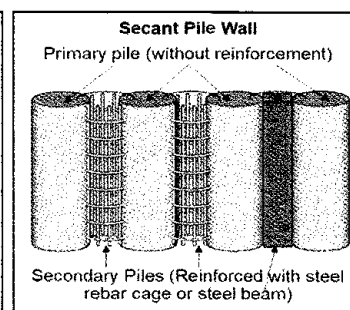
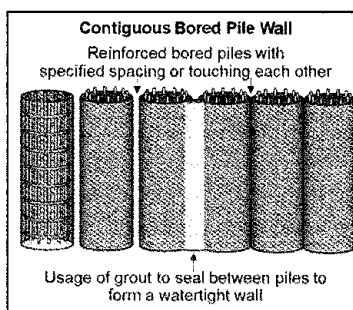
Some below ground retaining walls especially for deep basement, also acts as foundation to provide support to superstructures. Retaining walls include the following:

- **Diaphragm walls**, are vertical walls constructed on-site, on a panel-by-panel basis to form a continuous retaining wall.
- **Contiguous bored pile walls** are vertical walls formed by constructing closely spaced bored piles.
- **Secant pile walls** are formed by constructing intersecting reinforced concrete piles.



Aneka Group undertakes construction of diaphragm, contiguous bored pile and secant pile walls. However, Aneka Group specialises in the construction of diaphragm walls.

- **Basement** construction is sometimes incorporated as part of foundation works as it commonly requires foundations and retaining walls to be constructed before the basement is formed. Basement construction commonly use either the bottom-up or top-down method, both of which Aneka Group carries out.



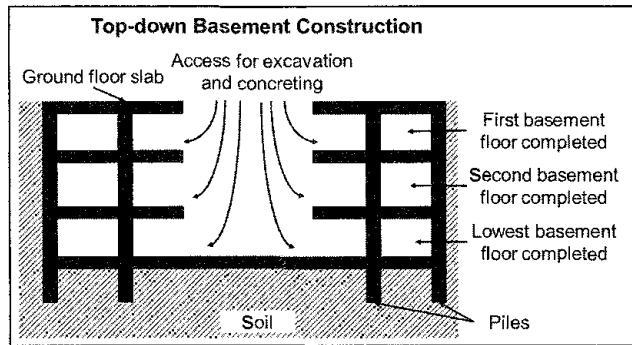
- **Bottom-up** method, where soil is excavated to create a cavity for the construction of the basement.

7. INDUSTRY OVERVIEW (CONT'D)



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- **Top-down** method, where the ground floor level is constructed first, leaving a sufficiently large gap for excavation of soil beneath the ground floor. Thereafter, soil is excavated below the ground floor level to create a cavity to construct the next level down. This process continues until it reaches the desired depth. This approach enables construction of structure above ground to be carried out concurrently with structures below ground, which would reduce the time for construction.



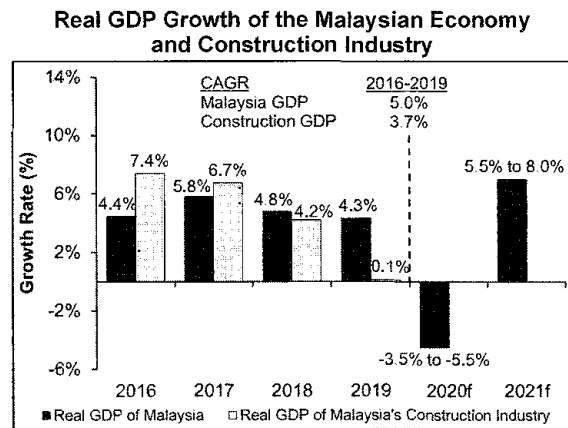
4. SUPPLY AND DEMAND CONDITIONS

- Foundation and basement works are dependent on the performance of the construction as well as the property development and infrastructure industries.

4.1 Malaysia

4.1.1 Economic Activities

- Real GDP of the construction industry provides an indication of the value of work undertaken without the impact of price inflation. In 2019, the construction industry in Malaysia experienced a slowdown and registered a GDP growth of 0.1%. The moderated growth in the construction industry was due to the completion of large projects, smaller scale and fewer number of new projects as well as an oversupply of properties (Source: Bank Negara Malaysia (BNM)).



f = forecast (Sources: Department of Statistics, BNM)

- In 2020, the real GDP of Malaysia grew by 0.7% in the first quarter (Q1) but declined by 17.1% in the second quarter (Q2) as compared to the corresponding periods in 2019. The decline in the Q2 2020 was mainly due to weak external demand conditions as well as restricted production and consumption activities resulting from measures to contain the COVID-19 pandemic (Source: BNM).
- The real GDP of the construction industry declined by 7.9% and 44.5% in the Q1 and Q2 of 2020 as compared to the corresponding periods in 2019. In Q2 2020, civil engineering works, non-residential, residential and specialised construction fell by 31.9%, 23.9%, 22.9% and 19.6% respectively. In Q2 2020, almost all activities came to a standstill particularly in the month of April. However, the situation improved towards the end of Q2 after the Government implemented additional measures such as providing details on Standard Operating Procedures and subsidising COVID-19 test for workers covered by the Social Security Organisation (SOCSSO) to facilitate the revival of the economy (Source: BNM).
- According to BNM's press release on Economic and Financial Developments in Malaysia in the Second Quarter of 2020 on 14 August 2020, Malaysia's economy is expected to contract by 3.5% to 5.5% in 2020 before staging a recovery to grow within a range of 5.5% to 8.0% by 2021.

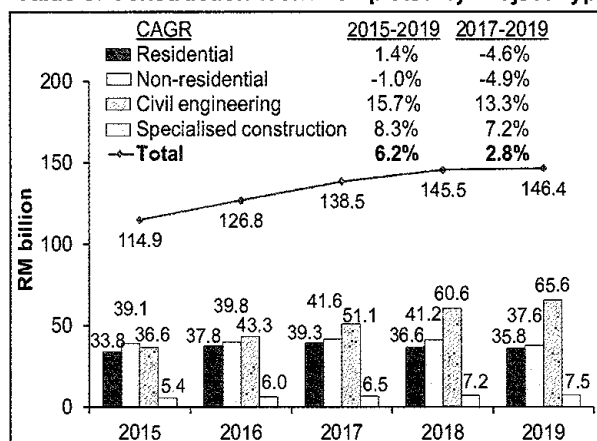
7. INDUSTRY OVERVIEW (CONT'D)



4.1.2 Construction Work Completed by Project Type

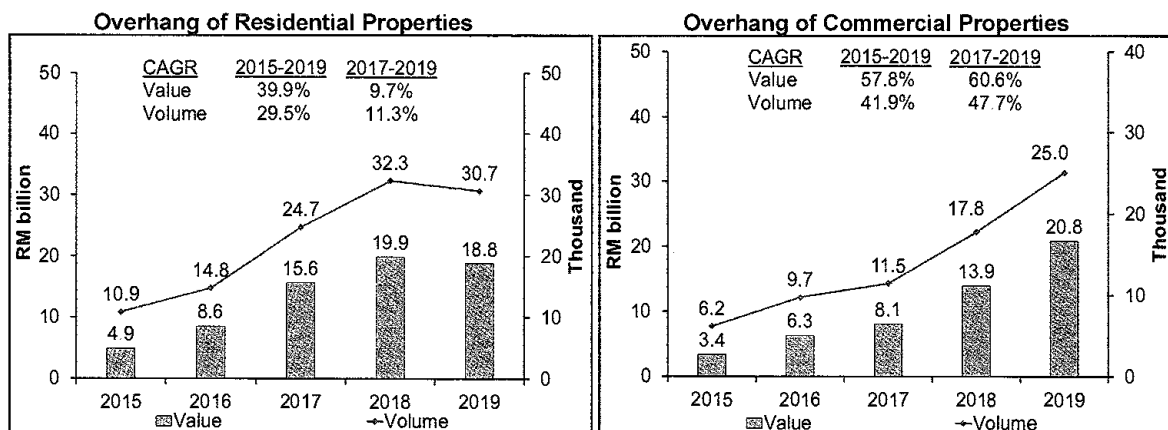
- Aneka Group operates within the specialised construction sector. Between 2017 and 2019, the value of construction work completed within the specialised construction sector grew by a CAGR of 7.2%. In 2019, the value of construction work completed in the specialised construction sector grew by 4.2%.

Value of Construction Work Completed by Project Type



Note: All construction works completed referred to in this section covers all main contractors with project value of RM500,000 and above, and are registered with Construction Industry Development Board (CIDB). (Source: Department of Statistics)

- Aneka Group undertakes foundation construction for infrastructure which falls within the civil engineering sector. The civil engineering sector experienced the highest growth among all the sectors within the construction industry. Between 2017 and 2019, the value of construction work completed within the civil engineering sector grew by a CAGR of 13.3%, and in 2019 it grew by 8.3%.
- Aneka Group is also involved in foundation and basement construction for residential and non-residential buildings. In 2019, the value of construction work completed in the residential and non-residential sectors contracted by 2.3% and 8.8% respectively as compared to the previous year. The decline was mainly due to fewer and smaller new projects amid the commercial property glut and elevated level of unsold residential properties.
- Poor performance of the residential sector can be attributed to the increasing number of unsold residential properties, as indicated by the increase in value and volume of residential property overhang between 2015 and 2019 (see charts below). As at the end of 2019, the value and volume of residential property overhang improved slightly, recording a contraction of 5.2% and 5.1% respectively. At the end of 2019, the volume of residential property overhang was highest in the state of Johor followed by Perak and Selangor.
- Lacklustre performance in the non-residential sector was weighed down by the oversupply of commercial properties. The value and volume of commercial property overhang surged in 2019 (see charts below), driven primarily by significant increases in unsold serviced apartments.



(Source: National Property Information Centre, Malaysia)

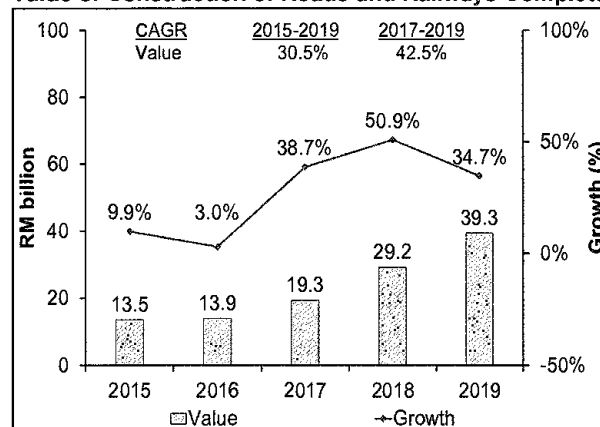
7. INDUSTRY OVERVIEW (CONT'D)



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- Aneka Group undertakes foundation construction for elevated highways and rail infrastructure. Between 2017 and 2019, value of construction of roads and railways completed increased by a CAGR of 42.5%. In 2019, the percentage contribution of roads and railways to the total value of construction work completed grew to 26.9% from 11.8% in 2015.
- In Q1 2020, value of construction of roads and railways completed grew by 23.0%. However, in Q2 2020 value of construction of roads and railways completed declined by 58.4% as compared to the corresponding period of 2019.

Value of Construction of Roads and Railways Completed



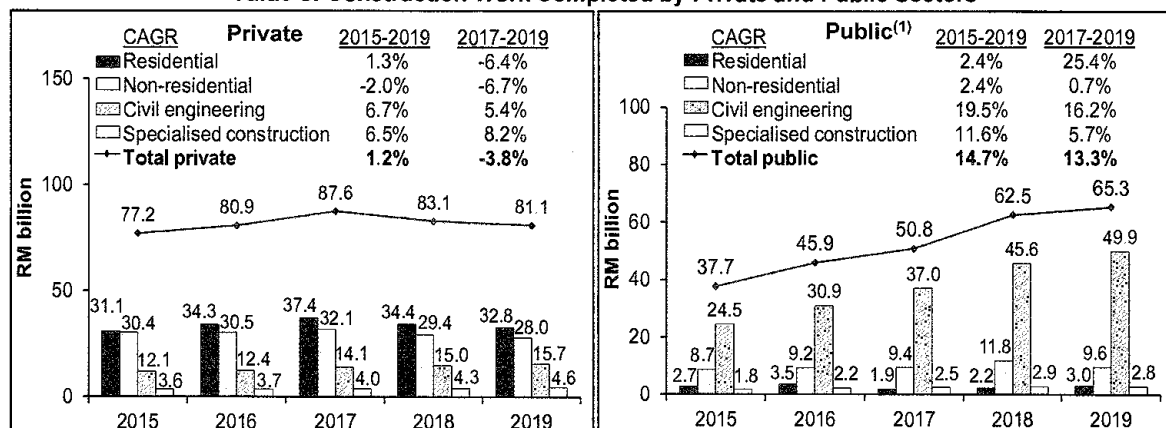
(Source: Department of Statistics)

- Total value of construction work completed in Malaysia declined by 6.3% and 44.9% in the Q1 and Q2 of 2020 as compared to the corresponding period in 2019 respectively. In the Q2 of 2020, value of construction work completed for the civil engineering, residential, non-residential and specialised construction contracted by 55.2%, 38.7%, 36.2% and 28.7% respectively as compared to Q2 2019.

4.1.3 Construction Work Completed by Public and Private Sector

- Public sector projects include those undertaken by the government or public corporations. Public corporation consists of statutory bodies and non-statutory bodies. Some examples of public corporations include Tenaga Nasional Berhad, Telekom Malaysia Berhad and Keretapi Tanah Melayu Berhad.
- Between 2015 and 2019, private sector projects were the main driver of construction works. However, contribution of private sector projects to the construction industry as a whole has been contracting gradually over the years, from 67.2% in 2015 to 55.4% in 2019. In 2019, 75.0% of private sector projects were for construction of residential and non-residential buildings.

Value of Construction Work Completed by Private and Public Sectors



Notes: (1) includes government and public corporations; All construction works completed referred to in this section covers all main contractors with project value of RM500,000 and above, and are registered with CIDB.
(Source: Department of Statistics)

- In 2019, civil engineering construction contributed 76.5% of the total value of construction works completed in the public sector, which was mainly attributed to the construction of transportation

7. INDUSTRY OVERVIEW (CONT'D)



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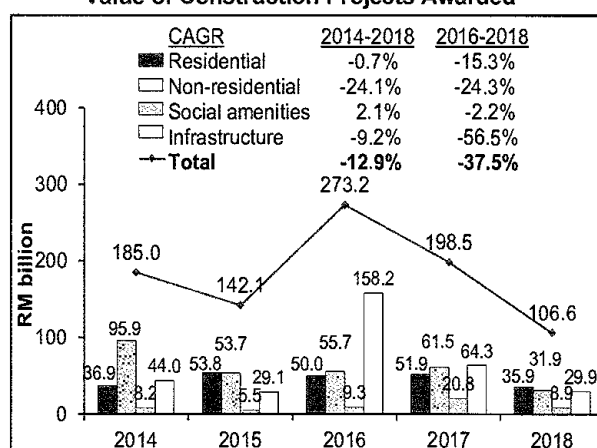
projects. Growth in value of construction work completed for residential buildings in the public sector between 2015 and 2019 was mainly contributed by the construction of affordable housing.

- In Q1 and Q2 of 2020, value of construction work completed by the private sector declined by 8.3% and 37.9% respectively as compared to the corresponding period in 2019. Meanwhile, value of construction work completed by the public sector grew by 1.2% in Q1 2020, but declined by 53.6% in Q2 2020.

4.1.4 Construction Projects Awarded

- The value of construction projects awarded in 2016 was driven by the infrastructure sector which accounted for around 57.9% of the total value of projects awarded. The value of construction projects awarded in 2016 was weighed down by the residential sector, which fell by 7.1%.
- Based on the latest available information, in 2018, the total value of construction projects awarded contracted by 46.3% as value of construction project awarded to all the segments namely residential, non-residential, social amenities and infrastructure declined by 30.8%, 48.1%, 57.2% and 53.5% respectively.

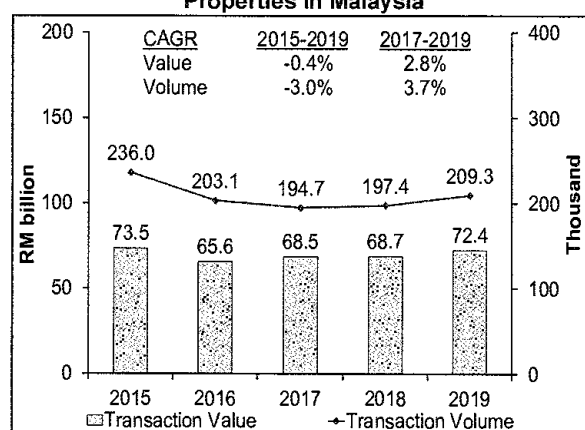
Value of Construction Projects Awarded



(Source: CIDB)

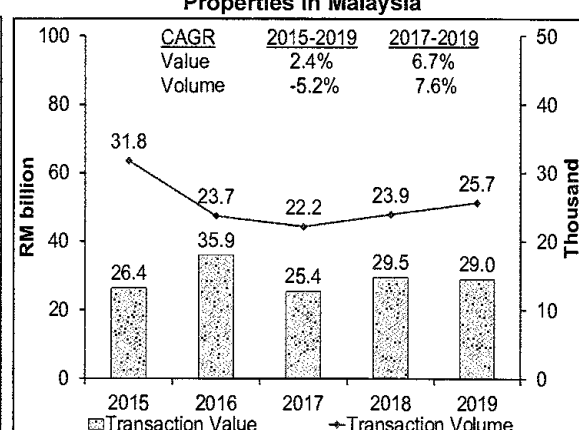
4.1.5 Residential and Commercial Properties Transacted

Transaction Value and Volume of Residential Properties in Malaysia



Source: National Property Information Centre, Malaysia

Transaction Value and Volume of Commercial Properties in Malaysia



- In 2019, residential properties accounted for 51.2% and 63.7% of total value and volume of property transactions respectively. Between 2015 and 2019, the value and volume of residential property transactions fell by a CAGR of 0.4 and 3.0% respectively.
- In 2019, commercial properties accounted for 20.5% and 7.8% of total value and volume of property transactions respectively. Between 2015 and 2019, the value of commercial property transactions increased by a CAGR of 2.4%, while the volume of commercial property transactions fell by a CAGR of 5.2%.

7. INDUSTRY OVERVIEW (CONT'D)



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- In Q1 2020, transaction value and volume of residential properties contracted by 14.3% and 9.9% respectively compared to Q1 2019. Similarly, transaction value and volume of commercial properties also declined by 24.4% and 27.9% respectively compared to Q1 2019.

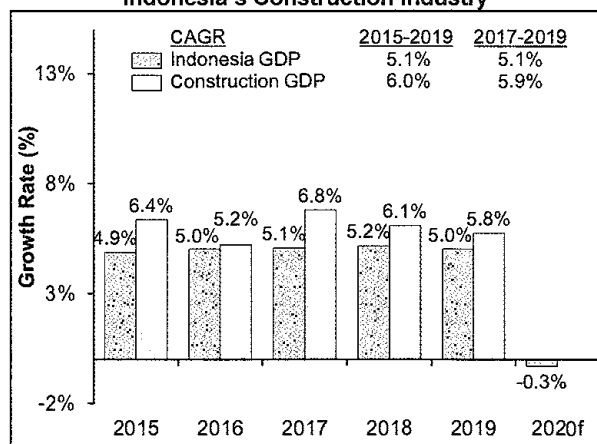
4.2 Indonesia

- Aneka Group also has operations in Indonesia. This section provides some information on the economy and the construction industry in Indonesia.

4.2.1 Economic Activities

- In 2019, the manufacturing, wholesale and retail trade, construction and information and communication industries were the main contributors to Indonesia's real GDP growth. In 2019, the construction industry contributed approximately 10.1% to Indonesia's overall economic activities. In 2020, Indonesia's GDP is expected to contract by 0.3%.
- The Indonesia economy grew by 3.0% in Q1 2020 but contracted by 5.3% in Q2 2020 compared to the corresponding period in 2019. The decline in economic growth in Q2 2020 was mainly a result from measures taken to contain the COVID-19 pandemic. Similarly, the construction industry recorded growth of 2.9% in Q1 2020 but contracted by 5.4% in Q2 2020 as compared to the corresponding period in 2019. The decline in the construction industry in Q2 2020 was mainly due to delays in several infrastructure projects and decreased in import of raw materials for construction activity (Source: Statistics Indonesia).

Real GDP Growth of the Indonesian Economy and Indonesia's Construction Industry

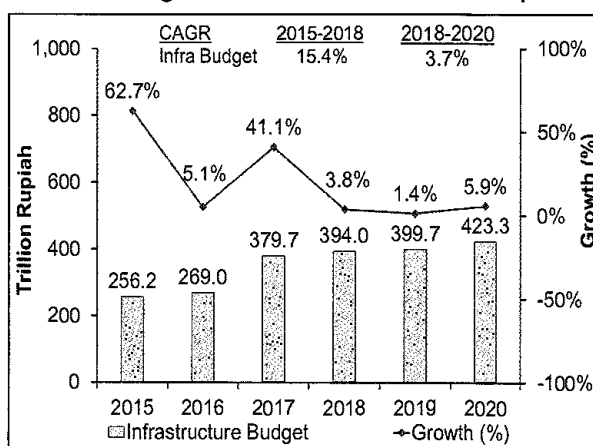


f = forecast. (Sources: Central Bureau of Statistics Indonesia and Vital Factor analysis)

4.2.2 Construction Work Completed by Project Type

- All the construction sectors in Indonesia recorded robust growth, with civil engineering growing the fastest between 2016 and 2018.
- Based on latest available information, in 2018, growth in the total value of construction work completed grew by 11.2% to IDR1,271.9 trillion from IDR1,143.4 trillion in 2017, which was lower compared to the growth of 13.2% in the previous year. The slower growth was attributed primarily to the slower growth of the civil engineering sector compared to the previous year.
- In August 2019, it was announced that Indonesia's capital city will be relocated to East Kalimantan by 2024. The Indonesian government has estimated that the move will cost approximately IDR466 trillion (equivalent to RM137 billion), which includes the construction of new government offices and homes for around 1.5 million civil servants.

Indonesia Budget Allocation for Infrastructure Spending



(Source: Ministry of Finance Indonesia)

7. INDUSTRY OVERVIEW (CONT'D)



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However, due to the COVID-19 outbreak, the Indonesian government has placed the relocation plans on hold to focus on containing the virus outbreak. (Based on an average exchange rate of 100IDR=RM0.0293 in 2019)

4.2.3 Infrastructure Spending

- According to Indonesia's Budget 2020, infrastructure spending is estimated to reach approximately IDR423.3 trillion (equivalent to RM124 billion) in 2020 for the construction of a total of approximately 480km of roads, 240km of railway lines, 19km of bridges, three new airports, 49 units of dams, 5,300 units of low-cost apartments and 2,000 units of special houses for low income community as well as the rehabilitation and construction of 16,000 hectares of irrigation networks. (Based average exchange rate of 100IDR=RM0.0293 in 2019). However, in light of the COVID-19 outbreak, the Ministry of Finance in Indonesia has instructed all ministries, institutions and local governments to review the budget with the view of refocusing on health funds and social assistance programmes.

5. COMPETITIVE ANALYSIS

5.1 Operators in the Industry

- As at September 2020, there were 1,645 operators registered with CIDB under piling works for building construction, of which 545 were under Grade G7 in Malaysia. Under the category of piling works for civil engineering construction, there were 5,658 operators, of which 2,092 were under Grade G7 in Malaysia. Grade G7 permits operators to tender or undertake projects with no limitations on the size or value of projects. The number of registered operators under the category of piling works for civil engineering construction covers all kinds of piling, including, among others, bored piling, driven piling, jack-in piling and caisson foundation.
- Aneka Group is registered with CIDB under Grade G7 for piling works for both building and civil engineering construction. As at September 2020, there were an estimated 441 operators registered with CIDB under Grade G7 piling works for both building and civil engineering construction.
- The following are companies or subsidiaries of companies listed on Bursa Malaysia Securities Berhad that are involved in either foundation and/or basement works together with Aneka Group. These are listed in descending order of revenue in the table below:

Company	Latest Available FYE	Segmental Revenue	Group Revenue ⁽¹⁾ (RM'000)	Group GP ⁽¹⁾ (RM'000)	Group GP Margin ⁽¹⁾ (%)	Group NP/(NL) ⁽¹⁾ (RM'000)	Group NP/(NL) Margin ⁽¹⁾ (%)
Econpile Holdings Berhad ⁽²⁾	Jun 2019	n.a	663,340	64,003	9.6%	25,505	3.8%
Pintaras Jaya Berhad	Jun 2019	280,006 ⁽³⁾	315,919	65,992	20.9%	26,103	8.3%
Sunway Geotechnics (M) Sdn Bhd ⁽⁴⁾	Dec 2019	n.a	237,967	54,155	22.8%	7,197	3.0%
Aneka Group	Aug 2019	n.a	221,172	39,148	17.7%	20,134	9.1%
Ikhmas Jaya Group Berhad ⁽⁵⁾	Dec 2019	n.a	199,536	(65,132)	(32.6%)	(159,546)	(80.0%)

(Sources: Companies Commission of Malaysia (CCM), Annual Reports of respective listed companies and audited combined financial statements of Aneka Group) n.a = not available; NP = Net Profit; NL = Net Loss; GP = Gross Profit

(1) Include other business activities.

(2) Involved in general construction and piling works, including bored piling and foundation works.

(3) Segmental revenue for piling and substructure construction works.

(4) Involved in the provision of design management and construction services for geotechnical engineering works and is a subsidiary of Sunway Construction Group Berhad.

(5) Involved in engineering and construction of piling and foundation, bridges and buildings.

7. INDUSTRY OVERVIEW (CONT'D)



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- The above list of companies is not exhaustive. The methodology used to compile the above list of companies includes secondary market research such as published documents, websites and industry directories.

5.2 Market Size of Foundation Works in Malaysia

- In 2019, the market size for foundation works in Malaysia was estimated at RM4.94 billion. (Source: Vital Factor analysis)

Note: The market size above was derived based on the latest available value of gross output of foundation works of RM3.59 billion in 2015 (Source: Department of Statistics, Malaysia) which was then extrapolated to 2019. There were no statistics available on the value of gross output of foundation works for 2016, 2017, 2018 and 2019. Therefore, the market size for foundation works in 2019 was extrapolated based on the growth rate for the value of specialised construction works completed in 2016 (9.6%), 2017 (9.2%), 2018 (10.3%) and 2019 (4.2%). (Source: Department of Statistics, Malaysia). (RM3.59 billion x 1.096 x 1.092 x 1.103 x 1.042 = RM4.94 billion). Foundation works fall within the specialised construction sector.

5.3 Market Share of Aneka Group

- In 2019, Aneka Group had an estimated market share of 4% of foundation works in Malaysia. (Source: Vital Factor analysis)

Note: The market share was calculated using Aneka Group's revenue derived from foundation and basement construction in Malaysia of RM208 million⁽¹⁾ for financial year ended 31 August 2019 divided by the market size of RM4.94 billion⁽²⁾ in 2019. Aneka Group's basement construction also consists of foundation construction comprising bored piling works and retaining walls as well as basement excavation and RC works. (Source: (1) Aneka Group, (2) Vital Factor analysis).

6. INDUSTRY CONSIDERATION FACTORS

- The construction industry will be dependent upon, among others, the recovery of Malaysia's economy in light of the uncertainties resulting from the on-going COVID-19 pandemic and other local and global factors. Considerations also include performance of the Malaysia property market predicated by supply, demand and overhang conditions, and socio-economic factors such as interest rates, unemployment rates, lending policies, business confidence and consumer sentiments.
- According to Bank Negara Malaysia, Malaysia's economy is expected to gradually improve in the second half of 2020 underpinned by key growth drivers including continued improvement in global growth, trade and technology cycle, reopening of the domestic economy, improvement in income prospects and sentiments to support consumption spending, and stimulus measures including fiscal, monetary and financial. This will be supported by growth factors including large public projects such as MRT, and high multiplier smaller projects, as well as recovery on commodity production. Some of the construction related activities that is expected to contribute to the improvement in Malaysia's economy includes the continuation of large-scale infrastructure projects namely MRT2, LRT3, Pan Borneo Highway, East Coast Rail Link (ECRL), Johor Bahru-Singapore rapid transit system (RTS), National Fiberisation and Connectivity Plan, ramp-up of upstream and downstream oil and gas projects, and power generation projects. This will be supported by the Malaysian Government's economic stimulus packages including the Prihatin Rakyat Economic Stimulus (PRIHATIN) with an allocation of RM250 billion, Prihatin SME Economic Stimulus Package (PRIHATIN SME+) with an allocation of RM10 billion and Short Term Economic Recovery Plan (PENJANA) with allocation of an RM35 billion. In addition, the Twelve Malaysia Plan 2021 to 2025 (12MP), which is currently in preparation, is expected to provide a framework for Malaysia's socioeconomic development and contribute towards a prosperous society over the next decade. The 12MP, which is based on shared prosperity incorporates three initiatives, namely economic empowerment, environmental sustainability and social re-engineering which will be driven by sources of growth including, among others, digital economy, smart construction, affordable housing, seamless transport, renewable energy, green technology and integrated regional development.

Among others, the continuation of large-scale infrastructure projects such as MRT2, LRT3, ECRL and Johor Bahru-Singapore RTS, as well as the 12MP's focus on affordable housing, smart construction and seamless transport will provide opportunities for Aneka Group as these projects are likely to involve foundation and basement works. In addition, the economic stimulus packages that are expected to support the recovery of Malaysia's economy will facilitate continuing activities in the construction industry, which will benefit operators within the industry including Aneka Group.

8. RISK FACTORS

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.

8.1 RISKS RELATING TO OUR BUSINESS OPERATIONS**8.1.1 Our business and financial performance may be further adversely affected by the prolonged COVID-19 pandemic**

Our business is susceptible to any outbreaks of diseases affecting Malaysia and Indonesia including pandemics that cause interruptions in our business operations as well as the global supply chain. These interruptions, if prolonged, will adversely affect our financial performance.

On 18 March 2020, our business operations and on-going projects in Malaysia were temporarily suspended due to the MCO as a result of the COVID-19 pandemic. We recommenced our operations in Malaysia gradually from 4 May 2020 by adhering to the relevant SOPs issued by the Government of Malaysia. Meanwhile, our Indonesia operations have not been significantly affected by the prolonged COVID-19 pandemic. This is because notwithstanding the imposition of a national large-scale social restriction policy in Indonesia in March 2020, the construction services sector, being one of the exempted services, may remain in full operation by adopting relevant COVID-19 health protocol. Please refer to Section 6.3.14 of this Prospectus for further details of the impact of the COVID-19 pandemic on our Group.

The suspension of our business operations in Malaysia pursuant to the MCO has caused delays in the progress of executing our projects, which in turn has resulted in loss of revenue in March and April 2020. Accordingly, we incurred a total loss before tax of RM3.57 million from March to May 2020, which would have an adverse impact on our Group's financial performance for the FYE 2020. Furthermore, as a result of the temporary suspension of our on-going projects in Malaysia, our billings to customers have been delayed. Although we have resumed our on-site construction operations on 4 May 2020 which enabled us to issue our progress billings to customers based on work completed, we may not be able to collect our receivables promptly as our customers may be facing financial constraints due to the impact of the COVID-19 pandemic. In the event that our customers are unable to settle our receivables, we may be exposed to the risk of non-recoverability of the said receivables.

In addition to the above, there is the risk that the delays in the progress of our on-going projects in Malaysia arising from the suspension of our business operations due to the COVID-19 pandemic could result in LAD. While we have sought or will be seeking an extension of time from our customers for our affected projects in Malaysia, we cannot assure that an extension of time would be granted, or any extension of time granted is sufficient to compensate for the loss of time due to the aforesaid suspension of our business operations and any consequential delays pursuant to, among others, remobilisation. Our projects may also be terminated upon default or non-performance by us or our customers arising from the delays in the progress of our on-going projects in Malaysia due to the implementation of the MCO. While we have not received any notice of termination from our customers for all the on-going projects to date, we may be issued with such notice in the future due to any default or non-performance. In the event we experience any early termination of our projects, the loss of revenue and/or losses incurred arising from such termination may have an adverse impact on the financial condition and prospect of our Group. Should such delay result in any default by us, we may also be susceptible to the risks of legal claims, liabilities and compensation to our customers. This could have a negative impact on our financial conditions and reputation.

There is also the risk that our project's original scope of works will be revised and/or reduced as a result of the COVID-19 pandemic. On 9 June 2020, the piling works portion of a foundation construction project, namely the MET 5 @ KL Metropolis (Stage 2) Project, was deferred by our customer pending finalisation of design change of the works following the developer's decision to undertake a project design review. We subsequently resumed the piling works on 1 September 2020. While we have not received any letter from the developer or our customer to revise our scope

8. RISK FACTORS (CONT'D)

of work for this project to date, there is the risk that our scope may be reduced if the developer decides to undertake any further project design review. In the event that there is any reduction in the scope of work from this project or any other projects, the value of the projects will be subject to revision. Any revisions in our original contract value after it has been awarded will subsequently impact our financial conditions and prospects.

Although we have resumed operations in Malaysia, there can be no assurance that the operating environment of our business has not changed since the COVID-19 pandemic. Any adverse change in the operating environment of our business may have a material adverse impact on our business, financial condition and prospects. There can also be no assurance that the COVID-19 pandemic will not worsen to require re-implementation of the MCO in Malaysia and/or the extension of national large-scale social restriction policy in Indonesia to construction services sector, which will in turn lead to another suspension of our business operations. If our business operations are suspended again, there may be a material adverse impact on our financial performance and position including, among others, our profitability and liquidity. These adverse changes may also require us to conserve cash to ensure that we would have sufficient working capital for our business operations, thus affect our ability to pay dividends.

In addition, there is a risk that we may also face delays resulting from the COVID-19 pandemic in implementing our business strategies and capital expenditure in accordance with the expected timeline for both of our Malaysia and Indonesia operations as set out in Section 6.11 of this Prospectus. Failure to implement our business strategies in a timely manner may adversely affect our future business and financial performance.

8.1.2 Our business and financial performance may be affected if there are delays in the completion of projects

The timely completion of a construction project is dependent on various external factors including, among others, site handover, timely receipt of regulatory approvals and permits required, satisfactory performance of subcontractors appointed, availability and timely delivery of construction materials and equipment, unforeseen ground conditions and availability of construction workers to carry out construction works. As we may need to resort to subcontractors and outsourced labour suppliers to address any temporary labour shortage for our construction projects if our recruitment of foreign workers is affected by the current freeze on the recruitment of foreign workers as detailed in Section 6.5 of this Prospectus, we may also be dependent on these subcontractors and outsourced labour suppliers having adequate resources for timely completion of our construction projects. As our revenue recognition and billings are based on the construction works undertaken and completed by us in accordance with our contractual agreements with customers, any delays in the completion of a project may affect our revenue recognition and billings and in turn, adversely affect our financial performance. Project delays could also lead to cost overrun and / or result in LAD being imposed by our customers, which will further affect our financial performance. Our Group's reputation and future business opportunities may also be detrimentally affected by project delays caused by us.

During the Financial Years / Period Under Review, in July 2018, there was an LAD of RM0.47 million being imposed by one of our customers pertaining to the delay in completion of a diaphragm wall for tunnels from a foundation construction project in Kuala Lumpur. In October 2019, the customer granted an extension of time where the completion date was extended from 25 August 2017 to 9 December 2017. As a result of the extension of time granted by the customer, the LAD was agreed to be waived. At the same time, this customer has also waived an LAD of RM3.76 million previously imposed for a delay in completion of bored piling works for a foundation construction project in Kuala Lumpur, which was provided for in the FYE 2016. These LADs were reversed in the FPE 2020.

While we strive to minimise these occurrences in the future by managing and monitoring our project schedule and project status closely, there is no assurance that we would not experience any delays in the completion of our on-going and / or future projects or that any such delays would not adversely affect our financial performance, profitability and reputation.

8. RISK FACTORS (CONT'D)

8.1.3 We procure construction materials as part of our job scope and our profitability may be affected by increases in the cost of construction materials

Concrete and steel materials constitute two of the most significant construction materials for our operations where purchases of these materials collectively accounted for 40.99%, 42.02%, 41.23% and 23.96% of our total Group purchases of materials and services for FYE 2017, FYE 2018, FYE 2019 and FPE 2020, respectively.

We are responsible for the purchase of relevant construction materials as part of our contractual obligations for our foundation and basement projects in Malaysia. The unit prices for these construction materials are based on prevailing market prices when we secure a project. Therefore, any unfavourable fluctuations in the cost of these materials during the performance of our contracts may increase our overall project costs. As we are unable to pass on this cost to our customers, this in turn may affect our profitability. Based on a sensitivity analysis of 5% increase in concrete and steel prices for the FYE 2019 and FPE 2020, our GP margin and PBT margin would have reduced by 1%.

As for our Indonesia operations, most of the construction materials are supplied to us by the customers and therefore, our exposure to unfavourable price fluctuations for construction materials is relatively minimal. In view of the above, the risk of any unanticipated adverse price fluctuations especially for concrete and steel materials would adversely affect our profitability.

8.1.4 Our financial performance is dependent on our ability to secure new projects and ensure the continuity of our order book

Our financial performance depends on our ability to secure new projects to sustain our order book. If we are unable to do so, our order book may decline and this would adversely affect our sustainability and future financial performance. As the nature of our construction business is project-based, there is no assurance that we would be able to continuously secure new projects, nor can we assure that new projects secured by us will be on favourable commercial terms. Under the contracted economic conditions in 2020 brought about by the COVID-19 pandemic, we face uncertainty in securing new contracts to replenish our order book as we may not be able to provide competitive pricing compared to our competitors. In the event that we are unable to offer a competitive pricing during the tender process, this will affect our ability to secure new contracts, which would in turn affect our ability to replenish our order book.

In addition, our order book is subject to unexpected project cancellations or work scope reductions which may occur from time to time. For the Financial Years / Period Under Review and up to the LPD, we have a cancellation of a foundation construction project in Indonesia in December 2018 with an initial provisional contract value of IDR14.86 billion (equivalent to RM4.22 million based on conversion rate of IDR100 = RM0.028400 as at the LPD).

This project was subsequently cancelled entirely which resulted in a loss of IDR0.45 billion (equivalent to RM0.13 million based on conversion rate of IDR100 = RM0.028400 as at the LPD) as we have incurred preliminary costs for the said project. There was a mutual agreement to terminate the contract between PT Aneka and the customer as neither party was willing to bear the additional cost resulting from a change in the proposed method of construction due to inaccurate soil conditions provided by the customer during tender stage.

In addition, we have and may continue to experience revisions in our original scope of work including an increase and/or a reduction in our scope of works during the duration of the project. This is contributed by the fact that we may encounter unexpected soil and surrounding conditions after starting the projects which lead to a revision in the scope of work in the contract. Based on the contracts that we secured during the Financial Years / Period Under Review, we have experienced the following two situations:-

- (a) Reduction in our scope of works where the total cumulative revised contract value was 15% lower compared to the original cumulative provisional contract values; and

8. RISK FACTORS (CONT'D)

- (b) Increase in our scope of work where the total cumulative revised contract value was 18% higher compared to the original cumulative provisional contract values.

There is a risk that any reductions in our scope of work for projects secured would adversely affect our prospects and financial performance including a reduction in our expected revenue and profit contribution.

As at the LPD, the total unbilled contract value of our secured projects was RM96.17 million. Out of the RM96.17 million, the unbilled contract value of the MET 5 @ KL Metropolis (Stage 2) Project was RM70.47 million. On 9 June 2020, the piling works portion of this project was deferred by our customer pending finalisation of design change of the works following the developer's decision to undertake a project design review. We subsequently resumed the piling works on 1 September 2020. In the event the MET 5 @ KL Metropolis (Stage 2) Project encounters another deferment, our future financial performance may be adversely affected. If the developer decides to undertake any further project design review, there is also a risk that our scope of work and contract value for this project will be reduced accordingly, which will in turn have an adverse impact on our future financial performance. We face similar risk for our on-going West Coast Expressway (Section 3) Project which has been temporarily halted since February 2020 due to design changes. While we have not received any letter from our customer to revise or terminate our scope of work for this project as at the LPD, there is a risk that our scope may be reduced or terminated upon finalisation of the design changes. Any such reduction or termination of our scope of work will have an adverse impact on our future financial performance.

In view of the above, any delays, deferments, cancellations or reductions in the contract value or scope of work of our secured projects will reduce the value of our order book and in turn affect our future prospects and financial viability.

8.1.5 We are dependent on our Managing Director, Executive Directors and key senior management for the continuing success of our Group

The continuing success of our Group's business is dependent on the efforts, commitment and abilities of our Managing Director, Executive Directors and key senior management who play a significant role in our day-to-day operations as well as the development and implementation of our business strategies. As such, the loss of services from any of our Managing Director, Executive Directors and / or key senior management without any suitable and prompt replacement may adversely impact on our business and financial performance.

8.1.6 We are subject to the risk of an increase in interest rates of our existing and new borrowings which may adversely affect our financial performance

Our business operations are funded by internally generated funds as well as external financing. As at 31 May 2020, our Group's total borrowings was RM57.52 million and our gearing ratio was 0.62 times. Our finance costs mainly comprise interest charges on bank and trade facilities including finance lease liabilities, term loans, bankers' acceptance, invoice financing, bank overdraft and promissory notes that are granted by banks and financial institutions. We incurred finance costs of RM2.15 million, RM3.37 million, RM3.74 million and RM2.65 million for the FYE 2017, FYE 2018, FYE 2019 and FPE 2020, respectively. Our finance costs have been increasing from FYE 2017 to FYE 2019 mainly due to drawdown of finance lease liabilities used to purchase our construction machinery, equipment and tools, higher utilisation of bankers' acceptance, invoice financing, promissory notes and bank overdraft which were used to finance our working capital for our business operations as well as drawdown of term loans mainly used to purchase our head office in Bukit Jalil.

As at 31 May 2020, with the exception of our outstanding finance lease liabilities of RM23.55 million which are fixed rate borrowings, all of our remaining outstanding borrowings of RM33.97 million are floating rate borrowings. In this respect, we face financial risks relating to the increases in interest rates of our floating rate borrowings. Any increase in interest rates may result in an increase in our interest expense, which may in turn have an adverse impact on our financial performance as well as debt and interest servicing obligations. There can be no assurance that we will be able to meet our borrowing commitments imposed by our financiers in the event of an unexpected increase in interest rates of our borrowings.

8. RISK FACTORS (CONT'D)

8.1.7 We are subject to the risks of defect liability claims from our customers pertaining to our own works or the works of our subcontractors which may adversely affect our financial performance

We mainly extend a defect liability period of 12 to 24 months from the official handover date of our completed projects to our customers. During the defect liability period, we are liable for any remediation or rectification of any defects attributable to our works which may surface or be identified during this period at our own costs. A high number of defects would result in additional costs incurred, which may consequently have an adverse impact on our profitability.

In addition, we also engage subcontractors to carry out certain works for our projects including, among others, RC works and earthworks. For the FYE 2017, FYE 2018, FYE 2019 and FPE 2020, subcontractor costs accounted for 24.80%, 31.09%, 26.84% and 32.49% of our total cost of sales respectively. As such, we may also be liable for defect liability claims or LAD resulting from any delays due to non-performance, late performance or poor performance by our subcontractors.

While we may attempt to seek compensation from the relevant subcontractors, we may be required to compensate our customers prior to receiving compensation from subcontractors. In the event we are unable to seek compensation from subcontractors or the amount of the claims cannot be recovered in full or at all from the subcontractors, we may be required to bear some or all of the costs of the claims. These additional costs will increase our overall construction costs and may adversely impact our financial performance.

For the Financial Years / Period Under Review, there were no defect liability claims against us for works carried out by our Group as well as works of our subcontractors. In light of this, we have not encountered a situation where we need to make any compensation claims from our subcontractors. However, we recorded remedial costs of RMNil, RM4,479, RM134,602 and RM115,528 for the FYE 2017, FYE 2018, FYE 2019 and FPE 2020, respectively. These remedial costs were mainly related to grouting works or filling of voids for our retaining wall construction, which was part of our process to make good our works and not part of defect liability claims from customers.

Although we endeavour to maintain the quality of our foundation and basement construction, there is no assurance that we would not experience any defect liability claims in the future or that these claims would not adversely impact our profitability.

8.1.8 We are reliant on our key construction machinery and equipment for our foundation and basement construction

We are reliant on our key construction machinery and equipment to perform our foundation and basement construction. This mainly includes rotary drilling rigs, crawler cranes, diaphragm wall grab/hydraulic grab, excavators and Kelly bar. Please refer to Section 6.9 of this Prospectus for further details on our key machinery and equipment.

Although our preference is to use our own construction machinery and equipment, we also rent from external parties to resolve conflicting schedules for our on-going projects. Our business operations will be interrupted in the event that we are unable to source key construction machinery and equipment to start a new project.

Generally, the lifespan of our key construction machinery and equipment range between 15 years and 20 years. Our well-maintained construction machinery and equipment may exceed lifespan of 20 years. However, we run the risk that certain parts of the older construction machinery and equipment may not be readily available due to obsolescence or are no longer in production. As at the LPD, the age of some of our key construction machinery and equipment namely rotary drilling rigs ranges between 2 years and 23 years, cranes ranges between 4 years and 28 years, and excavators ranges between 3 and 17 years. There is a risk that some of these machinery and equipment particularly the older ones that exceed 5 years or 10,000 hours of operations may experience unanticipated breakdowns and / or damages that require replacement of parts which would render our machinery and equipment to be non-operational for a period of time. While we continue to retain and use some of the fully depreciated machinery and equipment to facilitate

8. RISK FACTORS (CONT'D)

operation requirements, these older machinery and equipment are generally more prone to breakdown, which may in turn disrupt our business operations. As major preventive maintenance is also required for these older machinery and equipment, this may cause our repair and maintenance cost to escalate, thus adversely affect our financial performance. For the Financial Years / Period Under Review, repair and maintenance services for our construction machinery and equipment accounted for 3.86%, 3.25%, 3.50% and 3.62% of our total cost of sales for the FYE 2017, FYE 2018, FYE 2019 and FPE 2020, respectively.

We have not experienced any past incidents of prolonged delays due to unanticipated breakdowns or failure in our key construction machinery and equipment that interrupted our business operations and / or adversely affected our financial performance. However, there is no assurance that we would be able to prevent the occurrence of any incidences relating to the prolonged non-performance of our key machinery and equipment which could materially disrupt our business operations.

8.1.9 We are subject to foreign exchange risks

Our Group's reporting currency is in RM whilst the reporting currency of our foreign subsidiary, PT Aneka, is in IDR. If the IDR depreciates against the RM, our Group's reported financial results may be materially and adversely affected. For the FYE 2019 and FPE 2020, approximately 6.09% and 7.97%, respectively, of our Group's revenue was denominated in IDR.

In addition, some of our purchases of materials are denominated in foreign currencies. For FYE 2019 and FPE 2020, approximately 4.99% and 4.47%, respectively, of our purchases was denominated in IDR, USD and EUR. Our revenue and purchases in IDR are naturally hedged as the transactions are solely conducted in Indonesia where we maintain IDR bank accounts and borrowings in IDR for our business operations in Indonesia.

Nevertheless, our business is exposed to risks relating to foreign currency exchange fluctuation arising from the conversion of IDR into RM for earnings recorded by PT Aneka for financial reporting and repatriation purposes.

8.1.10 The implementation of our projects involves health and safety risks

Our foundation and basement construction business operations are susceptible to certain health and safety risks. Any significant health and safety incidents at any of our project sites or general lapse in our health and safety standards could put our employees, subcontractors and / or the general public at risk as well as lead to significant liabilities and / or damage to our reputation.

Any failure in ensuring the safety of our workers or subcontractors, including any delays in responding to changes in health and safety regulations, may result in penalties for non-compliance with the relevant regulatory requirements, or even suspension or revocation of our approvals, licences or permits that are necessary for our business. These regulations include the Factories and Machinery Act 1967 which is an act to provide for, among others, the registration and inspection of machinery and for matters connected therewith, and the Occupational Safety and Health Act 1994 which is an act to make further provisions for securing the safety, health and welfare of persons at work, for protecting others against risks to safety or health in connection with the activities of persons at work and for matters connected therewith.

As for Indonesia, the regulations on occupational health and safety ("**OHS**") that our Group must adhere to include, among others, Law No. 1 of 1970 on Occupational Safety and Government Regulation No. 50 of 2012 on Application of Occupational Health and Safety Management System, which mandates the employers and the workers to implement OHS requirements, including to establish and adhere to the OHS Management System. On the OHS regulations relating to the equipment, the regulations include, among others, Ministry of Manpower Regulation No. PER.05/MEN/1985 of 1985 on Lifting Equipment and Ministry of Manpower Regulation No. 33 of 2016 on Procedure of Manpower Supervision, which regulate the operation of lifting equipment only by skilled experts on lifting equipment, and mandatory periodic evaluation and examination of lifting equipment by the licensed Occupational Safety Expert (*Ahli Keselamatan Kerja*).

8. RISK FACTORS (CONT'D)

Any major or significant health and safety incidents arising from our non-compliance may be costly to us, in terms of potential liabilities such as legal injunctions or stop-work orders being imposed, monetary fines or negative publicity that impacts our reputation which may lead to loss of potential construction work. Whilst there were no past non-compliances or health and safety incidents which resulted in material adverse impact towards our Group, any of the foregoing in the future may have an adverse impact on our business, financial condition and prospects.

8.1.11 We may not have adequate insurance to cover all losses or liabilities that may arise as a result of our business operations

Save for key man insurance and consequential loss insurance, we have purchased insurance policies for, among others, contractors' all risks and workmen's compensation for each of our ongoing projects, fire, flood and burglary. However, these insurance policies undertaken may be insufficient to cover all the risks that are associated with our business operations. Any losses or damages in excess of our insured limits or in areas for which we are not insured at all could have an adverse effect on our business operations, financial performance and results of operations. We received insurance claims of RM0.15 million, RM0.06 million, RM0.31 million and RMNil for the FYE 2017, FYE 2018, FYE 2019 and FPE 2020, respectively. The said insurance claims were mainly in relation to physical damages to our construction machinery and equipment from causes such as soil condition, minor collision and lightning at site. Following these insurance claims, there were no material adverse impact on our business operations and financial performance arising from these incidents.

The contractors' all risks and workmen's compensation insurance policies are dependent upon our contract requirements. As at the LPD, the total sum insured of our other insurance policies is RM80.77 million. While we have insurance coverage for various aspects of our business, there is no assurance that it is sufficient to cover all the losses, damages or liabilities that we may suffer in the course of our business operations.

8.1.12 Our business operations may be exposed to liquidity risks as a result of slow collection of trade receivables, payment-in-kind as well as acquisition of properties to support our customer's property development projects

We may be exposed to liquidity risks as a result of slow collection of trade receivables, payment-in-kind in the form of properties ("**Contra Payment**") as well as acquisition of properties to support our customer's property development projects in conjunction with the award of projects to our Group ("**Project Support**").

As at 31 May 2020, our total trade receivables were RM22.04 million and as at the LPD, we have collected RM13.03 million or 59.14% of the total trade receivables outstanding. Subsequent to the LPD, these trade receivables have yet to be fully collected and they are mainly attributed to slow payments from 4 customers. Any prolonged overdue payment from our customers may have an impact on our cash flow position.

In some instances where our customers are unable to settle amount due to us, they may request us to consider Contra Payment as settlement. For the Financial Years / Period Under Review and up to the LPD, we received a Contra Payment namely the stratified shop offices located in Bukit Jalil which we acquired at RM4.18 million from a customer to set off against outstanding trade receivables in the FYE 2018. This property was disposed of to a related party in the FYE 2019.

While we do not generally acquire properties for investment purposes, in some instances, we also acquire properties pursuant to Project Support arrangement. Prior to the Financial Years / Period Under Review, we acquired a property, namely 1 unit of service apartment in The Robertson, Kuala Lumpur, at RM0.94 million in support of our customer's project. This property is currently held by us as investment property for rental to external parties pending opportunities for resale.

During the FPE 2020, we have acquired 2 units of residential properties located in Agile Embassy Garden, Kuala Lumpur at RM2.15 million pursuant to a Project Support arrangement in conjunction with the award of a contract to us by a customer. The purchase consideration for these properties will be set off against trade receivables due from the customer to us. As at the LPD, we have also

8. RISK FACTORS (CONT'D)

committed to the acquisition of properties within the MET 5 @ KL Metropolis (Stage 2) Project for total acquisition cost of not exceeding RM1.60 million pursuant to a Project Support arrangement in conjunction with the award of a contract to us by a customer. The payment arrangement for these properties has yet to be determined as at the LPD. We intend to hold these properties as investment properties for rental to external parties pending opportunities for resale.

For further details on properties acquired or to be acquired by us pursuant to Contra Payment and Project Support, please refer to Section 6.4.1(b) of this Prospectus.

As properties are fixed assets, our financial resources channeled into acquisition of properties pursuant to Contra Payment and/or Project Support will temporarily not be available for our working capital purposes and business operations until these properties are liquidated through disposals. In view of this, any acquisition of properties by us pursuant to Contra Payment and/or Project Support may have an impact on our cash flow and liquidity position, which may in turn reduce the financial resources available for our core business operations in the foundation and basement construction. As a result, our business operations, financial position and results of operations may be materially and adversely affected.

Moving forward, we may still acquire properties pursuant to Contra Payment and/or Project Support. Therefore we may continue to be subject to liquidity risks where our financial resources are tied up in fixed assets, which could otherwise be diverted to our core business operations. This may negatively affect our cash flow position and financial performance.

8.1.13 We may be exposed to the risks in property investment

As at the LPD, we own 5 investment properties, 3 of which were purchased pursuant to Project Support while the other 2 were initially acquired and planned to be used as our Group's head office. These properties are intended to be held to generate rental income as well as capital appreciation in the investment properties until such time when opportunities for disposal arise.

In view of the above, we may be subject to certain risks inherent in property investment. These include, among others, fluctuation in property prices and rental rates, competition for tenants and unexpected costs arising from ad hoc maintenance. We may also face the risk of not being able to dispose of our investment properties due to, among others, weak market sentiments, increase in property overhang, economic downturn as well as other unfavourable market conditions. These external market conditions may also deter us from selling our investment properties at favourable prices or at all. If we are unable to dispose of our investment properties after a long holding period, it may reduce our liquidity where our financial resources are tied up in fixed assets, which could otherwise be diverted to our operations. This may negatively affect our cash flow position and financial performance.

8. RISK FACTORS (CONT'D)

8.2 RISKS RELATING TO OUR INDUSTRY**8.2.1 We are exposed to the inherent risks in the construction industry**

Our Group mainly serves private sector projects which accounted for 84.76%, 89.81%, 81.30% and 88.45% of our Group's total revenue for FYE 2017, FYE 2018, FYE 2019 and FPE 2020, respectively. Meanwhile, government sector projects accounted for 15.20%, 10.11%, 18.65% and 11.54% of our Group's revenue for FYE 2017, FYE 2018, FYE 2019 and FPE 2020, respectively. In terms of application types, our foundation and basement construction projects are mainly for buildings such as condominiums and apartments, shopping centres, office towers and hotels which accounted for 83.96%, 89.88%, 57.20% and 68.08% of our Group's total revenue for FYE 2017, FYE 2018, FYE 2019 and FPE 2020, respectively. On the other hand, our foundation construction projects for infrastructure developments such as elevated highways, rail infrastructure and tunnels accounted for 15.75%, 9.39%, 42.75% and 30.47% of our Group's total revenue for FYE 2017, FYE 2018, FYE 2019 and FPE 2020, respectively.

As we will continue to serve these sectors, our business is subject to the inherent risks in the construction industry which includes, among others, the following:-

- general economic conditions, where a slowdown in the economy may cause:-
 - increase in unemployment, low or no wage increases, reduction in consumer wealth and reduced consumer confidence resulting in reduced demand for property purchases, and lower consumer spending impacting on commerce and industries;
 - slowdown in commercial and industrial activities resulting in lower demand for commercial and industrial properties;
- performance of the property market including property overhang with unsold properties in residential and commercial properties would slow down new property developments which would reduce the demand for foundation and/or basement construction;
- shortage of labour and increases in labour cost resulting in delays in construction and higher construction costs;
- increase in cost of construction materials may result in lower margins for construction companies and higher priced constructions and buildings including residential, commercial and industrial properties as well as infrastructure and community projects;
- changes in lending policies and practices by financial institutions would affect property developers and infrastructure owners' ability to obtain adequate funds for construction, as well as affect the access to loans for the purchases of residential, commercial and industrial properties; and
- government initiatives and budget allocation for infrastructure developments, which would stimulate business activities in the construction industry.

Furthermore, the increasing number of unsold residential and commercial properties in Malaysia may adversely impact on new property developments which may ultimately affect the demand in the construction industry including foundation and basement construction. The volume of unsold residential and commercial properties increased at a CAGR of 11.3% and 47.4%, respectively, between 2017 and 2019. Our business and financial performance may be adversely affected if the performance in the property market continues to be weighed down by oversupply conditions.

In the event of any unfavourable changes in conditions that govern or affect the construction industry, our financial performance may be adversely affected.

8. RISK FACTORS (CONT'D)

8.2.2 We are subject to competition from other piling companies

We are registered with CIDB under Grade G7 for foundation construction namely piling works for both building construction and civil engineering construction. As at September 2020, there was an estimated 441 operators registered with CIDB under Grade G7 piling works for both building construction and civil engineering construction. The number of registered operators under piling works include all types of piling, among others, bored piling, caisson, driven piling and jack-in piling. *(Source: Industry Overview)*

In this respect, foundation construction operators are subject to competition within the industry. If we are unable to remain competitive and build on our competitive advantages and key strengths going forward, our Group's financial performance may be adversely affected.

Please refer to Section 6.1.2 of this Prospectus for our competitive advantages and key strengths and Section 5 of the Industry Overview for details on the competitive analysis.

8.2.3 We are subject to economic, social, political and regulatory risks in Malaysia and Indonesia as well as global pandemic risks

Any changes in the political, economic and regulatory conditions in Malaysia as well as Indonesia could adversely affect our financial performance. Our business is also susceptible to the risks of any outbreak of diseases that could result in localised epidemics and global pandemics causing interruptions in our operations while adversely affecting our financial performance. Please refer to Sections 6.3.14 and 8.1.1 of this Prospectus for further details on the adverse impact of the COVID-19 pandemic on our Group.

Changes in the political, social, economic and regulatory conditions could arise from, among others, changes in political leadership, risks of war or civil unrest, changes in import tariffs and related duties, regulatory structures and outbreak of diseases. Similarly, any global or regional economic downturn would also affect overall business and consumer confidence, sentiments as well as investments, which would subsequently affect the demand for our services. As a result, this may cause our customers to defer, halt or abandon their development or expansion plans. There can be no assurance that any adverse political, social, regulatory, economic developments or outbreak of diseases which are beyond our control, will not materially affect our financial performance or the performance of the building and construction industry.

In light of the COVID-19 outbreak, the Ministry of Finance in Indonesia has instructed all ministries, institutions and local governments to review the budget with the view of refocusing on health funds and social assistance programmes. The Indonesian government has also placed its plan to relocate its capital city to East Kalimantan on hold to focus on containing the virus outbreak. Our business opportunities in Indonesia may be affected in the event of a prolonged COVID-19 situation as this may further affect the Indonesian government's focus on infrastructure development.

8. RISK FACTORS (CONT'D)

8.3 RISKS RELATING TO OUR SHARES**8.3.1 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 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 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 upon our Listing and the market price of our Shares will not decline below the IPO Price.

8.3.2 The trading price and volume of our Shares upon Listing 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, among others, the following factors, some of which are beyond our control:-

- (i) material variations in our financial results and operations;
- (ii) success or failure of our management in implementing future plans, and business and growth strategies;
- (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) changes in market valuations and share prices of companies with similar businesses to our Group that may be listed on Bursa Securities or other stock exchanges;
- (vi) additions or departures of key personnel;
- (vii) fluctuations in stock market prices and volumes; or
- (viii) involvement in claims, litigation, arbitration or other form of dispute resolution.

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

Upon Listing, our Promoters will collectively hold in aggregate approximately 55.50% of our enlarged issued share capital upon Listing. As a result, they will be able to effectively control the business direction and management of our Group. They may also be able to 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.

8. RISK FACTORS (CONT'D)

8.3.4 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 cancellation 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 its rights pursuant to the Underwriting Agreement to discharge itself 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 25.00% 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.

Where prior to the issuance and allotment of our IPO Shares:

- (i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and our Company shall repay all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which the Company shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or
- (ii) our Listing is aborted, investors will not receive any of our IPO Shares, all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

Where subsequent to the issuance and allotment of our IPO Shares:

- (i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, the Company shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or
- (ii) our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules. Such cancellation can be implemented by either:-
 - (aa) the sanction of our shareholders by special resolution in a general meeting, consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or
 - (bb) the sanction of our shareholders by special resolution in a general meeting supported by a solvency statement from our Directors.

8. RISK FACTORS (CONT'D)

8.3.5 There is no assurance of payment of dividends

Our ability to pay dividends or make other distributions to our shareholders is not guaranteed. Our Company is an investment holding company and we conduct substantially all of our operations through our subsidiaries. Our Company derives income mainly from dividends received from our subsidiaries. Hence, our ability to pay future dividends is largely dependent on the financial performance of our subsidiaries. Further, in view that our Group intends to embark on future plans as disclosed in Section 6.11 of this Prospectus, our ability to pay dividends may be limited. In addition, our ability to pay dividends could also be affected by our requirement to conserve cash to address uncertainties regarding any political, social, economic and regulatory conditions, for instance the prolonged COVID-19 pandemic.

Please refer to Section 11.4 of this Prospectus for further information on our dividend policy.

9. RELATED PARTY TRANSACTIONS

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 person who is or was a director or major shareholder within the preceding 6 months before the transaction was entered into). “Major shareholder” means a shareholder with a shareholding of 10% or more (or 5% or more where such person is the largest shareholder in the company) of all the voting shares in the company.

9.1 RELATED PARTY TRANSACTIONS

9.1.1 Material related party transactions entered into by our Group

Save for the Acquisitions pursuant to our internal reorganisation for the Listing (details of which are as set out in Section 4.1.1 of this Prospectus) and as disclosed below, our Directors have confirmed that there are no other material related party transactions that we had entered into with related parties in respect of the Financial Years / Period Under Review and up to the LPD:-

No.	Companies within our Group	Transacting parties	Nature of relationship	Nature of transaction	FYE			FPE	
					2017	2018	2019	2020	1 June 2020 up to the LPD
					RM'000	RM'000	RM'000	RM'000	RM'000
1.	Aneka Jaringan	Hup Leong Trading Company	Tan Hoon Thean, who is our major shareholder, is also a partner of Hup Leong Trading Company	(i) Purchase of consumables from Hup Leong Trading Company (ii) Purchase of submersible pump and diaphragm pump from Hup Leong Trading Company	915 (0.62% of our Group's cost of sales)	1,134 (0.49% of our Group's cost of sales)	1,065 (0.59% of our Group's cost of sales)	537 (0.62% of our Group's cost of sales)	143 (0.001% of our Group's NA)
				111 (0.19% of our Group's NA)	83 (0.13% of our Group's NA)	-	1	-	

9. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Companies within our Group	Transacting parties	Nature of relationship	Nature of transaction	FYE				FPE	1 June 2020 up to the LPD
					2017	2018	2019	2020		
					RM'000	RM'000	RM'000	RM'000	RM'000	
2.	Aneka Jaringan	Fuchi Engineering Sdn Bhd	Tiang Ai Swee, the spouse of Pang Tse Fui and therefore a person connected with him, was also a major shareholder of Fuchi Engineering Sdn Bhd up to 24 January 2019, being the date on which her shares in Fuchi Engineering Sdn Bhd were disposed of by her	(i) Provision of strutting works and sheet piling works for Aneka Jaringan (ii) Backcharge of labour cost for completion of strutting works	98 (0.07% of our Group's cost of sales)	1,123 (0.48% of our Group's cost of sales)	1,569 (0.86% of our Group's cost of sales)	-	-	
3.	Aneka Jaringan	Selisa Synergy Sdn Bhd	Pang Tse Shing, a brother of Pang Tse Fui, and Pang Tse Shing's spouse, Wong Siu Maan, are persons connected with Pang Tse Fui, and are also shareholders and directors of Selisa Synergy Sdn Bhd	(i) Provision of mechanical and electrical works to Aneka Jaringan (ii) Provision of electrical works to Aneka Jaringan for Aneka HQ	517 (0.35% of our Group's cost of sales)	320 (0.14% of our Group's cost of sales)	676 (0.37% of our Group's cost of sales)	155 (0.18% of our Group's cost of sales)	6	
					-	-	-	-	5	

9. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Companies within our Group	Transacting parties	Nature of relationship	Nature of transaction	FYE			FPE	
					2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	1 June 2020 up to the LPD RM'000
4.	Aneka Jaringan	Pang Tse Fui	Pang Tse Fui is our Managing Director and major shareholder	Sale of used motor vehicle by Aneka Jaringan to Pang Tse Fui	-	-	227 (0.27% of our Group's NA)	-	-
5.	Aneka Jaringan	Chong Ngit Sooi	Chong Ngit Sooi is our Executive Director and major shareholder	Sale of used motor vehicle by Aneka Jaringan to Chong Ngit Sooi	89 (0.15% of our Group's NA)	-	318 (0.38% of our Group's NA)	-	-
6.	Aneka Jaringan	Loke Kien Tuck	Loke Kien Tuck is our Executive Director and major shareholder	Sale of used motor vehicle by Aneka Jaringan to Loke Kien Tuck	-	-	302 (0.36% of our Group's NA)	-	-
7.	Aneka Jaringan	Tan Hoon Thean	Tan Hoon Thean is our major shareholder	Sale of used motor vehicle by Aneka Jaringan to Tan Hoon Thean	-	-	302 (0.36% of our Group's NA)	-	-

9. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Companies within our Group	Transacting parties	Nature of relationship	Nature of transaction	FYE			FPE	1 June 2020 up to the LPD
					2017	2018	2019	2020	
					RM'000	RM'000	RM'000	RM'000	RM'000
8.	Aneka Jaringan	Aneka Properties Sdn Bhd	Pang Tse Fui, Chong Ngit Sook and Loke Kien Tuck, who are our Directors, are also Directors of Aneka Properties Sdn Bhd. Pang Tse Fui, Chong Ngit Sook, Loke Kien Tuck and Tan Hoon Thean, who are our major shareholders, are also major shareholders of Aneka Properties Sdn Bhd	Sale of stratified shop offices by Aneka Jaringan to Aneka Properties Sdn Bhd	-	-	4,183	-	-

9. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Companies within our Group	Transacting parties	Nature of relationship	Nature of transaction	FYE			FPE	1 June 2020 up to the LPD
					2017	2018	2019	2020	
					RM'000	RM'000	RM'000	RM'000	RM'000
9.	Aneka Geotechnics	Aneka Properties Sdn Bhd	Pang Tse Fui, Chong Ngit Sook and Loke Kien Tuck, who are our Directors, are also Directors of Aneka Properties Sdn Bhd. Pang Tse Fui, Chong Ngit Sook, Loke Kien Tuck and Tan Hoon Thean, who are our major shareholders, are also major shareholders of Aneka Properties Sdn Bhd	Sale of a duplex hotel suite by Aneka Geotechnics to Aneka Properties Sdn Bhd	-	-	590	-	-
10.	Aneka Jaringan	Pang Tse Fui	Pang Tse Fui is our Managing Director and major shareholder	Rental of service apartment unit from Aneka Jaringan for leisure purposes	-	-	10	-	-
							(0.70% of our Group's NA)		
							(0.05% of our Group's PAT)		

9. RELATED PARTY TRANSACTIONS (CONT'D)

With regards to the following related party transactions:-

- (a) sale of stratified shop offices by Aneka Jaringan to Aneka Properties Sdn Bhd; and
- (b) sale of a duplex hotel suite by Aneka Geotechnics to Aneka Properties Sdn Bhd,

the properties were acquired by Aneka Jaringan and Aneka Geotechnics, respectively, by way of a payment in kind from the developer and subsequently sold to Aneka Properties Sdn Bhd.

These transactions were not undertaken on arm's length basis as they were transacted at cost, hence the disposal prices might have been lower than the prevailing market prices of comparable properties at the relevant time. These transactions were carried out at cost partly in view of the weak property market sentiment and our Group did not expect to be able to transact swiftly with any third party purchaser at potentially higher prevailing market prices.

These transactions were undertaken as part of our measures to reduce the number of investment properties owned by our Group to enable our resources to be focused on our principal business activities in foundation and basement construction. While these transactions were not on arm's length basis, they were undertaken to rationalise non-core assets of our Group, hence were not unfavourable to our Group.

Save for the above, our Directors confirm that all the above related party transactions were transacted on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to our non-interested shareholders.

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 occur within a 12 month period, are entered into with the same party or with parties related to one another or if the transactions involve the acquisition or disposal of securities or interests in one corporation / asset or of various parcels of land contiguous to each other.

Upon Listing, the Audit and Risk Management Committee will review the terms of any related party transactions and ensure that any related party transactions (including any recurrent related party transactions) are carried out on terms not more favourable to the related party than those generally available to the third parties dealing at arm's length basis with our Group and are not to the detriment to our minority shareholders. Our Group will seek such relevant shareholders' approval where required. We will make disclosures in our annual report of the aggregate value of the recurrent 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.

9.2 RELATED PARTY 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 Financial Years / Period Under Review and up to the LPD.

9. RELATED PARTY TRANSACTIONS (CONT'D)

9.3 OUTSTANDING LOANS AND / OR FINANCIAL ASSISTANCE MADE TO OR FOR THE BENEFIT OF THE RELATED PARTIES

Save as disclosed below, our Directors have confirmed that there are no outstanding loans and / or financial assistance (including guarantees of any kind) made by our Group to or for the benefit of the related parties for the Financial Years / Period Under Review and up to the LPD:-

Loans made to or for the benefit of related parties	Interested related party and nature of relationship	Nature of transaction	Outstanding amount				As at the LPD RM'000
			As at 31 August 2017 RM'000	As at 31 August 2018 RM'000	2019 RM'000	As at 31 May 2020 RM'000	
Loans made to Tung Sin Thian, Ngoi Tong King and Godfriend Parulian Gultom	<p>When the subject transaction took place:-</p> <ul style="list-style-type: none"> Tung Sin Thian and Ngoi Tong King were Directors and major shareholders of PT Aneka; and Godfriend Parulian Gultom was a Director and shareholder of PT Aneka. <p>For avoidance of doubt, Tung Sin Thian and Ngoi Tong King are still directors and major shareholders of PT Aneka.</p>	For the purpose of facilitating the subscription of shares in PT Aneka by Tung Sin Thian, Ngoi Tong King and Godfriend Parulian Gultom on its incorporation	404	-	-	-	-

These advances were not made on an arm's length basis as they were interest-free, unsecured and repayable on demand. They served to financially support the initial subscription of shares in PT Aneka by the said parties, which in turn facilitated our Group's expansion in Indonesia through their expertise, experience and commitment as shareholders of PT Aneka. These advances were fully repaid on 27 August 2018. Going forward, our Group will not be providing any such advances (including loans and guarantees of any kind) to or for the benefit of the related parties.

10. CONFLICT OF INTEREST**10.1 CONFLICT OF INTEREST**

As at the LPD, save as disclosed below, none of our 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:-

Businesses / Corporations	Principal activities	Nature	Directors and / or Substantial shareholders	Nature of interest
ICE Far East Sdn Bhd	Sale and renting of piling hammers and other foundation equipment	ICE Far East Sdn Bhd is our supplier of tools and equipment for hire	Dato' Ir. Tan Gim Foo	Dato' Ir. Tan Gim Foo is our Independent Non-Executive Chairman. He is also a director of ICE Far East Sdn Bhd.
Hup Leong Trading Company	Sale of household ironware products	Hup Leong Trading Company is our supplier of consumables hardware such as nails, bolts and gloves	Tan Hoon Thean	Tan Hoon Thean is our substantial shareholder. He is also an owner of Hup Leong Trading Company.

Our Board is of the view that the interests of Dato' Ir. Tan Gim Foo in ICE Far East Sdn Bhd and Tan Hoon Thean in Hup Leong Trading Company do not give rise to a conflict of interest situation on the following basis:-

- (a) Dato' Ir. Tan Gim Foo's interest in ICE Far East Sdn Bhd is limited to discharging his duty as a director and he is not involved in the day-to-day management as well as operational matters of both our Group and ICE Far East Sdn Bhd. His involvement in both our Group and ICE Far East Sdn Bhd is limited to the extent of serving and discharging his principal role and duty as a director as well as providing advice from governance and industrial experience perspectives. Dato' Ir. Tan Gim Foo does not hold any shares in ICE Far East Sdn Bhd as at the LPD. Taking into consideration his non-executive directorships in both our Company and ICE Far East Sdn Bhd, our Board has formed the opinion that Dato' Ir. Tan Gim Foo's involvement in ICE Far East Sdn Bhd does not give rise to any conflict of interest situation. Total transaction amounts for our purchase of tools and hire of equipment from ICE Far East Sdn Bhd were RM9,030, RM31,445, RM23,067 and RM37,224 for the FYE 2017, FYE 2018, FYE 2019 and FPE 2020, respectively. The higher transaction amount for the FPE 2020 was mainly due to higher repair and maintenance cost for our piling hammers which included costs for replacement valves, pumps and minor parts, and labour charges; and
- (b) The principal activities of Hup Leong Trading Company are sale of household ironware products. In the conduct of our business activities, our Group purchases consumables from Hup Leong Trading Company. Nevertheless, our Group is not dependent on Hup Leong Trading Company's products for our business operations as there are other suppliers in the market. As transactions between our Group and Hup Leong Trading Company are deemed related party transactions, we have established and are required to follow the procedures as set out in Section 9.1 of this Prospectus in order to ensure that these transactions are undertaken on arm's length basis and on normal commercial terms which are not more favourable to our Group than those generally available to third parties, and are not to the detriment of the interest of our Company's minority shareholders. In view of this and taking into consideration that Tan Hoon Thean is solely a shareholder of our Group without any managerial or executive position in our Group, our Board has formed the opinion that Tan Hoon Thean's involvement in Hup Leong Trading Company does not give rise to any conflict of interest situation.

10. CONFLICT OF INTEREST (CONT'D)

10.2 DECLARATION BY ADVISERS ON CONFLICT OF INTEREST**10.2.1 Principal Adviser, Sponsor, Sole Underwriter and Placement Agent**

AIBB and / or its related companies (“**Alliance Banking 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 Banking Group has engaged and may in the future, engage in transactions with and perform services for the Aneka Group and / or the Aneka Group’s affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the Alliance Banking 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 the Aneka Group, its shareholders, and / or its affiliates and / or any other entity or person, hold long or short positions in securities issued by the Aneka 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 the Aneka Group and / or its affiliates. This is the result of the businesses of Alliance Banking Group generally acting independently of each other and accordingly, there may be situations where parts of the Alliance Banking Group now have or in the future, may have an interest or take actions that may conflict with the interest of the Aneka Group. Nonetheless, Alliance Banking 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.

For information, the total outstanding financing to Aneka Group as at the LPD amounting to RM14.23 million represents 16.24% of the combined net assets of Aneka Holdings as at 31 May 2020, and 0.24% of the latest available audited consolidated net assets of Alliance Bank Malaysia Berhad as at 31 March 2020.

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 the Listing. The Underwriting Agreement, which certain details are set out in Section 4.6 of this Prospectus, was entered into on arm’s length basis and on market terms.

10.2.2 Solicitors to our Company as to the laws of Malaysia

Chooi & Company + Cheang & Ariff has confirmed that there is no conflict of interest in its capacity as the solicitors to our Group as to the laws of Malaysia in relation to the Listing.

10.2.3 Solicitors to our Company as to the laws of Indonesia

Roosdiono & Partners has confirmed that there is no conflict of interest in its capacity as the solicitors to our Group as to the laws of Indonesia in relation to the Listing.

10.2.4 External Auditors and Reporting Accountants

Messrs. Baker Tilly Monteiro Heng PLT 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.

10.2.5 Independent Market Researcher

Vital Factor has confirmed that there is no conflict of interest in its capacity as the IMR to our Group in relation to the Listing.