8. IMR REPORT

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BRAND | FINANCE | MARKET

The information in this Section 8 is based on market research conducted by Protégé Associates commissioned by Siab Holdings Berhad for the purpose of the IPO.

3 January 2022

The Board of Directors
Siab Holdings Berhad,
82, Jalan BP 7/8,
Bandar Bukit Puchong,
47120 Puchong,
Selangor Darul Ehsan.

Dear Sirs,

Strategic Analysis of the Construction Industry in Malaysia

Protégé Associates Sdn Bhd ("**Protégé Associates**") has prepared this 'Strategic Analysis of the Construction Industry in Malaysia' for inclusion in the prospectus of Siab Holdings Berhad ("**Siab**") in relation to its listing on the ACE Market of Bursa Malaysia Securities Berhad.

Protégé Associates is an independent market research and business consulting company. Our market research reports provide an in-depth industry and business assessment for companies raising capital and funding in the financial markets; covering their respective market dynamics such as market size, key competitive landscape, demand and supply conditions, government regulations, industry trends and the outlook of the industry.

Mr. Seow Cheow Seng is the Managing Director of Protégé Associates. He has 21 years of experience in market research, having started his career at Frost & Sullivan where he spent 7 years. He has been involved in a multitude of industries covering Automotive, Construction, Electronics, Healthcare, Energy, IT, Oil and Gas, etc. He has also provided his market research expertise to government agencies such as Malaysia Digital Economy Corporation Sdn Bhd, Malaysia Debt Ventures Berhad and Malaysia Technology Development Corporation Sdn Bhd.

We have prepared this report in an independent and objective manner and have taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true, balanced and fair view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present a view of the overall industry and may not necessarily reflect the performance of individual companies in this industry. We are not responsible for the decisions and/ or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies.

Thank you.

Yours sincerely,

SEOW CHEOW SENG
Managing Director

1.0 Introduction to the Construction Industry

Construction is a series of process with several stages of production, which converts raw materials though the use of labour and machineries to create various forms of buildings and infrastructures. The construction industry in Malaysia can generally be segmented into two, namely, the real estate construction market and the civil engineering and specialised trade work market. Real estate construction refers to the construction of buildings for residential and non-residential purposes. Civil engineering mainly refers to the construction of infrastructures while special trade work is specialised construction work in building or non-building related project without responsibility for the entire project. Siab is mainly involved in real estate construction, whereby the company focuses on the construction of non-residential buildings namely commercial and industrial properties, and residential buildings namely high-rise apartments and condominiums.

1.1 Definition of Real Estate Construction

Real Estate construction refers to the physical process of adding structures and buildings to areas of land, and includes the assembly and erection of prefabricated constructions on the site such as stairs, windows, walls, wall and floor panels as well as other construction activities such as restoring historical sites and buildings. Building construction can be further segmented into the following:

- **Residential buildings** – refers to buildings which are mainly used for dwelling purposes and includes single-family houses (such as terraced houses and semi-detached houses) and multi-family buildings (such as condominiums and apartments).
- **Non-residential buildings** – refers to buildings not used for dwelling purposes and can be segmented into commercial (such as office buildings, hypermarkets, hotels and shopping complexes), industrial (such as factories and warehouses) and purpose-built buildings (such as hospitals) properties.

2.0 Overview of the Construction Industry in Malaysia

The construction industry in Malaysia is considered to be largely domestic-oriented and is an important component within Malaysia's economy due to its strategic and extensive linkages with the rest of the economy. As such, the Malaysian Government's policies have been accommodative and supportive of the growth in the local construction industry which typically included proposed government projects as part of its development expenditure.

The local construction industry grew marginally from RM66.22 billion in 2018 to RM66.25 billion in 2019 where growth in the civil engineering and specialised trade work market helped to cushion the weaker performance in the real estate construction market due to the continuing property overhang situation. The share of the real estate construction market as well as the civil engineering and special trade work market in the local construction industry in 2020 stood at 46.5% and 53.5% respectively.

Figure 1: Historical Size (Revenue) and Growth Forecast for the Construction Industry in Malaysia, 2018-2025

Year	Size (Revenue) (RM billion)	Growth Rate (%)
2018	66.22	-
2019	66.25	0.0
2020	53.56	-19.2
2021^f	53.11	-0.8
2022^f	59.24	11.5
2023^f	64.87	9.5
2024^f	69.09	6.5
2025^f	73.58	6.5

CAGR (2021-2025) (base year of 2020): 6.6%
Note: At constant 2015 prices; ^{f} denotes forecast

Sources: DOSM and Protégé Associates

In 2020, the local construction industry contracted by 19.2% as a result of the coronavirus disease ("**COVID-19**") pandemic and implementation of lockdown measures, namely the movement control order, conditional movement control order and recovery movement control order. The COVID-19 pandemic and lockdown measures had disrupted local construction activities as most construction companies continue to face challenges to restart work due to strict standard operating procedures ("**SOPs**"), disruption in supply of building materials and financial constraints. A weaker economic outlook further dampened property demands.

As a result, the Malaysian Government announced a number of economic stimulus and assistance packages to preserve rakyat's welfare, support businesses and strengthen the economy. These include the allocation of an RM2.5 billion for G1 to G4 contractors to carry out small and medium projects across the country under Budget 2021, and the continuing hiring incentive program under PERKESO (now known as PenjanaKerjaya) whereby for sectors with high reliance on foreign workers, a special incentive of 60% of monthly wages will be provided whereby 40% will be channelled to the employers while 20% will be channelled as wage top up to the local worker replacing the foreign workers.

The conditions surrounding the local construction industry remained challenging in 2021. While the construction industry was one of the economic sectors that was allowed to operate during the various phases movement control orders, the more stringent SOPs had led to an overall decline in construction activities. As such, the local construction industry is expected to further decline by 0.8% in 2021. Going into 2022, the local construction industry is expected to rebound along with increased economic activities as higher vaccination rates lead to relaxation of more SOPs. The industry is expected to expand by 11.5% in 2022 to reach RM59.24 billion. The Malaysian construction industry is then forecast to grow at an annual rate of between 6.5% and 9.5% for the period from 2023 to 2025. During this period, the growth in the local construction industry is expected to be supported by building and infrastructure construction activities that include the ongoing or upcoming mega projects such as the East Coast Rail Link ("**ECRL**"), Johor Bahru-Singapore Rail Transit System, Klang Valley Double Track and Pan Borneo Highway. The implementation of various infrastructure projects and affordable housing schemes are expected to continue providing the foundation for growth in construction activities in Malaysia from 2021 to 2025, where the size (revenue) of the construction industry in Malaysia is projected to reach RM73.58 billion in 2025.

The historical performance and growth forecast of the construction industry in Malaysia based on a combination of resources, including the data from the Department of Statistics Malaysia ("**DOSM**"), Construction Industry Development Board Malaysia ("**CIDB**"), Ministry of Finance Malaysia, Bank Negara Malaysia ("**BNM**") and the annual reports of public listed construction companies. Data is also gathered from further secondary and primary research works conducted. Searches on private construction companies are also conducted with the Companies Commission of Malaysia to gather more disclosures on their business performance. Primary research works are conducted with stakeholders in the local construction industry such as contractors, suppliers and customers to gather their insights on the industry. All the findings are collated, analysed and/or computed to ascertain the outlook of the construction industry in Malaysia.

2.1 Overview of the Real Estate Construction Market in Malaysia

Real estate construction activities are correlated with the growth in the property market. A higher demand for properties can lead to higher level of construction activities for real estate. In terms of project ownership, the construction of new buildings in Malaysia is dominated by the private sector. In 2020, private sector accounted for 84.1% of the value of real estate construction works done with the remaining belonging to the public sector (government and public corporation). Public corporation consists of statutory and non-statutory bodies that are set up under the laws passed by the Parliament Act or the State Legislative Assembly that can operate and manage the government programmes more independently.

Figure 2: Historical Size (Revenue) and Growth Forecast for the Real Estate Construction Market in Malaysia, 2018-2025

Year	Size (Revenue) (RM billion)	Growth Rate (%)
2018	31.31	-
2019	29.59	-5.5
2020	24.96	-15.6
2021[f]	23.94	-4.1
2022[f]	25.85	8.0
2023[f]	27.64	6.9
2024[f]	29.06	5.2
2025[f]	30.55	5.1

CAGR (2021-2025) (base year of 2020): 4.1%
Note: At constant 2015 prices; [f] denotes forecast

The real estate construction market has been experiencing a slowdown in recent years. The market contracted by 5.5% in 2019 to RM29.59 billion as compared to RM31.31 billion in the previous year. The market further contracted by 15.6% in 2020 and fell to RM24.96 billion. The slowdown can be attributed to spiralling prices and home ownership issues, resulting in the Malaysian Government putting in place various measures and initiatives to curb speculative activities and promote responsible financing practices over the past years. Going forward, growth in the local real estate construction market is expected to be supported by affordable housing schemes. The size (revenue) of the real estate construction industry in the country is projected to reach RM30.55 billion in 2025. This represents a CAGR of 4.1% for the period from 2021 to 2025.

Sources: DOSM and Protégé Associates

In Budget 2022, the Malaysian Government has continued to step up efforts in ensuring that the 'rakyat' can own a house. Initiatives and measures related to 'increasing home ownership' announced in Budget 2022 include but are not limited to the following:

- Real Property Gains Tax is not levied on disposals made from the sixth year onwards;
- Projek Perumahan Rakyat with 11,800 apartment units;
- Program Rumah Mesra Rakyat with 3,000 house units;
- Program Perumahan Penjawat Awam;
- Program Bantuan Rumah, which includes construction of new houses and repair of 14,000 houses;
- Program Penyelenggaraan Perumahan dan Tabung Penyelenggaran Perumahan Malaysia; and
- Skim Jaminan Kredit Perumahan, which provides housing loans to those without a fixed income.

In addition to the above, Budget 2022 has also allocated a total of RM159 million to build, upgrade and maintain sports facilities nationwide, including a stadium in Bukit Merbau, Pasir Putih in Kelantan. On the education front, the latest budget also includes construction of new GiatMara Centres at Setiu and Marang in Terengganu, Religious Schools in the Federal Territory of Labuan, as well as 69 new Early Childhood Education Centres, KEMAS kindergartens and nurseries.

The industrial sub-segment is also expected to benefit from the recovery in manufacturing activities in Malaysia. While the manufacturing sector had been negatively impacted by the COVID-19 pandemic, leading to a decline of 2.6% in 2020, the sector is forecast to rebound by 8.8% in 2021. This is supported by Malaysia's industrial production index ("**IPI**") expanding by 12.4% in the first 6 months of 2021, whereby the manufacturing segment grew by 15.7%. In addition, in accordance to the Malaysian Investment Development Authority ("**MIDA**"), a total of 1,049 manufacturing projects were approved in 2020, bringing the total manufacturing projects approved during the five-year period (2016-2020) to 4,178 projects. Of the approved projects, around 70% have been implemented, with 2,739 projects in active production and 187 projects still undergoing factory construction and machinery installation. Another 91 projects have acquired sites for factories while another 977 projects are in active planning stage.

The improvements in economic activities since the second half of 2020 has led to both foreign and local firms announcing plans of expanding capacity in Malaysia. Following Nestle (M) Berhad new manufacturing facility which was officially launched in April 2021, Dutch Lady Milk Industries Berhad has also announced plans to develop a new production facility in Malaysia. At the same time, Hartalega Holdings Berhad had also announced intention to build 16 new manufacturing facilities over the next 20 years. The US-based DexCom Inc., which is a leader in continuous glucose monitoring systems, had also begin construction of a manufacturing facility in Penang in early February 2021.

2.2 Performance of the Real Estate Construction Market in Malaysia

The performance of the local construction market can be evaluated through the total value of construction work completed within the year.

Figure 3: Value of Real Estate Construction Work Completed by Sub-sectors

	2018 (RM million)	2019 (RM million)	2020 (RM million)
Malaysia			
Residential	36,592	35,752	29,609
Non-residential	41,201	37,558	31,127
Selangor			
Residential	10,028	9,388	8,484
Non-residential	8,481	9,047	7,879
Federal Territories*			
Residential	9,985	9,675	7,998
Non-residential	9,376	10,161	8,072

Notes:
1) ** includes Wilayah Persekutuan Kuala Lumpur, Putrajaya and Labuan*
2) *the figures in Figure 3 covers all main contractors with value of projects of RM500,000 and above registered with CIDB*

Source: DOSM

In 2020, value of work completed within the real estate construction sector reached RM60.74 billion and accounted for 51.5% of the total value of construction work completed in Malaysia. This however, was a decline of 17.1% from RM73.31 billion recorded in the previous year. The decline can be mainly attributed to the ongoing COVID-19 pandemic disrupting economic activities as well as property overhang situation in Malaysia.

Siab's business activities are mainly located in Selangor and Kuala Lumpur. In 2020, Selangor and the Federal Territories collectively account for 53.4% of total real estate construction work completed.

Figure 4: Value of Real Estate Construction Work Completed by Project Owner

	2018 (RM million)	2019 (RM million)	2020 (RM million)
Private Sector			
Residential	34,395	32,777	27,258
Non-residential	29,414	27,988	23,808
Government			
Residential	1,461	1,905	1,674
Non-residential	7,974	7,283	5,610
Public Corporation*			
Residential	736	1,070	677
Non-residential	3,813	2,287	1,709

Notes:

1) ** Public corporations are set up under the laws passed by the Parliament Act or the State Legislative Assembly and enables the Government to be involved directly in the socio-economic development of the country. It consists of statutory bodies and non-statutory bodies which can operate and manage the government programs more independently. Examples of public corporations are Tenaga Nasional Berhad, Telekom Malaysia Berhad and Keretapi Tanah Melayu Berhad.*
2) *the figures in Figure 4 covers all main contractors with value of projects of RM500,000 and above registered with CIDB*

Source: DOSM

Over the years, real estate construction work in Malaysia were primarily driven by the private sector. In 2020, the private sector accounted for 84.1% (with a value of RM51.07 billion) of total real estate construction work completed during the year. However, this represented an overall decline from the previous 2 years, where a total value of RM60.77 billion was recorded in 2019 and RM63.81 billion recorded in 2018 for the residential and non-residential segments. Similarly, work completed in public sector (comprises of the Government and public corporations) in 2020 had also been lower than work completed in 2019 and 2018. Total work completed in 2020 was valued at RM9.67 billion as compared to RM12.55 billion in 2019 and RM13.98 billion in 2018.

Performance in the real estate construction industry can also be measured by the volume and value of property transactions. The Malaysian property market (that covers both primary and secondary markets) fell in 2020 in both total transaction volume and total transaction value. Total transaction volume decreased from 328,647 in 2019 to 295,968 in 2020, where the residential segment accounted for 64.7% of total transaction volume, followed by agriculture (20.7%), commercial (6.8%), development land and others (6.2%) and industrial (1.6%) segment. The 2020 figure was also lower than the 313,710 transactions recorded in 2018. In the first half of 2021 ("**2021H1**"), total transaction volume stood at 139,754 as compared to 115,476 registered in the same period last year. Total transaction value decreased from RM141.40 billion in 2019 to RM119.08 billion in 2020, where the residential segment accounted for 55.3% of total transaction value, followed by commercial (16.4%), industrial (10.7%), agriculture (10.5%) and development land and others (7.1%) segment. The total transaction value of RM140.33 billion recorded in 2018 was also higher than the transaction value in 2020. In 2021H1, total transaction value stood at RM62.01 billion as compared to RM46.94 billion registered in the same period last year.

Residential properties with prices of below RM300,001 per unit accounted for 118,050 or 61.7% of total transaction volume in the residential segment in 2020. This represented 39.9% of the total transaction volume in the Malaysian property market for the year. In 2021H1, residential properties with prices of below RM300,001 per unit accounted for 52,491 or 57.0% of total transaction volume in the residential segment. Residential properties at this price range are expected to remain dominant in the near future particularly with the efforts from the Malaysian Government to push for more availability of affordable housing.

On the non-residential side, there were a total of 20,255 commercial property transactions worth RM19.53 billion recorded in 2020, in which volume decreased by 21.0% while value fell by 32.6%. Going into 2021H1, there were a total of 10,433 transaction worth RM10.93 billion recorded, which was an increase of 28.5% and 28.4% respectively in terms of volume and value as compared to the last corresponding period. In particular, the shop sub-sector recorded 5,265 transactions worth RM4.13 billion in 2021H1, dominating transactions in the commercial segment with a share of 50.5% in terms of volume and 37.8% in terms of value. This was followed by the serviced apartment sub-sector with 1,912 transaction worth RM1.21 billion recorded, accounting for 18.3% of commercial property transaction volume and 11.1% of total value. Other noteworthy transactions in the commercial segment in 2021H1 include transaction of eight commercial complex worth RM0.88 billion, nine transactions in the purpose-built office sub-sector worth RM1.30 billion and several hotel transactions worth RM336 million. At the same time, the industrial segment recorded a total of 2,562 transactions worth RM6.48 billion in 2021H1. This compares with a total of 1,980 transactions worth RM5.41 billion in first half of 2020 and 3,138 transactions worth RM7.02 billion in the first half of 2019.

2.3 Overview of the Infrastructure Market in Malaysia

The infrastructure market in Malaysia mainly relates to civil engineering and specialised trade work activities within the country. Civil engineering mainly refers to the construction of infrastructures such as roads and highways, utility structures and buildings, and public infrastructures like bridges, airports, dams and railways. It also includes services such as earthworks, piling works, rock blasting works, reclamation works, landscaping, as well as construction of sewerage systems, water supply systems and flood control systems. Specialised trade works (also known as mechanical and electrical works) involve the construction of parts of buildings and civil engineering works without responsibility for the entire project, and includes air-conditioning systems, lifts and escalators, fire prevention and protection system, monitoring and security system as well as general electrical works.

In terms of project ownership, infrastructure projects in Malaysia are led by the Malaysian Government and public corporations. In 2020, the combined Malaysian Government's and public corporation's participation accounted for 75.4% of the total value of civil engineering works done with the remaining belonging to the private sector.

Figure 5: Historical Size (Revenue) and Growth Forecast for the Civil Engineering and Specialised Trade Works Market in Malaysia, 2018-2025

Year	Size (Revenue) (RM billion)	Growth Rate (%)
2018	34.91	-
2019	36.66	5.0
2020	28.59	-22.0
2021^f	29.17	2.0
2022^f	33.40	14.5
2023^f	37.24	11.5
2024^f	40.03	7.5
2025^f	43.03	7.5

CAGR (2021-2025) (base year of 2020): 8.5%
Note: At constant 2015 prices; ^{f} denotes forecast

The civil engineering and specialised trade works market in Malaysia had been driving growth in the overall construction industry over the past years. The civil engineering and specialised trade works market in Malaysia was valued at RM36.66 billion in 2019, which was a 5.0% increase from the RM34.91 billion in 2018. However, the market registered a drop of 22.0% in 2020 to RM28.59 billion. The decrease was mainly attributed to COVID-19 disrupting economic activity within the country. Going forward, the size of the civil engineering and specialised trade works market in Malaysia is expected to reach RM43.03 billion in 2025.

Sources: DOSM and Protégé Associates

In Budget 2022, development expenditure allocation has been channelled towards bridging urban-rural infrastructure gap, enhancing the living standards of the people and promoting economic recovery and development. A total of more than RM2.50 billion allocated for various rural programmes, including rural and inter-village road projects and rural and alternative water supply. At the same time, some of the development projects for economic recovery include continuing national infrastructure projects such as the Pan Borneo Highway, the Central Spine Road, the Rantau Panjang Floodwall. An initial fund of RM200.0 million had also been allocated through the creation of the Infrastructure Facilitation Fund 3.0, which aims to further boost high-impact infrastructure development activities through Public-Private Partnerships. Furthermore, the Government will also continue to implement small scale projects worth RM2.90 billion collectively earmarked for contractors in Class G1 to G4 nationwide. These projects will encompass road maintenance projects, repair ageing infrastructure and upkeep of public universities, polytechnics and community colleges as well as other projects that involve rural social amenities. Sabah and Sarawak will also receive an increased development expenditure allocation of RM5.20 billion and RM4.60 billion respectively. The allocation are mainly for implementation of water, electricity and road infrastructure projects, as well as for education and health facilities.

The budget allocated for the above construction projects is part of the total development expenditure of RM75.60 billion provided in Budget 2022. The economic sector encompassing agriculture and rural development, energy and public utilities, environment, trade and industry, and transport received the higher allocation of approximately RM40.18 billion while the social sector, security sector and general administration accounted for the balance of the allocation. Moving forward, the Malaysian Government and public corporations are expected to continue being the main contributors to growth in the local infrastructure market.

3.0 Competitive Landscape of the Construction Industry

The Malaysia government regulates the construction industry in Malaysia. It is mandatory for all contractors whether local or foreign to register with the Construction Industry Development Board Malaysia ("**CIDB**") before they participate in any construction works in Malaysia. The industry is highly competitive and fragmented with different grades of contractors capable of bidding for varying project according to their capabilities and levels of services. There are 3 main registration categories for registered contractors in Malaysia, namely the building construction category, the civil engineering construction category and the mechanical and electrical category. Contractors can register under one or more specialisation in each category depending on the intended construction activities that they are undertaking. As at 31 December 2021, there were 130,442 registered local contractors in Malaysia, each categorised by a grade ranging from G1 to G7.

Figure 6: Number of Local Contractors in the Malaysian Construction Industry as at 31 December 2021

Grade	Bidding Limit	Number of Contractors
G1	Not exceeding RM200,000	65,200
G2	Not exceeding RM500,000	24,041
G3	Not exceeding RM1,000,000	18,426
G4	Not exceeding RM3,000,000	5,402
G5	Not exceeding RM5,000,000	6,662
G6	Not exceeding RM10,000,000	2,014
G7	Unlimited	8,700

Source: CIDB

G7 contractors mainly comprise established contractors who are able to compete for and undertake projects of unlimited size as they have the required financial strength, track record, reputation and technical expertise to undertake larger scale projects. G7 contractors are able to undertake and manage the entire project on their own and may work with or sub-contract certain portion/process to smaller contractors to benefit from cost and time saving. They typically have existing work relationships and track record with many customers that they are able to leverage upon to attain new projects. Some would have been pre-qualified with certain of their customers, allowing them to participate in closed tenders, giving them an edge in winning the bid.

Figure 7: G7-Registered Local Contractors by State as at 31 December 2021

State	Number of G7-Registered Local Contractors
Johor	695
Kedah	243
Kelantan	143
Kuala Lumpur	1,631
Labuan	10
Melaka	182
Negeri Sembilan	211
Pahang	163
Perak	258
Perlis	33
Pulau Pinang	533
Putrajaya	25
Sabah	618
Sarawak	736
Selangor	2,997
Terengganu	222

Source: CIDB

Figure 8: Local Contractors Registered under the B04 Specialisation by Grade in Malaysia as at 31 December 2021

Grade	Number of Contractors	% of Total
G1	65,180	50.0%
G2	24,011	18.4%
G3	18,405	14.1%
G4	5,382	4.1%
G5	6,645	5.1%
G6	2,011	1.5%
G7	8,683	6.7%

Source: CIDB

Contractors that participate in the local real estate construction market are typically registered under the B04 specialisation with CIDB. B04 specialisation refers to construction work on building. Among the registered local contractors, 130,317 local contractors or 99.9% of total local contractors in Malaysia are registered under the B04 specialisation as at 31 December 2021. Hence, the level of competition in the local real estate construction market is high.

3.1 Industry Players Analysis

Siab is involved in the Malaysian construction industry via its two wholly-owned subsidiaries, namely Siab (M) Sdn Bhd and Siab Construction Sdn Bhd. Both subsidiaries are G7 contractors registered under the B04 specialisation. For the purpose of this report, Protégé Associates has used the following criteria when selecting other industry players in Malaysia for comparison with Siab:

- principally involved in the construction industry offering building construction and derived more than 75% of its revenue from construction activities;
- have revenue of more than RM250 million for its latest available audited financial information;
- a public listed company on Bursa Malaysia Securities Berhad; and
- registered as a G7 contractor or have at least a subsidiary that is a G7 contractor with CIDB with the B04 specialisation.

The criteria is used to further narrow down the list of industry players (from the total 8,683 registered local G7 contractors in Malaysia as at 31 December 2021) that can be selected for comparison with Siab. The criteria are used in order to select industry players that are deemed to be more similar to Siab in terms of upcoming revenue, type of company and principal activities of business entity. Given that Siab has a revenue of RM273.4 million for its financial year ended ("**FYE**") 31 December 2020, we have selected industry players with revenue more than RM250 million to allow for comparison with its counterparts that stand to generate upcoming revenue in the near and middle term which is closer to the one generated by Siab. We have selected existing public listed industry players for comparison purpose. Besides that, the use of the criteria for the inclusion of G7 contractor (or with at least a subsidiary that is a G7 contractor) with specialisation in B04 category enables the selection of its competing peers for the same type and value of construction jobs.

After taking into consideration the above criteria, Protégé Associates has selected four industry players namely Inta Bina Group Berhad ("**Inta Bina**"), Nestcon Berhad ("**Nestcon**"), Pesona Metro Holdings Berhad ("**Pesona Metro**") and TCS Group Holdings Berhad ("**TCS**") for comparison purpose. It needs to be highlighted that the list of industry players used for comparison purpose is not exhaustive. The list of industry players only serves as a reference for readers.

Inta Bina Group Berhad

Inta Bina is currently listed on the Main Market of Bursa Malaysia Securities Berhad. It is an investment holding company. The principal activities of its subsidiary, Inta Bina Sdn Bhd are securing and carrying out construction contracts. The unbilled order book of Inta Bina stood at approximately RM1.08 billion as at 31 December 2020. For FYE 31 December 2020, all of Inta Bina's revenue amounting to RM280.3 million was derived from its construction activities.

Nestcon Berhad

Nestcon is currently listed on the ACE Market of Bursa Malaysia Securities Berhad. It is an investment holding company. The principal activity of its subsidiaries, Nestcon Builders Sdn Bhd and Nestcon Infra Sdn Bhd are in the provision of construction services. As at 31 December 2020, the order book of Nestcon stood at RM1.15 billion. For FYE 31 December 2020, all of Nestcon's revenue amounting to RM344.5 million was derived from its construction activities.

Pesona Metro Holdings Berhad

Pesona Metro is currently listed on the Main Market of Bursa Malaysia Securities Berhad. It is an investment holding company. The principal activity of its subsidiary, Pesona Metro Sdn Bhd is in the provision of construction services. The order book of Pesona Metro stood at RM0.9 billion as at 31 December 2020. For FYE 31 December 2020, 97.0% of Pesona Metro's revenue amounting to RM598.4 million was derived from its construction activities.

TCS Group Holdings Berhad

TCS is currently listed on the ACE Market of Bursa Malaysia Securities Berhad. It is an investment holding company. The principal activity of its subsidiaries namely TCS Construction Sdn Bhd and TCS Bina Sdn Bhd are in the provision of construction services. The order book of TCS stood at RM843.5 million as at 31 December 2020. For FYE 31 December 2020, all of TCS's revenue amounting to RM242.6 million was derived from its construction activities.

Figure 9: Comparison between Siab and Selected Industry Players in the Construction Industry in Malaysia

Indicator	Siab	Inta Bina	Nestcon	Pesona Metro[4]	TCS
Information from FYE	31-12-2020	31-12-2020	31-12-2020	31-12-2020	31-12-2020
Revenue (RM'000)	273,388	280,297	344,479	673,747	242,643
Gross Profit (RM'000)	19,989	26,585	33,283	33,626	36,551
Profit before Tax (RM'000)	15,455	12,940	19,211	-12,805	23,148
Profit after Tax (RM'000)	11,043	8,101	14,301	-14,019	16,169
Gross Profit Margin (%)[1]	7.3	9.5	9.7	5.0	15.1
Profit before Tax Margin[2] (%)	5.7	4.6	5.6	-1.9	9.5
Profit after Tax Margin[3] (%)	4.0	2.9	4.2	-2.1	6.7

Notes:
The above figures (which are based on the latest available audited financial information) only provide an indication and are not considered directly comparable as not all companies carry out activities which are completely similar to each other or in the same geographical area
[1] Gross Profit Margin = Gross Profit / Revenue
[2] Profit before Tax Margin = Profit before Tax / Revenue
[3] Profit after Tax Margin = Profit after Tax / Revenue
[4] Pesona Metro is involved in both building construction and infrastructure works. As such, its revenue of RM673.7 million includes revenue from both building construction and infrastructure business.
Sources: Siab, Bursa Malaysia Securities Berhad and Protégé Associates

3.2 Siab's Market Share Analysis

For FYE 31 December 2020, Siab generated revenue of RM273.4 million, equivalent to 0.5% share of the total size (revenue) of the construction industry in Malaysia of RM53.41 billion in 2020. Siab's revenue of RM273.1 million generated from building construction activities for FYE 31 December 2020 was equivalent to 1.1% share of the real estate construction market in Malaysia of RM24.82 billion in 2020.

4.0 Demand Conditions

Figure 10: Demand Conditions Affecting the Construction Industry in Malaysia, 2021-2025

Impact	Demand Conditions	Short-Term	Medium-Term	Long-Term
		2021-2022	**2023-2024**	**2025**
+	Government-Led Initiatives and Spending	High	High	High
+	A Favourable Interest Rate Environment	High	High	Medium
+	Increasing Push for Private Sector Participation via Funding and Investment Structures	Low	Medium	Medium
+	Steady Population Growth	Low	Low	Low
-	Subdued Property Demand and Slower or Lesser Construction Activities Due to the COVID-19 Pandemic and Lockdown Measures	High	Low	Low
-	Persistent Property Overhang Situation	Medium	Medium	Low
-	Stringent Policies Dampening Growth in the Property Market	Low	Low	Medium
-	Changing Lifestyle Trends Reduce Demand for Commercial Property	Low	Medium	Medium

Source: Protégé Associates

The local construction industry is set to benefit from the implementation of various government initiatives. In particular, the Construction Industry Transformation Programme ("**CITP**") provides a clear policy direction for the future growth of the local construction industry. Under the 12th Malaysia Plan ("**12MP**"), one of the Policy Enablers focuses on enhancing connectivity and transport infrastructure, which is expected to spur construction activities. In addition, the Malaysia construction industry is also expected to benefit from a favourable interest rate environment, whereby the overnight policy rate has remained relatively low and has been revised downwards 4 times in 2020, from the initial 3.00% in January 2020 to 1.75% on 6 May 2021. This has kept the local borrowing cost at a relatively low level and is expected to spur more demand for properties.

At the same time, the private sector is also expected to play a more active role, both directly and indirectly, in the development of the local construction industry going forward. This is attained through participation in crowdfunding platforms to provide housing schemes and establishing infrastructure-related real estate investment trusts. Furthermore, the growing population in Malaysia which is expected to increase from 28.6 million in 2010 to 41.5 million in 2040 is also expected to boost higher demand for housing.

On the flip side, the ongoing COVID-19 pandemic and resulting lockdown and social distancing measures has limited property marketing and sales activities, leading to subdued consumer demand for properties. These measures had also disrupted the supply chain within the construction industry, thus leading to slower revenue recognition, as well as the postponement of new construction projects. Meanwhile, the persisting property overhang situation is Malaysia is also expected to dampen growth of the industry. While the combined overhang residential, shop and industrial units decreased from 38,551 units in 2018 to 37,968 units in 2019 and to 37,849 units in 2020, this figure is still considered very high. The combined overhang further increased to 39,267 units in 2021H1. This development may place property developers in a more difficult position when launching new property projects in the future, thus leading to lesser demand for construction services.

Moreover, restrictive Government-led policies are expected to slow the rate of growth in the local property market. These policies include the real property gain tax ("**RPGT**") for disposal of properties or shares in a real property company. The RPGT will apply if a seller sells a property within the first five years after purchase. However, the RPGT will be removed after the sixth year. At the same time, even before the COVID-19 pandemic, there has already been a growing trend of retail tenants moving away from traditional brick and mortar spaces and shifting business to online platforms. The advancement in technology, e-commerce and enhanced online tools has made working remotely more popular and preferable, as seen in some more advanced cities. While Malaysia is a few steps behind, the COVID-19 pandemic is expected to accelerated the adoption of this trend. As more and more people adopt online shopping more, retailers may be forced to reconsider how they utilise spaces. This trend may benefit industrial properties as retailers require more space for warehousing and logistic purposes. Demand for office spaces too may fall as companies realise that work can be executed at home via online tools. Such changes generally happen gradually as companies slowly reduce work space.

5.0 Supply Conditions

Figure 11: Supply Conditions Affecting the Construction Industry in Malaysia, 2021-2025

Impact	Supply Conditions	Short-Term	Medium-Term	Long-Term
		2021-2022	**2023-2024**	**2025**
+	CIDB Providing the Necessary Leadership in Spearheading the Development of the Local Construction Industry	High	High	High
+	Activism by Master Builders Association Malaysia ("**MBAM**") Raising Profile and Pushing for the Betterment of the Construction Industry in Malaysia	High	High	High
+	Government Initiatives to Support the Local Construction Industry	High	High	High
+	Strengthened Mechanism to Address Payment Disputes and Facilitate Adjudication	Medium	Medium	Medium
-	Labour Shortage and High Dependency on Foreign Workers	High	High	High
-	Challenging Operating Environment Due to the COVID-19 Pandemic and Lockdown Measures	Medium	Low	Low
-	Lack of Traction in the Adoption of Industrialised Building System ("**IBS**") Construction	Medium	Medium	Low

Source: Protégé Associates

From the supply side, Government entities such as the CIDB and MBAM have been actively promoting the profile and growth of the Malaysian construction industry. In particular, the CITP which is developed by CIDB outlines the strategic goals and milestones to bring the local construction industry to the next level. MBAM on the other hand serves to promote, enhance, protect and safeguard the interest of the local construction via acting as a single voice for the local construction industry when engaging with policy makers and relevant government bodies – leading to an increase in bargaining power. The MBAM has resolved various issues faced by the local industry by conducting dialogues with the Government. At the same time, the Government has also been actively supporting the growth of the local construction industry. A sum of RM2.9 billion will be allocated to contractors from G1 to G4 class to carry out small and medium projects across the country as stated in Budget 2022. Other initiatives by the Government include the creation of the Skim Jaminan Kredit Perumahan, which is a housing loan to those without a fixed income and the removal of the RPGT after the sixth year. The introduction of the Construction Industry Payment and Adjudication Act 2012 ("**CIPAA**") and the establishment of specialised construction courts in Malaysia have also helped to alleviate the prevalent and pervasive practice of delayed, underpayment and/or non-payment for works carried out under a construction contract in Malaysia.

On the other hand, the local construction industry continues to face labour shortage issues. As most locals avoid construction jobs, the local construction industry has been relying heavily on foreign workers. This challenge has been made more difficult with policies on foreign workers being constantly under close scrutiny and are subject to frequent changes particularly on levy rates and number of foreign workers allowed to work in Malaysia. At the same time, players in the local industry have been forced to incur holding costs, losses and expenses for not being able to proceed with construction works due to the COVID-19 pandemic and lockdown measures. For players allowed to operate, additional costs are incurred when implementing strict health and safety regulations, enhanced sanitisation at the workplace and/or urgent COVID-19 testing for their foreign workers. However, while no new intake of foreign workers is allowed into the country until the end of the year, players in the construction industry are provided with temporary relief from certain contractual obligation(s) for a certain period as stated in the Temporary Measures for Reducing The Impact of Coronavirus Disease (COVID-19) Act 2020. In addition, for sectors with high reliance on foreign workers such as the construction industry, a special incentive of 60% of monthly wages will be provided whereby 40% will be channelled to the employer while 20% will be channelled as a wage top up to the local worker replacing the foreign worker.

At the same time, the lack of mass adoption of IBS by the local construction industry has made it hard for the IBS companies to reach economic viability. Also, the lack of standardisation of IBS within the country has led to a specific component used in one project not necessarily able to fit into another project, thus resulting in higher costs incurred for new mould and design. Besides that, design consultants may not be adequately trained or fully equipped to undertake IBS design related tasks. Furthermore, there is limited number of construction industry players that are ready to fully prepare themselves for an IBS-driven environment. However, to remedy the situation, the Government has taken several initiatives to promote adoption of IBS within the country such as including IBS as part of the initiatives under the productivity strategic thrusts under the CITP and the CIDB providing levy exemptions for housing development projects with at least 50% IBS content. In addition, the constructions of public buildings are also required to meet the required IBS score, with the mandate being extended to the private developments.

6.0 Prospect and Outlook of the Construction Industry in Malaysia

Factors boosting growth within the construction industry is likely to come from the government-led initiatives and spending particularly those relating to infrastructure and housing development such as the ECRL and MRT 2 as well as provision of incentives to stimulate the property market and financing through the SME-GO Scheme for qualified contractors. A favourable interest rate environment and increased participation from the private sector via funding and investment structures and steady population claims are also expected to support the construction industry. However, stringent policies imposed on the property market by the Malaysian Government and deteriorating property overhang situation are expected to reduce growth in the property market, a key source of demand for construction activities although this is expected to be cushioned by ongoing efforts by the Malaysian Government in providing housing for all such as the removal of the RGPT after the sixth year as well as various affordable housing programs. Changing lifestyle trends are expected to prompt developers into reconsidering the type of projects they undertake in the future. As online platforms gradually takeover brick and mortar spaces and more companies adopt for work from home concepts, developers may opt to construct more residential buildings to cater for the growing population.

On the supply side, the industry is expected to be boosted by efforts from industry bodies such as CIDB and MBAM by providing necessary leadership in spearheading the development of the local construction industry as well as raising profile and pushing for the betterment of the construction industry in Malaysia. In addition, the introduction of the CIPAA has also served as a strengthened mechanism to address payment disputes and facilitate adjudication within the industry. However, the Malaysian construction industry is expected to be hampered by labour shortage and high dependency on foreign workers, challenging operating environment due to the COVID-19 pandemic and lockdown measures as well as the lack of traction in the adoption of IBS construction.

Overall, the construction industry in Malaysia is expected to decline slightly in 2021 due to a resurgence in COVID-19 cases and resulting MCOs before rebounding in 2022. Protégé Associates projects the size (revenue) of the construction industry in Malaysia to drop to RM53.11 billion in 2021 and increase to RM73.58 billion in 2025, registering a CAGR of 6.6%.

9. 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 OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

9.1 RISKS RELATING TO OUR BUSINESS

9.1.1 Our business operations and financial performance may be affected due to the outbreak of the COVID-19 and possible similar future outbreaks of viruses

The outbreak of unexpected COVID-19 pandemic has led to the enforcement of the MCO by the Malaysian Government to contain the spread of COVID-19. The imposition of MCO 1.0 resulted in closure of non-essential business activities including construction activities which resulted in the temporary suspension of all our construction work for approximately 1 ½ months and was only able to resume in May 2020 after obtaining all the necessary approvals from relevant authorities such as MITI. The Malaysian Government then introduces CMCO from 4 May 2020 to 9 June 2020 and RMCO from 10 June 2020 to 31 March 2021 to contain the spread of COVID-19 cases in the country.

In October 2020, given the significant rise in COVID-19 cases seen throughout Malaysia, the Malaysian Government reinstated the CMCO in all states in Peninsular Malaysia, except for Perlis, Pahang, and Kelantan on 14 October 2020. The worsened COVID-19 situation in 2021 saw the Government imposing MCO 2.0 and MCO 3.0 as means of containing the spread of COVID-19. The imposition of the MCO 2.0 and MCO 3.0 did not materially impact our operations as exemption was granted by MITI for us to operate as usual.

On 1 June 2021, the Government imposed the FMCO in conjunction with MCO 3.0 before transitioning to the NRP on 15 June 2021. The FMCO resulted in temporary suspension of our operations at some of our project sites and resulted in some potential delay in our revenue recognition from these projects. We do not expect any material adverse financial impact from the suspension in the short term as we have sufficient working capital to support our operations. Additionally, the imposition of workforce capacity limitations during FMCO and selected phases of the NRP and closure of our project site due to COVID-19 case are also expected to contribute to delay in our project timeline and potential delay in revenue recognition. We do not expect the above delay in our project timeline and revenue recognition will have material impact on our financial performance as we neither received any cancellation or suspension of any contracts nor did we experience any reduction in our scope of work. We will be able to complete all our ongoing project and the delayed revenue will eventually be recognised. However, no assurance can be given that the prolonged COVID-19 pandemic or any subsequent MCO will not adversely affect our business operations.

On 4 March 2021, we were informed that 1 of our subcontractor's workers who work at our Impressions U-Thant Project site received positive diagnosis for COVID-19. The measures that we took upon receiving this information included, among others, testing of all workers at the project site, conducting contact tracing and testing of identified close contacts, following which 35 additional construction workers received positive diagnosis for COVID-19 between 4 March 2021 and 5 March 2021. Subsequently, 9 additional workers who first tested negative for COVID-19, tested positive during their second test on 11 March 2021. All 45 construction workers who had tested positive for COVID-19 were instructed to self-quarantine. Between 14 and 20 March 2021, all the affected construction workers were released from MAEPS Quarantine Centre.

We closed that particular construction site from 5 March 2021 to 8 March 2021, and disinfected that particular construction site and only allowed other construction workers who tested negative for COVID-19 to return to the construction site from 9 March 2021. The closure of that particular construction site did not result in any material disruption to our business operations.

On 28 April 2021, we were informed that 1 of our employees who is based at our head office was tested positive for COVID-19. The measures that we took upon receiving this information included, among others, conducting contact tracing and testing. We identified 8 direct close contacts, all of which tested negative for COVID-19. All 8 of the direct close contact employees were instructed to self-quarantine for 14 days. These 8 direct close contact employees were screened again on 10 May 2021 and were tested negative for COVID-19 and were allowed to return to our office on 11 May 2021. The 1 affected employee subsequently completed all necessary protocols, received discharged letter and returned to our head office on 24 May 2021.

On 17 July 2021, we were informed that 2 of our subcontractors' workers from our Hyatt Bukit Jalil Project's site tested positive for COVID-19 and immediately moved to quarantine hotels the following day. The measures we took upon receiving this information included, among others, testing, monitoring and imposing self-quarantine on all individuals working at the project site. On 18 July 2021, we suspended work at the project site and carried out COVID-19 test on all individuals working at the project site of which 1 additional subcontractor's worker was tested positive for COVID-19 and were moved to quarantine hotel. On 21 July 2021, 2 of our subcontractors' personnel began exhibiting COVID-19 symptoms while serving home quarantine and subsequently tested positive for COVID-19 and continued their home quarantine. We subsequently conducted a second COVID-19 test on 26 July 2021 and a further 10 subcontractors' workers were tested positive for COVID-19 and were transferred to quarantine hotels. All the remaining workers residing in the workers' quarters were also transferred to quarantine hotels of which 4 subcontractors' workers were subsequently tested positive for COVID-19 and further 5 subcontractors' workers were identified as close contacts. Service provider was engaged to sanitise and carry out disinfection at the project site, site office, meeting room, client's office, security post, canteen, prayer room and workers' quarters. Work at the project site was suspended from 18 July 2021 to 8 August 2021 but did not result in any material disruption to our business operations.

On 19 July 2021, we were informed that 5 of our subcontractors' workers at our Chambers Residence Project's site were tested positive for COVID-19. We carried out COVID-19 Antigen Rapid Test on all workers at the project site. From the tests, 23 workers were identified to be positive for COVID-19 and immediately isolated and moved to quarantine hotels. Subsequently, the remaining workers residing at the workers' quarters were also transferred to quarantine hotels. A second COVID-19 Antigen Rapid Test was conducted of which additional 55 subcontractors' workers were tested positive for COVID-19 and 19 subcontractors' workers were identified as close contacts where their quarantine were extended. Service provider was engaged to sanitise and carry out disinfection services at the site office, meeting room, client office, security post, canteen, prayer room and worker quarters. Work at the project site was suspended from 22 July 2021 to 3 August 2021 but did not result in any material disruption to our business operations.

On 31 July 2021, we were informed that 1 security worker at our Impressions U-Thant Project's site tested positive for COVID-19. The measures we took upon receiving this information included among others, suspending the work site (except for site inspection works by our personnel and project consultants) and conduct tests and contract tracing. We identified 15 workers who were tested positive for COVID-19 and sent to the quarantine hotels. Contract tracing further identified 32 workers as close contacts which were also sent to the quarantine hotels. Service provider was engaged to sanitise and carry out disinfection services at project site's office, meeting room, client's office, security post, canteen, prayer room and workers' quarters. Work at the project site was suspended from 31 July 2021 until 14 August 2021 but did not result in any material disruption to our business operations.

On 30 August 2021, we were notified that 3 subcontractors' workers at our Amverton Cove Project's site were exhibiting COVID-19 symptoms after undertaken the COVID-19 vaccination. They were sent for COVID-19 testing and were tested positive for COVID-19. The measures we took upon receiving this information included, among others, suspending construction work at the project site and imposing self-quarantine. We conducted COVID-19 PCR tests where a total of 39 workers were tested positive for COVID-19 and were transferred to quarantine hotels. The remaining 36 workers were instructed to continue their self-quarantine. Service provider was engaged to sanitise and carry out disinfection services at the project site's office, meeting room, client's office, security post, canteen and prayer room. Construction work at the project site was suspended from 30 August 2021 to 22 September 2021 but did not result in any material disruption to our business operations.

Notwithstanding that our Group has taken all necessary precautionary measures and steps in response to the COVID-19 situation, there can be no assurance that neither our employees nor the employees of our subcontractors will not be infected by the COVID-19 virus in future. A spread of such diseases amongst our employees or our subcontractors' employees as well as the resulting quarantine and closure of offices and construction sites may affect our ability to carry out our business. These disruptions to our business operations will in turn delay our project delivery, which may consequently result in adverse impact on our financial performance. Strict adherence to standard operating procedures imposed by regulatory authorities may also increase our operating costs.

In addition, these disruptions may happen to other parties in a project, be it our client, project consultants, foreign workers, suppliers and subcontractors, which may lead to reduced number of projects being awarded, slower or longer construction period or shortage and/ or disruption in supply of materials, all of which could affect our business and financial performance. There is no assurance that outbreak of COVID-19 in Malaysia can be effectively controlled, or another outbreak of COVID-19 or other pandemics will not happen in the future. Other outbreak or pandemics may happen in the future and could persist for a substantial period, and this may significantly and adversely affect our business operations and financial performance.

Please refer to Section 7.12 for further details on how our business operations were affected by COVID-19.

9.1.2 We are subject to regulatory requirements for our business operations

Our business is subject to various laws, rules and regulations. In particular, our Group is required to obtain and hold a valid certificate of registration issued by the CIDB for our day-to-day operations. In order to keep our registration, we are required to comply with the restrictions and conditions imposed by the government authorities, and should we fail to comply with such restrictions and conditions, our registration may be suspended or cancelled. There is also risk pertaining to delays or refusal when renewing the registration upon its expiry.

Under the CIDB Act, an entity must be registered and hold a valid registration certificate issued by the CIDB prior to undertaking any construction work in Malaysia. There are seven specified registration grades ranging from Grade G1 to Grade G7 and a registered contractor cannot tender for any construction project that exceeds the value of the construction works specified in the registration grade.

Our Group is currently registered with CIDB as a Grade G7 contractor for the building, civil engineering and mechanical and electrical engineering category. As a Grade G7 registered contractor, we are able to tender for construction projects in Malaysia up to an unlimited value.

The failure in our Group to renew the CIDB certificate or a suspension of our CIDB certificate and/or obtain other new approvals, licences and permits, where required could result in the suspension of or restriction in our business operations, and thereby adversely affect the business, financial position and prospects of our Group. In addition, our subcontractors may face revocation of their approvals, licences and permits required to carry out their works in the event of any non-compliance. This may cause delays in our projects and may affect our business operations. As at the LPD, our Group has not experienced any past instances where our certificates have been revoked or suspended prior to their expiration, or faced any difficulties in renewing our certificate as a contractor with CIDB.

In addition, Section 24D(1) of the Workers Minimum Standards of Housing and Amenities (Amendment) Act 2019 ("**WMSHA 2019**") stipulates that no accommodation shall be provided to an employee unless certified with a Certificate for Accommodation. We currently provide accommodation at our construction sites located in Klang Valley for construction workers of our subcontractors. As such, we are required to obtain the Certificate for Accommodation for each of our construction site. Section 24D(4) of the WMSHA 2019 provides that a centralised accommodation provider who contravenes Section 24D(1) of the WMSHA 2019 commits an offence and shall, on conviction, be liable to a fine not exceeding RM50,000, or to imprisonment for a term not exceeding 1 year or to both.

Siab Group had between 16 April 2021 to 26 June 2021 submitted applications for the Certificate for Accommodation for foreign workers' accommodations of our subcontractors located at 4 of our construction sites (namely Impressions U-Thant Project, Chambers Residence Project, Hyatt Bukit Jalil Project and Cubic Botanical Tower A Project) within the vicinity of Klang Valley to the Department of Labour Peninsular Malaysia. The total number of units in relation to the application for the Certificate for Accommodation at our construction sites for Impressions U-Thant Project, Chambers Residence Project, Hyatt Bukit Jalil Project and Cubic Botanical Tower A Project are 25 units, 42 units, 50 units and 3 units, respectively. As at LPD, the temporary building permits for accommodation at the 4 construction sites had been obtained and the Certificate for Accommodation for the workers' accommodations located at the construction sites for Impressions U-Thant Project and the Chambers Residence Project had been obtained on 30 September 2021 and 11 October 2021, respectively. Whereas, the Certificate for Accommodation for the workers' accommodations located at the construction sites for Hyatt Bukit Jalil Project and Cubic Botanical Tower A Project had both been obtained on 28 December 2021.

As at the LPD, the construction of The Dawn Project, Columbarium Project and Arunya @ KL North Project are at preliminary stages where the required floors to be designated as workers' accommodation for respective projects have not been built yet. As such, no workers' accommodation has been provided by Siab to the subcontractors' workers for the respective projects. Moving forward, upon completion of the required floors designated as workers' accommodations for the respective projects, Siab will apply to the relevant authorities to obtain the temporary building permits and Certificate for Accommodation.

Despite obtaining the Certificate for Accommodation for our ongoing projects in which Siab is providing workers' accommodation for its subcontractors, there is no assurance that we will be able to successfully obtain the Certificate for Accommodation for the workers' accommodation of the above mentioned ongoing projects (when required) and our future projects. If we fail to obtain the Certificate for Accommodation for the workers' accommodation of the above mentioned ongoing projects (when required) and our future projects, on conviction, we shall be liable to a fine not exceeding RM50,000, or to imprisonment for a term not exceeding 1 year or to both for each construction site. In addition, our operations may be temporarily disrupted as we will be required to relocate the foreign workers of our subcontractors to new place of accommodation with valid Certificate for Accommodation.

9.1.3 We face possible delays in the completion of construction projects and potential reduction, termination and/or revision in the scope of work

Construction projects are subject to budgets and scope of work, to be delivered within stipulated timelines. Therefore any extensions or delays in a project may result in increased construction overheads and might attract a negative reputation and legal uncertainties such as the imposition of LAD by our clients. The timely completion of projects undertaken by our Group is also dependent on various external factors, which include but not limited to adverse weather conditions, timely receipt and renewal of requisite licences, permits and approvals, availability of construction materials and labourers, and the quality of work delivered by our sub-contractors.

Any impact resulted from the above factors could lead to project cost overrun, premature termination of our contract or the postponement of or scaling down of the project by our clients. Project delays may also affect our profitability, delay the recognition of our revenue, incur additional costs and/or result in our clients imposing LAD on us, all of which could adversely affect our Group's financial performance. We may also face reduction and/or revision of our scope of work, which will result in lower revenue generated from such affected project. There can be no assurance that the contract sum of our on-going projects and/or future projects will not be reduced as a result of reduction or revision in our scope of work. In the event that the contract sums of our on-going projects and/or future projects are reduced, our revenue, profit and operating cash flow may be adversely affected.

Furthermore, the ongoing COVID-19 pandemic that resulted in multiple MCOs and its subsequent variations implemented in the country since March 2020, may lead to delays in completing our ongoing projects. The MCO 1.0 which began on 18 March 2020 resulted in the temporary suspension of operations at all our project sites. We received approvals from the MITI from 20 April 2020 to 29 April 2020 for resumption of our operations at our head office and our ongoing project sites with limited workforce. Although our Group's office and construction sites are located within the states that are placed under MCO, we have not experienced material disruptions to our business operations and the progress of our on-going projects were allowed to continue during MCO 2.0 with certain strict adherence to standard operating procedures. However, on 1 June 2021, the Government imposed the FMCO in conjunction with MCO 3.0 (later transitioned to the NRP) which resulted in temporary suspension of our operations at most of our project sites. We have subsequently received approvals from MITI to resume operation of those suspended project sites in between 7 July 2021 to 3 September 2021. However, the delays caused by the suspension were not material as we neither received any cancellation or suspension of any contracts nor did we experience any reduction in our scope of work. We will be able to complete all our ongoing project and the delayed revenue will eventually be recognised.

Save for the RM0.60 million LAD charged by client in both FYE 2018 and FYE 2020 in relation to the Seri Riana Residence (Phase 2B) Project due to additional time required to meet the standards of CONQUAS 21 assessment as required under the contract, we have not experienced material delay, termination or cancellation of any of our on-going projects as well any situations where our clients imposed LAD on us for the past FYE 2018 to FYE 2020 and FPE 2021.

In year 2018, the scope of work related to the construction of building for Block E and Block F of our PJ City Project had been revised to the construction of the building structures only for Block E and Block F. As a result of the reduction in scope of work, the original contract sum of RM94.00 million was reduced to RM63.80 million. The cost of sales of the project was also revised from the original contract value, from an estimated RM89.78 million to RM56.05 million. Consequently, our gross profit margin also increased due to the revision, from an estimated 4.49% to 12.15% mainly attributable to reduction in preliminary costs, such as workers' wages, staff salaries, rental of machineries and other site expenses.

Save for the above, we have not encountered any instances in which our scope of work were reduced during the FYE 2018 to FYE 2020, FPE 2021 and up to LPD.

9.1.4 Any unanticipated increase in costs associated with our construction projects may impair our financial performance

Our cash flows and profitability are dependent upon our ability to accurately estimate the costs associated with our construction projects which may be affected by a variety of factors, such as lower than anticipated productivity, higher costs of materials and subcontractors, delay in the availability of financing and political or social disruptions, amongst others.

These variations in costs may cause actual profit for a project to vary from those originally estimated and resulted in certain contracts or projects having lower margins than anticipated, or losses if actual costs for our contracts exceed its estimates, which could have a material adverse effect on our Group. We did not experience any incident that had a material impact towards our PAT and cash flow during FYE 2018 to FYE 2020 and FPE 2021.

9.1.5 Availability and fluctuations in construction material prices

Our construction activities require our Group to purchase a wide range of raw materials such as steel bars and wire mesh, ready-mixed concrete, sanitary wares, tiles, cement, grout and adhesives, timber and plywood, galvanised iron pipes, electrical items, bricks, diesel, and quarry products from our suppliers. We are dependent on the continuous supply of construction materials which we source from a number of local suppliers. The unavailability of certain construction materials may require us to source for replacements. If we are unable to obtain the replacements in a timely manner, it may lead to delay in our construction work and could adversely affect our business operations. There is no assurance our Group is able to secure sufficient quantities of these raw materials in the event there is a shortage in the market. The increase in cost of construction materials or the inability of our Group to secure sufficient raw materials for our construction projects may impact the financial performance of our Group.

In addition, our construction materials are price sensitive, and we face the risk of not obtaining sufficient quantities of construction materials at competitive prices. Some of our construction materials such as steel bars are commodities and their prices are subject to the fluctuation in global market prices which we are unable to estimate at the point when we submit tenders for projects.

Notwithstanding the above, our Group has neither experienced any significant increase in construction material prices that has adversely affected our financial performance, nor been unable to secure sufficient construction materials for our construction projects during FYE 2018 to FYE 2020 and FPE 2021. Furthermore, any increase in construction material prices or scarcity of construction materials in the market will also be experienced by the rest in the construction industry in Malaysia.

9.1.6 We are dependent on services of sub-contractors for our construction works

We engaged subcontractors to undertake various specialised services and certain labour-intensive works throughout the different stages of construction. We select our subcontractors through assessing the tenders submitted by the subcontractors as well as from past working experience with the subcontractors. Once a subcontractor is appointed, a formal contractual agreement is signed between our Group and the subcontractor to ensure the terms and conditions for the sub-contract has been predefined prior to the commencement of the project. We engage subcontractors for services which include earthworks, M&E works, infrastructure works, building and construction works and operators of machinery and equipment. Nevertheless, our Group is still in charge of the overall management of our projects. Our total subcontractor costs accounted for approximately 64.53%, 69.67%, 77.56% and 72.80% of our Group's total cost of sales for the FYE 2018, 2019, 2020 and FPE 2021, respectively.

Notwithstanding the above, any failure by a subcontractor to fulfil its contractual obligations may lead to delay in completion of the project or penalties imposed on our Group by our clients. If we are unable to claim such penalties from our subcontractors, our Group may be liable for such costs and this could adversely affect our Group's financial performance.

9.1.7 Our continued success is dependent on our Executive Directors and Key Senior Management

The continued success of our Group is dependent, to a large extent, on the abilities, experience and continued efforts of our Executive Directors and key senior management. As such, maintaining a strong key senior management team is vital towards upholding the quality of our Group's services and our relationship with our clients. The loss of any of these key personnel without suitable and/or timely replacements and the inability of our Group to attract or retain qualified and skilled personnel could hinder our Group's competitive performance, which could in turn have an adverse effect on the financial performance and prospects of our Group.

While we have put in place human resource plans and strategies as part of our efforts to retain and attract new resources, there can be no assurance that these measures will be successful in retaining our key personnel nor can we ensure smooth management succession plan should key personnel decide to leave our Group.

9.1.8 The continuity of our order book is not assured

Our Group is principally involved in the construction industry where projects are generally awarded on a project-to-project basis and as such, there is no assurance of the continuity of one project to the next project. In the Malaysian construction industry, projects are generally awarded based on competitive tendering and our Group is required to bid competitively for all the projects we wish to secure. As such, our Group faces the risk of not being able to secure all of the projects we tendered. We also face the risk that our existing order book may be reduced due to termination of ongoing projects or reduction in our scope of work which reduces the contract value. Any significant decline in our order book could adversely affect our Group's sustainability and prospects.

As at the LPD, our Group has an unbilled order book totalling RM544.98 million. However, there can be no assurance that we will be able to maintain or increase the level of our order book in the future. Additionally, our order book may be subject to project cancellations which may occur from time to time, thereby reducing the value of our order book.

9.1.9 We are subject to defect liability claims

The nature of our business exposes us to the risk of defects liability claims by our clients. During the DLP, which ranges from 18 months to 30 months, we are liable for any repairs works, reconstruction or rectification of any defects attributable to the construction works including those carried out by our subcontractors.

The defects liability shall be borne by our Group and may result in substantial costs incurred if there are a lot of defects. If we fail to rectify the defects satisfactorily, our clients may use the retention sums of the project to rectify those defects. In such cases, we may not recover the whole retention sum from our clients. As such, any material defects and/or claims on our works may have a material adverse effect on our Group. We have not incurred any defects liability claim during the FYE 2018 to FYE 2020 and FPE 2021.

9.1.10 We are subject to inadequate insurance coverage on our employees and assets

Our employees and sub-contractors who carry out their duties at our construction sites are exposed to potential hazards which include amongst others, bodily injuries and loss of life due to workplace accidents. We are also exposed to risk of loss and damages to our machinery and equipment arising from theft, improper usage or fire.

Although we have taken up contractors' all risk insurance up to RM497.19 million and workmen compensation insurance up to RM47.04 million that provides all risk insurance coverage to our workers and sub-contractors at our construction sites, there can be no assurance that our insurance coverage is sufficient to cover all of the liabilities that we may be liable. The occurrence of workplace accidents and damage to our machinery and equipment could result in significant increase in project costs, or affect our ability to perform our contractual obligations, which could materially and adversely affect our Group.

Our insurance premium payable for our existing insurance policies may also increase or we may be required to take on additional insurance for our future projects. Any increase in premium payable or additional insurance required may adversely affect our financial performance.

In year 2018, there was an occurrence of an accident involving the collapse of piling work caused by soil movement for the Apple 99 Project. There was no major impact of the accident to the Group other than the additional work performed to rectify the collapsed piling which was partially covered by a RM0.18 million insurance claim collected. Additionally, none of our employees and sub-contractor's workers were injured by the accident. Save for the above, there were no other past incidences occurred during the financial year 2018 to year 2020, FPE 2021 and up to LPD.

9.1.11 Our cash flow may be adversely affected by delays in collection or non-recoverability of trade receivables

We are exposed to delays in collection and/or non-recoverability of trade receivables. At present, the credit terms granted to our customers are 30 to 45 days from the date of progress billings depending on the terms of the contracts. If we experience any delay and/ or non-payment by our customers, we may face potential cash flow constraints. This may result in a material adverse impact on our financial condition, our ability to pay our suppliers, and potentially delay on the progress of our projects.

The trade receivables as at 31 July 2021 which exceeded the credit period amounted to RM18.92 million (excluding retention sum) is still outstanding as at LPD.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 We operate in a highly competitive construction industry

The construction industry is highly competitive and fragmented. We face competition from various construction companies, which include listed companies and small independent companies. Our competitors may have specialised expertise in certain segments or better resources than us.

As at the LPD, there were a total of 130,442 local contractors registered with CIDB, of which 8,700 of them were registered with Grade G7 based on the IMR Report. Our competitors may have longer operating track record and more resources in terms of capital, machinery and manpower compared to us.

Due to the nature of our business, we are actively involved in tendering for building construction projects. We seek to stay competitive by actively submitting competitive bids and negotiations to secure contracts and continuing our efforts in maintaining our competitive edge in terms of cost efficiency, service quality, reliability and innovation in construction projects. However, no assurance can be given that we will be able to compete effectively with current competitors and new entrants into the construction industry in future.

9.2.2 We are subject to the political, economic and regulatory conditions in Malaysia

Our operations are primarily concentrated in Malaysia and are governed by the terms of the licences awarded by relevant local authorities including CIDB and Department of Occupational Safety and Health. As such, the business prospects and financial performance of our Group depend on the political, economic and regulatory conditions in Malaysia. Any adverse developments or uncertainties in political, economic or regulatory conditions includes changes in the political leadership leading to unstable political situation, terrorism activities, changes in interest rates, fluctuation in currency exchange rates, changes in accounting and tax policies, as well as changes in government policies such as introduction of new regulations, in Malaysia could unfavourably affect our business prospects and financial performance.

We have not in the past experienced any severe restrictions on our conduct of business. However, there is no assurance that any adverse political, economic and regulatory changes in Malaysia, which are beyond our control, would not have an adverse impact on our ability to conduct business and future financial performance.

9.2.3 We are dependent on the supply of foreign workers for our construction activities

The construction industry is very labour intensive and is dependent on supply of foreign workers. As at the LPD, we do not employ foreign workers under our Group and rely on foreign workers that are employed by our sub-contractors. Our sub-contractors are required to comply with regulations imposed by CIDB and the Immigration Department of Malaysia in relation to the employment of foreign workers in the construction industry.

As our Group is dependent on foreign workers, any disruption or scarcity in supply of foreign workers may adversely affect our business operations. Foreign workers are generally issued with visit passes (temporary employment) for a period of one year, which are subject to annual renewal. There can be no assurance that our subcontractors will be able to renew their foreign workers visit passes (temporary employment) successfully.

In addition, if the policies to employ foreign workers for construction projects are varied and our subcontractors are unable to obtain adequate supply of foreign workers, our work and our ability to complete our construction projects in a timely manner may be affected, which may have an adverse impact on our business operations and financial performance.

9.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

9.3.1 There is no prior market for our Shares

Prior to our Listing, there was no public trading for our Shares. The listing of our Shares on the ACE Market does not guarantee that an active market for our Shares will develop.

There is also no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market.

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

Our Listing may be aborted or delayed should any of the following occurs:

(i) The selected investors fail to subscribe for their portion of our IPO Shares;

(ii) Our Underwriter exercising its rights under the Underwriting Agreement to discharge itself from its obligations therein; and

(iii) We are unable to meet the public shareholding spread requirement set by Bursa Securities, whereby at least 25.00% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing.

If any of these events occur, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of the Application within 14 days, failing which the provisions of Section 243(2) of the CMSA will apply.

If our Listing is aborted and/or terminated, and our Shares have been allotted to the investors, a return of monies to the investors could only be achieved by way of cancellation of share capital as provided under Sections 116 or 117 of the Act and its related rules.

Such cancellation requires the approval of shareholders by special resolution in a general meeting, with sanction of High Court of Malaya or with notice to be sent to the Director General of the Inland Revenue Board and ROC within 7 days of the date of the special resolution and us meeting the solvency requirements under Section 117(3) of the Act.

There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

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

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

The performance of Bursa Securities is also affected by external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, 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 Shares.

9.4 OTHER RISKS

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

Our Promoters will collectively hold approximately 53.75% of our enlarged share capital upon Listing. Because of the size of their shareholdings, our Promoters will have significant influence on the outcome of certain matters requiring the vote of shareholders unless they are required to abstain from voting by law and/or as required by the relevant authorities.

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10. RELATED PARTY TRANSACTIONS

10.1 RELATED PARTY TRANSACTIONS

Save for the Acquisition and amount owing to our Directors (details as set out in Section 10.2.2), there were no transactions, existing and/or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them which are material to our Group during the FYE 2018 to FYE 2020, FPE 2021 and up to the LPD.

Moving forward, in order to ensure that related party transactions are undertaken on arm's length basis and normal commercial terms, we have established the following procedures:

(i) Recurrent related party transactions

(a) At least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine if the price and terms offered by related parties are fair and reasonable and comparable to those offered by other third parties for the same or substantially similar type of products/services and/or quantities; or

(b) If quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by other third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at a general meeting. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

(ii) Other related party transactions

(a) Whether the terms of the related party transaction are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;

(b) The rationale for the Group to enter into the related party transaction and the nature of alternative transactions, if any; and

(c) Whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and the nature of the related parties' interest in the transaction.

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

For related party transactions that require shareholders' approval, the Directors, major shareholders and/or persons connected with such Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has an interest, direct or indirect, in any proposed related party transactions, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Directors and/or major shareholders will also undertake that he shall ensure that the persons connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting. The relevant Directors who are deemed interested or conflicted in such transactions shall also abstain from our Board deliberations and vote on the Board resolutions relating to these transactions.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. If a member of our Audit and Risk Management Committee has an interest in any related party transaction, he is to abstain from participating in the review and approval process in relation to that transaction. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

10.2 OTHER TRANSACTIONS

10.2.1 Transactions entered into that are unusual in their nature or conditions

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party for FYE 2018 to FYE 2020, FPE 2021 and up to LPD.

10.2.2 Outstanding loans (including guarantees of any kind)

Save as disclosed below, there are no outstanding loans (including guarantees of any kind) made by our Group to/for the benefit of a related party or granted by the related parties for the benefit of our Group during the FYE 2018 to FYE 2020, FPE 2021 and up to the LPD.

(i) Outstanding loans and/or balances

Other than the amount owing to our Director of RM0.37 million in FYE 2018 and RM0.01 million in FPE 2021, there was no other amount owing to our Director of our Group. The RM0.37 million owing to our Director in FYE 2018 relates to the advances extended by our Director to Siab (M) for working capital purpose and has been settled in full during the FYE 2019. Whereas the RM0.01 million owing to our Director in FPE 2021 relates to the advances extended by our Director to Siab for expenses related to the incorporation of our Company which has been settled in full during FPE 2021. This amount is non-trade related, unsecured, interest free and repayable on demand. As at the LPD, we do not have any amount owing to/by any of our Directors.

(ii) Guarantees

Our Directors, namely Ng Wai Hoe, Lim Mei Hwee and Tan Sok Moi have jointly and severally provided personal guarantees for certain outstanding banking and leasing facilities extended by several local banks ("**Financiers**").

In conjunction with the Listing, we have applied to the Financiers to obtain a release and/or discharge of the guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the Financiers. Until such release and/or discharge are obtained from the respective Financiers, our Directors will continue to guarantee the banking facilities extended to our Group.

As at the LPD, we have received conditional approvals from the Financiers to discharge the above guarantees, which includes conditions such as (i) our successful Listing and (ii) substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the financial institutions.

10.2.3 Promotions of any material assets acquired/to be acquired within 3 financial years preceding the date of this Prospectus

Save for the Acquisition, none of our Directors or substantial shareholders had any interest, direct or indirect, in the promotion of or in any material assets which had been, within FYE 2018 to FYE 2020 and FPE 2021, acquired, disposed or leased or proposed to be acquired, disposed or leased to/by us.

10.2.4 Transactions entered into with M&A Securities

Save as disclosed below, we have not entered into any transactions with M&A Securities who is the Adviser, Sponsor, Underwriter and Placement Agent for our Listing:

(i) Agreement dated 23 September 2020 between Siab (M) and M&A Securities for the appointment of M&A Securities as Adviser, Sponsor and Placement Agent for our Listing; and

(ii) Underwriting Agreement dated 22 December 2021 entered into between our Company and M&A Securities for the underwriting of 64,384,000 Issue Shares.

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11. CONFLICT OF INTEREST

11.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND SUPPLIERS

(i) As at the LPD, save as disclosed below, none of our Directors or substantial shareholders has any interest, direct or indirect, in other businesses or corporations which are carrying on a similar or related trade as our Group:

Director/ Shareholder	Company	Position held	Principal Activities	Shareholdings held (%)
Director				
Tan Sri Dato' Sri Mohamad Fuzi Bin Harun	Tropicana Corporation Berhad (Listed on the Main Market of Bursa Securities)	Independent Non-Executive Director	Investment holding engaged in property development, property management, property investment, recreation resort and others	-
Dato' Sri Shahril bin Mokhtar	Sungai Klang Expressway Sdn Bhd	Managing Director	Construction and operation of infrastructure and property developments	-
	SKE Venture Sdn Bhd	Executive Director	Investment holding engaged in construction and operation of infrastructure and property developments	-
Datuk Lim Tong Lee	LBS Bina Group Berhad ("**LBS Bina**") (Listed on the Main Market of Bursa Securities)	Independent Non-Executive Director	Investment holding company engaged in property development, construction and trading, motor racing circuit and management, investment and others	0.03
Shareholder				
Dato' Chang Lik Sean	MV Technology Sdn Bhd ("**MV Tech**")	Shareholder and Executive Director	Provision of ICT products and solutions	99.00

Our Board is of the view that the interest of our Directors and shareholder in the above companies does not give rise to a conflict of interest situation based on the following:

(a) Tropicana Corporation Berhad

Tropicana Corporation Berhad is an investment holding. Tropicana Corporation Berhad and its subsidiaries ("**Tropicana Group**") are principally engaged in property development, property management, property investment, recreation resort and others. Tropicana Group mainly manages the construction of their own development projects and is not actively engage in any construction activities for other property developers which is the principal activity of our Group.

Tan Sri Dato' Sri Mohamad Fuzi Bin Harun is appointed as the Independent Non-Executive Director of Tropicana Corporation Berhad whereby he is not involved in the day-to-day operations of the company as its daily operations are managed by the company's personnel, and he only attends meeting of the board of directors on which he serves and accordingly discharges his principal areas of responsibilities as a director of the company.

(b) SKE Venture Sdn Bhd and Sungai Klang Expressway Sdn Bhd

SKE Ventures Sdn Bhd and its wholly-owned subsidiary, Sungai Klang Expressway Sdn Bhd ("**SKE Group**"), are primarily involved in the construction and operation of infrastructure and property development and they are not involved in construction of non-residential and residential buildings which our Group is involved in. As such, they do not carry on the same principal activity as our Group given the nature of the construction activities of the SKE Group.

In line with our intention to expand our presence into the civil engineering segment, focusing on the construction of roads, bridges and highways, Dato' Sri Shahril bin Mokhtar's experience in SKE Group will contribute positively to our expansion plan.

(c) LBS Bina

LBS Bina is an investment holding company principally engaged in property development and construction and trading, motor racing circuit and management, investment and others. The construction arm of the LBS Bina is helmed by its subsidiary MGB Berhad (listed on the Main Market of Bursa Securities), where it is involved in the construction of residential, commercial, and industrial buildings as well as infrastructure works which are similar in nature to our Group's construction services.

Datuk Lim Tong Lee is appointed as the Independent Non-Executive Director of LBS Group whereby he is not involved in the day-to-day operations of the businesses of the company as its daily operations are managed by the company's personnel, and he only attend meeting of the board of directors on which he serves and accordingly discharges his principal areas of responsibilities as a director of the company.

(d) MV Tech

MV Tech is principally engaged in the provision of ICT products and solutions. It offers a wider range of ICT products and solutions to variety of industries. In comparison, Siab's ICT solutions and services are mainly catered as a value-added service to its existing building construction services. As such, MV Tech and Siab pursue a different set of business strategy and target market.

Although, Dato' Chang Lik Sean is the shareholder and Executive Director of MV Tech, he has no family relationships and association with our Promoters, substantial shareholders, Directors and key senior management. He also does not assume any role in our Group other than being the substantial shareholder of Siab. The Board also confirmed that he has no influence in the appointment of directors to the Board and management decision-making of our Group apart from his rights as shareholder of the Company, which are also available to the other shareholders of the Company.

Taking into consideration of above, our Board is of the opinion that the involvement of the Directors and shareholder in the above companies does not give rise to any conflict of interest situation and will not affect the Directors' contributions to our Group or negatively impact their abilities to act as an Independent Non-Executive Director of our Group.

Our Board has also taken into account that these Independent Director's exposure to construction activities will allow them to contribute more effectively in the Board's decision-making process.

(ii) As at the LPD, none of our Directors or substantial shareholders has any interest, direct or indirect, in other businesses or corporations which are the customers and/or suppliers of our Group.

(iii) It is our Director's fiduciary duty to avoid conflict, and they are required to attend courses which provide them guidelines on their fiduciary duties. In order to mitigate any possible conflict of interest situation in the future, our Directors will declare to our Nominating Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group.

Our Nominating Committee will first then evaluate if such Director's involvement gives rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. After a determination has been made on whether there is an actual or potential conflict of interest of a Director, our Nominating Committee will then:

(a) Immediately inform our the Audit and Risk Management Committee of the conflict of interest situation;

(b) After deliberation with our Audit and Risk Management Committee, to make recommendations to our Board to direct the conflicted Director to:

(aa) Withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and

(bb) Abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (b)(aa) above, the conflicted Director and persons connected with him (if applicable) shall be absent from any Board discussion relating to the recommendation of our Nominating Committee and the conflicted Director and persons connected with him (if applicable) shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of our Board, be present at our Board meeting to answer any questions.

In circumstances where a Director is determined to have a significant, ongoing and irreconcilable conflict of interest with our Group, and where such conflict of interest significantly impedes the Director's ability to carry out his fiduciary responsibility to our Group, our Nominating Committee may determine that resignation of the conflicted Director from our Board is appropriate and necessary.

Where there are related party transactions between our Group with our Directors (or person connected with them) or companies in which our Directors (or person connected with them) have an interest, our Audit and Risk Management Committee will, amongst others, supervise and monitor such related party transaction and the terms thereof and report to our Board for further action. Please refer to Section 10.1 of the Prospectus, for the procedures to be taken to ensure that related party transactions (if any) are undertaken on arm's length basis.

11.2 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS

(i) Declaration by M&A Securities

M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Adviser, Sponsor, Underwriter and Placement Agent for our Listing;

(ii) Declaration by Ben & Partners

Ben & Partners has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Solicitors for our Listing;

(iii) Declaration by KPMG PLT

KPMG PLT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing; and

(iv) Declaration by Protégé

Protégé has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as IMR for our Listing.

12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

Our historical financial information throughout FYE 2018 to FYE 2020 and FPE 2021 has been prepared in accordance with MFRS and IFRS. Additionally, the unaudited financial information for FPE 2020 has been prepared for comparison purpose only. The selected financial information included in this Prospectus is not intended to predict our Group's financial position, performance and cash flows.

Our Company was incorporated on 30 December 2020 to facilitate our Listing, and we completed the Acquisition on 14 December 2021. Siab (M) has been under the common control of our Promoters throughout FYE 2018 to FPE 2021 and is regarded as combined entity. As such, the historical financial information of our Group for FYE 2018 to FYE 2020, FPE 2020 and FPE 2021 is presented based on the audited/unaudited combined financial statements of our Group.

12.1.1 Historical combined statements of profit or loss and other comprehensive income

The following table sets out a summary of our combined statements of profit or loss and other comprehensive income for FYE 2018 to FYE 2020 and FPE 2021 as well as the historical combined unaudited statements of our Group for the FPE 2020 which has been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	FYE 2018	**FYE 2019**	**FYE 2020**	**FPE 2020**	**FPE 2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	145,419	242,888	273,388	124,302	104,498
Less : Cost of sales	(134,018)	(229,093)	(253,399)	(113,423)	(93,119)
GP	**11,401**	**13,795**	**19,989**	**10,879**	**11,379**
Other income	1,929	292	610	274	279
Administrative expenses	(4,328)	(4,334)	(4,521)	(2,566)	(3,775)
Net loss on impairment of financial instruments	-	(403)	(5)	-	-
Other expenses	(997)	(254)	(253)	(129)	(199)
Profit from operations	**8,005**	**9,096**	**15,820**	**8,458**	**7,684**
Finance income	192	275	211	154	122
Finance costs	(413)	(792)	(576)	(267)	(562)
PBT	**7,784**	**8,579**	**15,455**	**8,345**	**7,244**
Tax expense	(2,522)	(1,629)	(4,412)	(2,011)	(2,261)
PAT/ Total comprehensive income for the year/period	**5,262**	**6,950**	**11,043**	**6,334**	**4,983**
PAT/ Total comprehensive income for the year/period attributable to:					
Owners of our Company	5,243	6,956	11,022	6,334	4,983
Non-controlling interests	19	(6)	21	-	-
	5,262	**6,950**	**11,043**	**6,334**	**4,983**
Adjusted PAT/ Total comprehensive income for the year/period attributable to:					
Owners of our Company	(1)4,075	6,956	11,022	6,334	4,983
Non-controlling interests	19	(6)	21	-	-
	4,094	**6,950**	**11,043**	**6,334**	**4,983**

	FYE 2018	FYE 2019	FYE 2020	FPE 2020	FPE 2021
	RM'000	RM'000	RM'000	RM'000	RM'000
EBIT (2)	8,005	9,096	15,820	8,458	7,684
EBITDA (2)	9,650	12,140	18,302	10,148	8,638
GP margin (%) (3)	7.84	5.68	7.31	8.75	10.89
PBT margin (%) (4)	5.35	3.53	5.65	6.71	6.93
PAT margin (%) (4)	3.62	2.86	4.04	5.10	4.77
Adjusted PAT margin (%) (4)	2.82	2.86	4.04	5.10	4.77
Basic EPS (sen) (5)	1.43	1.89	3.00	1.72	1.36
Diluted EPS (sen) (6)	1.07	1.42	2.25	1.29	1.02
Adjusted basic EPS (sen) (5)	1.11	1.89	3.00	1.72	1.36
Adjusted diluted EPS (sen) (6)	0.83	1.42	2.25	1.29	1.02

Notes:

(1) After adjusting for gain on disposal of subsidiary amounted to RM1.17 million.

(2) EBIT and EBITDA are calculated as follows:

	FYE 2018	FYE 2019	FYE 2020	FPE 2020	FPE 2021
	RM'000	RM'000	RM'000	RM'000	RM'000
PAT	5,262	6,950	11,043	6,334	4,983
Adjusted for:					
Finance income	(192)	(275)	(211)	(154)	(122)
Finance cost	413	792	576	267	562
Taxation	2,522	1,629	4,412	2,011	2,261
EBIT	**8,005**	**9,096**	**15,820**	**8,458**	**7,684**
Add:					
Depreciation	1,645	3,044	2,482	1,690	954
Amortisation	-	-	-	-	-
EBITDA	**9,650**	**12,140**	**18,302**	**10,148**	**8,638**

(3) Calculated based on GP divided by revenue.

(4) PBT margin and Adjusted PAT/PAT margin are calculated based on the respective PBT and Adjusted PAT/PAT divided by revenue.

(5) Calculated based on Adjusted PAT/PAT attributable to owners of our Company divided by 367,225,083 enlarged number of Shares in issue before IPO.

(6) Calculated based on Adjusted PAT/PAT attributable to owners of our Company divided by 489,634,083 enlarged number of Shares in issue after IPO.

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12.1.2 Historical combined statements of financial position

The following table sets out the combined statements of financial position of our Group as at 31 December 2018, 2019 and 2020 as well as 31 July 2021 which have been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	FYE 2018	FYE 2019	FYE 2020	FPE 2021
	RM'000	RM'000	RM'000	RM'000
Non-current assets				
Property, plant and equipment	8,902	8,156	6,658	6,065
Right-of-use assets	-	1,474	205	207
Investment properties	-	4,847	5,569	5,505
Other investments	545	692	836	877
Total non-current assets	9,447	15,169	13,268	12,654
Current assets				
Trade and other receivables	59,977	86,748	79,941	70,070
Contract assets	7,878	18,527	59,514	36,142
Current tax assets	265	-	37	46
Cash and cash equivalents	11,060	14,897	13,379	21,345
Total current assets	79,180	120,172	152,871	127,603
Total assets	**88,627**	**135,341**	**166,139**	**140,257**
Equity				
Share capital	-	-	*	*
Invested equity	1,000	1,000	1,000	1,000
Retained earnings	20,682	27,638	35,719	36,702
Total equity attributable to owners of the Company	21,682	28,638	36,719	37,702
Non-controlling interests	68	62	-	-
Total equity	21,750	28,700	36,719	37,702
Non-current liabilities				
Loans and borrowings	3,210	3,517	7,847	11,819
Lease liabilities	-	177	-	17
Deferred tax liabilities	306	210	459	442
Total non-current liabilities	3,516	3,904	8,306	12,278
Current liabilities				
Trade and other payables	53,946	73,436	108,647	83,047
Contract liabilities	4,422	12,977	6,625	1,015
Loans and borrowings	4,932	15,111	4,400	4,694
Lease liabilities	-	823	177	157
Current tax liabilities	61	390	1,265	1,364
Total current liabilities	63,361	102,737	121,114	90,277
Total liabilities	66,877	106,641	129,420	102,555
Total equity and liabilities	**88,627**	**135,341**	**166,139**	**140,257**

Note:

* Denotes RM3.

12.1.3 Historical combined statements of cash flows

The following table sets out the combined statements of cash flows of our Group for FYE 2018 to FYE 2020, FPE 2020 and FPE 2021 which have been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	FYE 2018 RM'000	FYE 2019 RM'000	FYE 2020 RM'000	FPE 2020 RM'000	FPE 2021 RM'000
Cash flows from operating activities					
PBT	7,784	8,579	15,455	8,345	7,244
Adjustments for:					
Depreciation of property, plant and equipment	1,645	1,796	1,632	1,065	695
Depreciation of right-of-use assets	-	1,248	824	625	195
Depreciation of investment properties	-	-	26	-	64
Finance income	(192)	(275)	(211)	(154)	(122)
Finance costs	413	792	576	267	562
(Gain)/Loss on disposal of property, plant and equipment	(29)	8	(20)	(20)	-
Gain on disposal of subsidiary	(1,168)	-	-	-	-
Net loss on impairment of financial assets	-	403	5	-	-
Change in fair value of other investment	89	(82)	(104)	-	-
Operating profit before changes in working capital	8,542	12,469	18,183	10,128	8,638
Changes in working capital:					
Change in trade and other receivables and prepayments	(27,364)	(27,174)	6,802	6,081	9,871
Change in trade and other payables	32,830	19,490	33,211	(13,024)	(27,600)
Change in contract assets	(6,879)	(10,649)	(40,987)	(2,459)	23,372
Change in contract liabilities	2,691	8,555	(6,352)	3,465	(5,610)
Cash generated from operations	9,820	2,691	10,857	4,191	8,671
Income tax paid	(4,624)	(1,934)	(3,325)	(622)	(2,188)
Income tax refunded	-	803	-	-	-
Interest paid	(413)	(792)	(576)	(267)	(562)
Net cash generated from operating activities	**4,783**	**768**	**6,956**	**3,302**	**5,921**

	FYE 2018 RM'000	FYE 2019 RM'000	FYE 2020 RM'000	FPE 2020 RM'000	FPE 2021 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	(1,101)	(435)	(49)	(26)	(102)
Acquisition of investment properties	-	(4,847)	(303)	-	-
Net changes in other investments	(52)	(65)	(40)	27	(41)
Acquisition of non-controlling interest	-	-	(24)	-	-
Interest income received	192	275	211	154	122
Disposal of subsidiary, net of cash disposed	(371)	-	-	-	-
Proceeds from disposal of property, plant and equipment	48	-	20	20	-
Net cash (used in)/from investing activities	**(1,284)**	**(5,072)**	**(185)**	**175**	**(21)**
Cash flows from financing activities					
Change in deposits pledged	(4,044)	2,656	(971)	(2,738)	(2,191)
Dividends paid	-	-	(1,000)	-	(2,000)
Proceeds from issuance of shares upon incorporation	-	-	*	-	-
Net cash from loans and borrowings	(1,109)	3,478	474	(476)	4,061
Payment of lease liabilities	-	(1,228)	(823)	(623)	(200)
Net cash (used in)/from financing activities	**(5,153)**	**4,906**	**(2,320)**	**(3,837)**	**(330)**
Net (decrease)/increase in cash and cash equivalents	(1,654)	602	4,451	(360)	5,570
Cash and cash equivalents at 1 January	(1,176)	(2,830)	(2,228)	(2,228)	2,223
Cash and cash equivalents at 31 July/31 December	**(2,830)**	**(2,228)**	**2,223**	**(2,588)**	**7,793**

Note:

* Denotes RM3.

12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and segmental analysis of our combined financial statements for FYE 2018 to FYE 2020, FPE 2020 and FPE 2021 should be read with the Accountants' Report included in Section 13.

12.2.1 Overview of our operations

(i) Principal activities

Our Group, via our subsidiaries, is principally involved in provision of building construction services focusing on non-residential and residential building construction works. To complement our construction services, we also provide ICT solutions. Please refer to Section 7 for our Group's detailed business overview.

(ii) Revenue

Our revenue for the FYE 2018 to FYE 2020, FPE 2020 and FPE 2021 was derived in Malaysia and from the construction of non-residential buildings and residential buildings. The remaining of our revenue was derived from our ICT solutions.

Our contract revenue is recognised based on the stage of completion method, when the outcome of a construction contract can be reliably estimated. The stage of completion is measured by reference to the proportion of contract costs incurred for works performed to date to the estimated total contract costs. When the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised only to the extent of contract costs incurred that is probable to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

Our revenue for ICT solutions is recognised based on progress of work performed and upon the rendering of services.

(iii) Cost of sales

Our cost of sales comprises subcontractors cost, purchase of construction materials, direct labour cost and preliminaries, details as follows:

(a) Subcontractors cost

Subcontractor services cost are the main component of our cost of sales. We engage subcontractors to carry out on-site construction works, landscaping and infrastructure works, installation of amenities and facilities, earthworks and site preparation, and piling works. We also engage subcontractors for various specialist works such as M&E engineering works, piping and plumbing works, concrete works and water proofing works.

(b) Construction materials

Our Group's purchase of construction materials mainly consist of steel bars and wire mesh, ready-mixed concrete, sanitary wares, tiles, cement, grout and adhesives, timber and plywood, hollow section and galvanised iron pipes, electrical items, bricks, diesel, and quarry products.

Construction materials are purchased based on our projects' requirements and mainly sourced from local suppliers which are selected based on their pricing, availability and lead time for delivery. Whilst we have maintained long term business relationship with our approved list of suppliers, we also source for raw materials from new suppliers, if the need arises. In addition, we also purchase our construction materials from suppliers nominated by our clients.

(c) Preliminaries

Preliminaries are general miscellaneous expenses incurred over the course of a project. It generally comprises hire of vehicles, rental of machinery and equipment, charges, upkeep expenses, fuel and diesel, utilities, projects levy, insurances, depreciation, plant and equipment and costs related to safety, health and welfare.

(d) Direct labour cost

Our direct labour comprises salaries, bonuses and other staff-related costs for workers who are employed directly by us and those from subcontractors.

(iv) Other income

Other income mainly comprises interest income, administrative fees charged to sub-contractors, gain on disposal of subsidiary, insurance claim and gain on disposal of property, plant and equipment.

(v) Administrative and other expenses

Administrative expenses comprise overheads incurred to maintain our operations such as administrative staff costs, directors' remuneration, utilities, insurance, professional fees and depreciation which are not directly attributable to specific projects.

(vi) Finance cost

Finance cost comprises mainly interest expense on our borrowings.

(vii) Recent developments

Save for the Acquisition and the interruptions in our business and operations as disclosed in Section 7.12, there were no other significant events subsequent to our Group's audited combined financial statements for FPE 2021.

(viii) Exceptional and extraordinary items and audit qualifications

There were no exceptional or extraordinary items during FYE 2018 to FYE 2020 and FPE 2021. In addition, our audited financial statements for the financial years/period under review were not subject to any audit qualifications.

12.2.2 Review of our results of operations

(i) Revenue

	FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%
Building construction						
• Residential	114,711	78.89	154,273	63.52	118,946	43.51
• Non-Residential	28,971	19.92	88,607	36.48	154,102	56.37
Other complementary services(1)	1,737	1.19	8	*	340	0.12
	145,419	100.00	242,888	100.00	273,388	100.00

	FPE 2020		FPE 2021	
	RM'000	%	RM'000	%
Building construction				
• Residential	51,353	41.31	74,248	71.05
• Non-Residential	72,923	58.67	29,846	28.56
Other complementary services(1)	26	0.02	404	0.39
	124,302	100.00	104,498	100.00

Notes:

* Represents less than 0.01%.

(1) Revenue derived from ICT solutions and services.

Our revenue for FYE 2018 to FYE 2020, FPE 2020 and FPE 2021 was mainly derived from the construction of non-residential buildings and residential buildings. Our revenue had increased by RM97.47 million or 67.03% to RM242.89 million in the FYE 2019 (FYE 2018: RM145.42 million). Our revenue had further increased by RM30.50 million or 12.56% to RM273.39 million in the FYE 2020 (FYE 2019: RM242.89 million). For FPE 2021, our revenue had reduced by RM19.80 million or 15.93% to RM104.50 million from RM124.30 million in the FPE 2020.

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The major construction projects contributing to our revenue during the financial years/period under review are as follows:

(a) Residential buildings

No.	Project/ Client Name	Contract Period	Contract value	Revenue Recognised FYE 2018	FYE 2019	FYE 2020	FPE 2020	FPE 2021	Contract value to be recognised
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
1.	Seri Riana Residence (Phase 2B) Project/ Elegan Pesona Sdn Bhd (a joint venture company of IJM Land Berhad)(1)	April 2014/ March 2017	98,200	1,112	(1)(1,161)	(1)(600)	(1)(600)	-	-
2.	Kanvas SOHO Project/ Suntrack Raven Sdn Bhd	January 2015/ July 2017	97,981	1,313	-	-	-	-	-
3.	Bennington Residences @ Sky Arena Project/ Bennington Development Sdn Bhd (a subsidiary of SkyWorld Development Sdn Bhd)	October 2016/ July 2019	184,800	87,326	67,015	-	-	(2)1,067	-
4.	Amverton Greens Project/ Amverton Prop Sdn Bhd (a subsidiary of Amverton Berhad)	December 2017/ May 2021	88,000	18,159	51,642	15,073	10,646	3,126	-
5.	Impressions U-Thant Project/ YTB Development Sdn Bhd (a subsidiary of Yong Tai Berhad)	May 2018/ June 2022(3)	75,511	6,801	3,412	13,013	4,931	7,668	44,617

No.	Project/ Client Name	Contract Period	Contract value	Revenue Recognised FYE 2018	FYE 2019	FYE 2020	FPE 2020	FPE 2021	Contract value to be recognised
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
6.	Gravit8 (Phase 2B) Project/ Vibrantline Sdn Bhd (a subsidiary of Mitraland Holdings (M) Sdn Bhd)	December 2018/ February 2021[(4)]	118,282	-	23,588	61,034	24,944	32,465	[(5)]1,487
7.	Chambers Residence Project/ Matrix Concepts (Central) Sdn Bhd (a subsidiary of Matrix Concepts Holdings Berhad)	April 2019/ January 2022[(6)]	103,450	-	9,777	30,426	11,432	19,733	43,514
8.	Cubic Botanical Tower A Project/ Ancubic Construction Sdn Bhd	February 2021/ July 2022[(7)]	64,800	-	-	-	-	8,905	55,895
9.	The Dawn Project/ YTB Impression Sdn Bhd (a subsidiary of Yong Tai Berhad)	April 2021/ February 2023	160,000	-	-	-	-	1,284	158,716
			Total	**114,711**	**154,273**	**118,946**	**51,353**	**74,248**	

Notes:

(1) Negative revenue recorded for the project was mainly due to the adjustment of the final account for the project during the DLP. In FYE 2019, the adjustment was made due to the amount of work to be performed for the project cannot be accurately determined at the point of entering into the contract, therefore a re-measurement of the amount of work performed was carried out subsequent to the completion of the project where the excess portion of revenue recognised was reversed out. In FYE 2020, the adjustment was made to reverse a RM0.60 million from the earlier revenue recognised relating to LAD, which was previously pending for appeal made to client but was subsequently rejected in FYE 2020.

(2) Revenue derived from additional works performed due to variation of order.

(3) The original contracted completion date of the project was May 2020. It was subsequently extended to June 2022 after obtaining EOT from the client.

(4) The original contracted completion date of the project was December 2020. As a result of the temporary suspension of work due to MCO 1.0, we have submitted and obtained EOT, where it was extended to February 2021. As at LPD, the construction work for the project has been completed.

(5) Inclusive of RM0.29 million revenue derived from additional scope of work for construction of carpark and a show unit which was not included in the original contract.

(6) The original contracted completion date of the project was October 2021. It was subsequently extended to January 2022 after obtaining EOT from the client. We have submitted an application on 11 December 2021 for further EOT up to June 2022 and as at LPD, it is still in the midst of assessment by the architect.

(7) The original contracted completion date of the project was June 2022. It was subsequently extended to July 2022 after obtaining EOT from the client.

(b) Non-Residential buildings

No.	Project/ Client Name	Contract Period	Contract value	Revenue Recognised					Contract value to be recognised
				FYE 2018	FYE 2019	FYE 2020	FPE 2020	FPE 2021	
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
1.	PJ City Project/ PJ Corporate Park Sdn Bhd (a subsidiary of Guocoland Malaysia Berhad)	October 2015/ January 2017	94,000	1,901	92	-	-	-	-
2.	F&N Intelligent Industrial Building Project/ F&N Beverages Manufacturing Sdn Bhd (a subsidiary of Fraser & Neave Holdings Berhad)	November 2017/ May 2021(1)	(2)83,779	17,295	(3)27,474	24,797	12,119	14,745	-

No.	Project/ Client Name	Contract Period	Contract value	Revenue Recognised FYE 2018	FYE 2019	FYE 2020	FPE 2020	FPE 2021	Contract value to be recognised
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3.	Quayside Mall Project/ Gamuda Land (Kemuning) Sdn Bhd (a subsidiary of Gamuda Berhad)	August 2018/ December 2020	(4)164,690	7,275	46,576	105,939	50,053	-	-
4.	Apple 99 Project/ Apple 99 Development Sdn Bhd (a subsidiary of Yong Tai Berhad)	September 2015/ February 2017	30,748	1,205	-	634	634	-	-
5.	Amverton Cove Project/ T.G. Development Park Sdn Bhd (a subsidiary of Amverton Berhad)	August 2018/ July 2021(5)	50,150	1,295	14,453	22,732	10,117	11,215	455
6.	Menara LGB Project/ LGB Engineering Sdn Bhd	January 2011 / December 2013	149,550	-	12	-	-	-	-
7.	Hyatt Bukit Jalil Project/ Pioneer Haven Sdn Bhd (a subsidiary of Malton Berhad) & Mygres Ceramiche Sdn Bhd	January 2021/ September 2022(6)	85,850	-	-	-	-	3,724	82,126
8.	Columbarium Project/ City Centre Columbarium Sdn Bhd	April 2021/ July 2023	38,877	-	-	-	-	162	38,715
			Total	**28,971**	**88,607**	**154,102**	**72,923**	**29,846**	

Notes:

(1) The project agreement was initially for the scope of construction with completion date on 22 April 2019. It was subsequently changed to design and built via a supplementary agreement. Based on the supplementary agreement, the original contracted completion date of the project was February 2021. As a result of MCO 1.0, the completion date of the project was extended to April 2021. As at LPD, the project has been completed.

(2) The increase in contract value is due to RM2.58 million variation of order received.

(3) The revenue is inclusive of RM0.67 million on claim for suspension of work due to change in design which was not included in the contract value.

(4) The contract value is inclusive of RM4.90 million contingency sum which was not utilised.

(5) The original contracted completion date of the project was February 2020. As a result of variation of orders, changes in building designs and the temporary suspension of work due to MCO, we have submitted EOT application to the client for EOT up to 21 December 2021, where it is still being assessed by the client. As at LPD, the construction work for the project has been completed pending the inspection works and procurement of CPC. We have submitted notice of practical completion to the architect on 28 December 2021. The EOT will be granted upon procurement of CPC.

(6) The original contracted completion date of the project was July 2022. It was subsequently extended to September 2022 after obtaining EOT from the client.

Comparison between FYE 2018 and FYE 2019

Our Group's total revenue had increased significantly by RM97.47 million or 67.03% from RM145.42 million in the FYE 2018 to RM242.89 million in the FYE 2019. The increase in revenue was mainly due to the increase in revenue from both the residential segment and non-residential segment.

Residential segment

The increase in revenue from the residential segment by RM39.56 million or 34.49% from RM114.71 million to RM154.27 million was mainly attributable to the increase in level of construction activities for the following projects:

(a) Amverton Greens Project which increased by RM33.48 million from RM18.16 million in FYE 2018 to RM51.64 million in FYE 2019 due to high level of construction activities involving structural works and M&E works;

(b) commencement of Gravit8 (Phase 2B) Project in December 2018 which contributed RM23.59 million revenue in FYE 2019 mainly from landscaping and structural work; and

(c) Chambers Residence Project, which was in initial stage of construction and commencement of the project in April 2019 in which we recorded RM9.78 million mainly from performance of structural work during the FYE 2019.

Our increase in revenue was partially offset by a decrease in revenue of RM20.31 million from RM87.33 million in FYE 2018 to RM67.02 million in FYE 2019 from Bennington Residences @ Sky Arena Project due to the project at its final completion phase. We also recorded a slight decrease in revenue from the Impressions U-Thant Project by RM3.39 million from RM6.80 million in FYE 2018 to RM3.41 million in FYE 2019 mainly due to suspension of work for 14 months resulted from change in design of the building basement and rooftop facilities by client with extension of time being granted pursuant to the changes. In addition, there was no revenue recorded from the Kanvas SOHO Project in FYE 2019 as the Project was completed in July 2017, whereas revenue of RM1.31 million recorded in FYE 2018 was due to the variation in final account. In FYE 2019, we recorded a negative revenue of RM1.16 million from the Seri Riana Residence (Phase 2B) Project in FYE 2019 as compared to RM1.11 million in FYE 2018 due to the adjustment of the final account for the project during the DLP.

<u>Non-residential segment</u>

The non-residential segment recorded an increase of revenue by RM59.64 million or 205.87% in FYE 2019 from RM28.97 million in FYE 2018 to RM88.61 million in FYE 2019. The increase in revenue was mainly due to increase in structural work performed in relation to the following projects:

(a) Amverton Cove Project which recorded an increase in revenue by RM13.15 million from RM1.30 million in FYE 2018 to RM14.45 million in FYE 2019;

(b) Quayside Mall Project which recorded an increase in revenue by RM39.30 million from RM7.28 million in FYE 2018 to RM46.58 million in FYE 2019; and

(c) F&N Intelligent Industrial Building Project which recorded an increase in revenue by RM10.17 million from RM17.30 million in FYE 2018 to RM27.47 million in FYE 2019.

Our increase in revenue was partially offset by a decrease in revenue of RM1.81 million from RM1.90 million in FYE 2018 to RM0.09 million in FYE 2019 in relation to the PJ City Project which was completed in 2017 and the revenue incurred was relating to adjustment in final account. No revenue was recorded from the Apple 99 Project in FYE 2019 as the project was completed in FYE 2017 and the revenue of RM1.21 million recorded in FYE 2018 was due to the variation in final account.

<u>Others segment</u>

Revenue for our others segment decreased by RM1.73 million or 99.43% from RM1.74 million in FYE 2018 to RM0.01 million in FYE 2019 mainly due to changes in timeline of an on-going IT installation project from the client in relation to the Apple 99 Project.

Comparison between FYE 2019 and FYE 2020

Our Group's total revenue had increased by RM30.50 million or 12.56% from RM242.89 million in FYE 2019 to RM273.39 million in FYE 2020 mainly due higher revenue recognised from our non-residential segment.

Residential

The decrease in revenue from the residential segment by RM35.32 million or 22.89% from RM154.27 million in FYE 2019 to RM118.95 million in FYE 2020 was mainly attributable to the following projects:

(a) Amverton Greens Project which recorded a decrease in revenue by RM36.57 million from RM51.64 million in FYE 2019 to RM15.07 million in FYE 2020 mainly due to the project is near to completion, where we mainly perform M&E works. For clarification purpose, a significant part of the construction works for this project mainly involves structural works (which were mainly performed in FYE 2019) and M&E works consists of a smaller part of the overall construction works for this project; and

(b) Bennington Residences @ Sky Arena Project which was completed in FYE 2019 and recorded a revenue of RM67.02 million. No revenue was recorded in the FYE 2020.

The decrease in revenue from our residential segment was partially offset by higher revenue mainly from the following projects:

(a) Impressions U-Thant Project which recorded an increase of revenue by RM9.60 million or 281.52% from RM3.41 million in FYE 2019 to RM13.01 million in FYE 2020 due to increase in construction activities involving structural work on the basement construction;

(b) Gravit8 (Phase 2B) Project which contributed increase of RM37.44 million in revenue from RM23.59 million in FYE 2019 to RM61.03 million in FYE 2020 due to increase in construction activities relating to M&E work and structural works; and

(c) Chambers Residence Project recorded increase in revenue by RM20.65 million from RM9.78 million in FYE 2019 to RM30.43 million in FYE 2020 mainly due to higher construction activity for structural work in FYE 2020.

Non-residential segment

The increase in revenue from the non-residential segment by RM65.49 million or 73.91% from RM88.61 million in FYE 2019 to RM154.10 million in FYE 2020 was mainly attributable to:

(a) Quayside Mall Project which recorded an increase in revenue by RM59.36 million from RM46.58 million in FYE 2019 to RM105.94 million in FYE 2020. The increase in revenue is due to increase in M&E work as the project is approaching its completion in FYE 2020 which is common for the construction of shopping mall where a significant part of the overall construction works involves M&E works (such as lighting, extra low voltage system, chiller, security system, escalator and elevator) which are performed once the building structure has been constructed and can be completed over a short period of time;

(b) Amverton Cove Project which recorded an increase in revenue by RM8.28 million from RM14.45 million in FYE 2019 to RM22.73 million in FYE 2020 mainly due to increase in architectural work in FYE 2020; and

(c) recognition of RM0.63 million revenue in FYE 2020 from the Apple 99 Project due to adjustment in its final accounts.

The increase in revenue was partially offset by a decrease in revenue from F&N Intelligent Industrial Building Project by RM2.67 million from RM27.47 million in FYE 2019 to RM24.80 million in FYE 2020 mainly due to lower activity as the project is near its completion where we mainly perform M&E and internal infrastructure works. For clarification purpose, a significant part of the construction works for this project mainly involves structural works (which were mainly performed in the previous years) and M&E works consists of a smaller part of the overall construction works for this project.

Others segment

In addition, our other segments recorded an increase of revenue by RM0.33 million or 3,300% from RM0.01 million in FYE 2019 to RM0.34 million in FYE 2020 arising from the resumption of the IT installation project in relation to the Apple 99 Project.

Comparison between FPE 2020 and FPE 2021

Our Group's total revenue had decreased by RM19.80 million or 15.93% from RM124.30 million in FPE 2020 to RM104.50 million in FPE 2021 mainly due to lower revenue recognised from our non-residential segment.

Residential

The increase in revenue from the residential segment by RM22.90 million or 44.60% from RM51.35 million in FPE 2020 to RM74.25 million in FPE 2021 was mainly attributable to the following projects:

(a) Chambers Residence Project recorded increase in revenue by RM8.30 million from RM11.43 million in FPE 2020 to RM19.73 million in FPE 2021 mainly due to higher construction activity involving structural works;

(b) Gravit8 (Phase 2B) Project which contributed increase in revenue of RM7.53 million from RM24.94 million in FPE 2020 to RM32.47 million in FPE 2021 due to increase in construction activities relating to M&E work and structural works;

(c) Impressions U-Thant Project which contributed increase of RM2.74 million in revenue from RM4.93 million in FPE 2020 to RM7.67 million in FPE 2021 due to increase in construction activities relating to structural works;

(d) Cubic Botanical Tower A Project which started in FPE 2021 and contributed RM8.91 million in revenue for FPE 2021; and

(e) The Dawn Project which started in FPE 2021 and contributed RM1.28 million in revenue for FPE 2021.

The increase in revenue was partially offset by a decrease in revenue from Amverton Greens Project by RM7.52 million from RM10.65 million in FPE 2020 to RM3.13 million in FPE 2021 mainly due to completion of the project.

Non-residential segment

The decrease in revenue from the non-residential segment by RM43.07 million or 59.06% from RM72.92 million in FPE 2020 to RM29.85 million in FPE 2021 was mainly attributable to the Quayside Mall Project which recorded a decrease in revenue by RM50.05 million due to completion of the project in FYE 2020.

The decrease in revenue was partially offset by:

(a) revenue contribution from 2 new non-residential projects started in FPE 2021, namely Hyatt Bukit Jalil Project which contributed a total revenue of RM3.72 million and Columbarium Project which contributed a total revenue of RM0.16 million in FPE 2021;

(b) Amverton Cove Project which recorded slight increase in revenue from RM10.12 million to RM11.22 million which consists of revenue derived from the balance contract works mainly involving M&E works such as public address system, lift equipment and compound lighting as the project is approaching its completion; and

(c) F&N Intelligent Industrial Building Project which recorded a slight increase in revenue from RM12.12 million in FPE 2020 to RM14.75 million in FPE 2021 mainly consists of the revenue derived from the balance contract work as well as additional structural works and electrical infrastructure works performed due to variation of order.

Others segment

In addition, our other segments recorded an increase of revenue by RM0.37 million from RM0.03 million in FPE 2020 to RM0.40 million in FPE 2021 arising from the resumption of the IT installation project in relation to the Apple 99 Project.

(ii) Cost of sales

The cost of our construction projects are derived based on contract cost estimate. Under the terms of certain of our contracts, the prices we submit in our tender bid or negotiate in our contracts are fixed, with the exception of any approved variation orders. Our cost estimate is based on inter-alia, the availability and costs of construction materials and equipment, subcontractors cost, project period, labour costs, as well as the complexity and scale of the construction project.

Analysis of cost of sales by components

	FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%
Subcontractor cost	86,486	64.53	159,615	69.67	196,535	77.56
Construction materials	31,477	23.49	34,856	15.21	29,427	11.61
Direct labour cost	3,106	2.32	5,557	2.43	5,400	2.13
Preliminaries	12,949	9.66	29,065	12.69	22,037	8.70
	134,018	**100.00**	**229,093**	**100.00**	**253,399**	**100.00**

	FPE 2020		FPE 2021	
	RM'000	%	RM'000	%
Subcontractor cost	81,941	72.24	67,793	72.80
Construction materials	17,012	15.00	11,823	12.70
Direct labour cost	3,306	2.92	3,517	3.78
Preliminaries	11,164	9.84	9,986	10.72
	113,423	**100.00**	**93,119**	**100.00**

The major components of our cost of sales are subcontractor costs and construction materials. The subcontractor costs and construction materials represents 88.02%, 84.88%, 89.17%, 87.24% and 85.50% of the total costs of sales for the FYE 2018, FYE 2019, FYE 2020, FPE 2020 and FPE 2021, respectively.

Analysis of cost of sales by segments

	FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%
Building construction						
• Residential	108,534	80.99	150,069	65.51	113,387	44.75
• Non-residential	24,259	18.10	79,024	34.49	139,691	55.12
Others complimentary services	1,225	0.91	-	-	321	0.13
	134,018	**100.00**	**229,093**	**100.00**	**253,399**	**100.00**

	FPE 2020		FPE 2021	
	RM'000	%	RM'000	%
Building construction				
• Residential	46,864	41.32	68,332	73.38
• Non-residential	66,443	58.58	23,818	25.58
Others complimentary services	116	0.10	969	1.04
	113,423	**100.00**	**93,119**	**100.00**

Consistent with our revenue, the cost of sales for the past FYEs and FPEs was mainly attributable to non-residential and residential segments. Residential segment contributed 80.99%, 65.51%, 44.75%, 41.32% and 73.38% of the total cost of sales for the FYE 2018, FYE 2019, FYE 2020, FPE 2020 and FPE 2021, respectively, while non-residential segment contributed 18.10%, 34.49%, 55.12%, 58.58% and 25.58% of the total cost of sales for the FYE 2018, FYE 2019, FYE 2020, FPE 2020 and FPE 2021, respectively.

Comparison between FYE 2018 and FYE 2019

Our Group's cost of sales increased by RM95.07 million or 70.94% from RM134.02 million in FYE 2018 to RM229.09 million in FYE 2019. The increase was mainly due to higher cost of sales recognised from:

(a) our residential segment which increased by RM41.54 million or 38.28% from RM108.53 million in FYE 2018 to RM150.07 million in FYE 2019; and

(b) our non-residential segment which increased by RM54.76 million or 225.72% from RM24.26 million in FYE 2018 to RM79.02 million in FYE 2019.

The overall increase was mainly attributable to the following cost items:

(a) increase in the subcontractor cost by RM73.13 million or 84.55% from RM86.49 million in FYE 2018 to RM159.62 million in FYE 2019 due to increase in construction activities for our F&N Intelligent Industrial Building Project, Amverton Greens Project, Quayside Mall Project, Amverton Cove Project, Chambers Residence Project and Gravit8 (Phase 2B) Project;

(b) increase in purchase of construction material by RM3.38 million or 10.74% from RM31.48 million in FYE 2018 to RM34.86 million in FYE 2019 mainly due to increase in purchase of steel materials during FYE 2019 on structural works of various projects;

(c) increase in preliminaries by RM16.12 million or 124.48% from RM12.95 million in FYE 2018 to RM29.07 million in FYE 2019 mainly due to increase in rentals and depreciation of machineries to accommodate the increase in construction activities; and

(d) increase in direct labour cost by RM2.45 million or 78.78% from RM3.11 million in FYE 2018 to RM5.56 million in FYE 2019 due to increase in workforce to accommodate the increase in construction activities.

The increase in cost of sales mainly arose from the commencement of the Gravit8 (Phase 2B) Project and Chambers Residence Project as well as the increase in overall construction activities of the on-going projects during FYE 2019.

Comparison between FYE 2019 and FYE 2020

Our Group's cost of sales increased by RM24.31 million or 10.61% from RM229.09 million in FYE 2019 to RM253.40 million in FYE 2020. The increase was mainly due to higher cost of sales recognised from our non-residential segment which increased by RM60.67 million or 76.78% from RM79.02 million in FYE 2019 to RM139.69 million in FYE 2020. The increase was offset by the decrease in cost of sales recognised from our residential segment which decreased by RM36.68 million or 24.44% from RM150.07 million in FYE 2019 to RM113.39 million in FYE 2020.

The overall increase was mainly attributable to the increase in the subcontractor cost by RM36.92 million or 23.13% from RM159.62 million in FYE 2019 to RM196.54 million in FYE 2020. This was mainly due to increase in work performed for Quayside Mall Project and Gravit8 (Phase 2B) Project.

The increase in subcontractor costs was mainly offset by:

(a) decrease in purchase of construction material by RM5.43 million or 15.58% from RM34.86 million in FYE 2019 to RM29.43 million in FYE 2020 due to decrease in purchase of steels used for structural works as most of the structural works for the on-going project have been completed; and

(b) decrease in preliminaries by RM7.03 million or 24.18% from RM29.07 million in FYE 2019 to RM22.04 million in FYE 2020 mainly due reduction in the rental of machinery and scaffolding for Quayside Mall Project and Amverton Greens Project as it near its completion.

Comparison between FPE 2020 and FPE 2021

Our Group's cost of sales decreased by RM20.30 million or 17.90% from RM113.42 million in FPE 2020 to RM93.12 million in FPE 2021. The decrease was mainly due to lower cost of sales recognised from our non-residential segment which decreased by RM42.62 million or 64.15% from RM66.44 million in FPE 2020 to RM23.82 million in FPE 2021. The decrease was offset by the increase in cost of sales recognised from our residential segment which increased by RM21.47 million or 45.82% from RM46.86 million in FPE 2020 to RM68.33 million in FPE 2021.

The overall decrease was mainly attributable to the decrease in the subcontractor cost from RM81.94 million in FPE 2020 to RM67.79 million in FPE 2021 and construction materials cost from RM17.01 million in FPE 2020 to RM11.82 million in FPE 2021. This was mainly due to completion of Quayside Mall Project in FYE 2020.

(iii) GP and GP margin

We price our construction projects based on contract cost estimate which depends various factors but not limited to the complexity and scale of the construction project. Under the terms of certain of our contracts, the prices we submit in our tender bid or negotiate in our contracts are fixed, with the exception of any approved variation orders. As such, our GP and GP margin are dependent on the accuracy of our pricing during the tender and/or negotiation stage. Our GP and GP margin during the financial year or period are dependent on our overall project mix as each project has different project duration, profit margin, costs and construction stages involved.

In addition, our GP and GP margin may fluctuate throughout our construction period as and when there is a need to revise our cost estimates or update the cost estimate to reflect the actual cost of construction.

Analysis of GP and GP margin by segment

	FYE 2018		**FYE 2019**		**FYE 2020**	
	GP	**GP Margin**	**GP**	**GP Margin**	**GP**	**GP Margin**
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Building construction						
• Residential	6,177	5.38	4,204	2.73	5,559	4.67
• Non-residential	4,712	16.26	9,583	10.82	14,411	9.35
Others complimentary services	512	29.48	8	100.00	19	5.59
Total GP/ Overall GP margin	**11,401**	**7.84**	**13,795**	**5.68**	**19,989**	**7.31**

	FPE 2020		**FPE 2021**	
	GP	**GP Margin**	**GP**	**GP Margin**
	RM'000	**%**	**RM'000**	**%**
Building construction				
• Residential	4,489	8.74	5,916	7.97
• Non-residential	6,480	8.89	6,028	20.20
Others complimentary services	(90)[1]	N/A	(565)[1]	N/A
Total GP/ Overall GP margin	**10,879**	**8.75**	**11,379**	**10.89**

Note:

(1) Losses incurred due to delay in certification of IT installation project in relation to the Apple 99 Project. The project cost has been incurred but the revenue has not been recognised due to the delay in certification by consultant.

Comparison between FYE 2018 and FYE 2019

Our Group's GP increased by RM2.40 million or 21.05% from RM11.40 million in FYE 2018 to RM13.80 million in FYE 2019, while our overall GP margin decreased by 2.16% from 7.84% in FYE 2018 to 5.68% in FYE 2019. The decrease in our GP margin in FYE 2019 was mainly attributable to:

(a) our residential segment, which recorded a lower GP margin of 2.73% in FYE 2019 as compared to 5.38% in FYE 2018 mainly due to lower margin for the Bennington Residences @ Sky Arena Project of 0.39%. The lower GP margin for Bennington Residences @ Sky Arena Project was due to competitive tender strategy by the Group to secure the said project which was the highest contract value project the Group had tendered for and undertaken under the leadership of our Promoters in order to expand our Group's profile; and

(b) our non-residential segment, which recorded a lower GP margin of 10.82% in FYE 2019 as compared to 16.26% in FYE 2018 mainly due to variation of order from PJ City Project during FYE 2018 which has led to reduction in work scopes and a significant increase in gross profit on FYE 2018 from the budget revision, cost saving from earlier completion and lower preliminary cost. The reduction in work scopes was due to change in the project implementation and rollout plan by the client where the construction of building for Block E and Block F of our PJ City Project had been revised to the construction of the building structures only for Block E and Block F.

Comparison between FYE 2019 and FYE 2020

Our Group's GP increased by RM6.19 million or 44.86% from RM13.80 million in FYE 2019 to RM19.99 million in FYE 2020, while our overall GP margin increased by 1.63% from 5.68% in FYE 2019 to 7.31% in FYE 2020.

The increase in our GP margin in FYE 2020 was mainly attributable to:

(a) our residential segment, which recorded a higher GP margin of 4.67% in FYE 2020 as compared to 2.73% in FYE 2019 due to Amverton Greens Project and Gravit8 (Phase 2B) Project which yielded higher GP margin as compared to the Bennington Residences @ Sky Arena Project which was completed in 2019 and yielded lower GP Margin of 0.39%; and

(b) our non-residential segment, which recorded a lower GP margin of 9.35% in FYE 2020 as compared to 10.82% in FYE 2019 mainly due to minor revision of budget and contract sum for Quayside Mall Project as a result of additional cost incurred for work done which we had submitted as a variation of order but is yet to be approved by client.

Comparison between FPE 2020 and FPE 2021

Our Group's GP increased by RM0.50 million or 4.60% from RM10.88 million in FPE 2020 to RM11.38 million in FPE 2021, while our overall GP margin increased by 2.14% from 8.75% in FPE 2020 to 10.89% in FPE 2021.

The increase in our GP margin in FPE 2021 was mainly attributable to our non-residential segment, which recorded a higher GP margin of 20.20% in FPE 2021 as compared to 8.89% in FPE 2020 mainly due to cost savings achieved from value engineering for:

(a) piling works and substructure works where the number of piles reduced but the size of piles increased and pile cap size reduced to minimal size while maintaining the design loading;

(b) reinforced concrete structure by redesigning the deep beam and ground floor slab, increasing the concrete grade as well as reducing the steel contain while maintaining the required design loading; and

(c) structural steel by utilising alternative steel member and thickness but the required steel frame loading and design are maintained.

The increase is offset by our residential segment, which recorded a lower GP margin of 7.97% in FPE 2021 as compared to 8.74% in FPE 2020 due to new projects in FPE 2021 with a slightly lower margin, namely Cubic Botanical Tower A Project and The Dawn Project which have an average margin of 5.73% due to competitive tender strategy by the Group to secure the said projects.

(iv) Other income

	FYE 2018		FYE 2019		FYE 2020	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Gain on disposal of subsidiary(1)	1,168	60.55	-	-	-	-
Gain on disposal of property, plant and equipment	29	1.50	-	-	20	3.28
Gain on fair value change of other investments(2)	-	-	82	28.08	104	17.05
Insurance claim(3)	178	9.23	-	-	-	-
Administrative fee(4)	74	3.84	131	44.86	92	15.08
Rental income(5)	-	-	-	-	-	-
Others(6)	480	24.88	79	27.06	394	64.59
	1,929	**100.00**	**292**	**100.00**	**610**	**100.00**

	FPE 2020		FPE 2021	
	RM'000	**%**	**RM'000**	**%**
Gain on disposal of subsidiary(1)	-	-	-	-
Gain on disposal of property, plant and equipment	20	7.30	-	-
Gain on fair value change of other investments(2)	-	-	-	-
Insurance claim(3)	-	-	-	-
Administrative fee(4)	45	16.42	55	19.71
Rental income(5)	-	-	154	55.20
Others(6)	209	76.28	70	25.09
	274	**100.00**	**279**	**100.00**

Notes:

(1) Gain from disposal of 55.00% owned subsidiary, Johan Kembara Sdn Bhd.

(2) Gain from investments in unit trust funds.

(3) Insurance claim for Apple 99 Project due to accidental collapse of piling work caused by soil movement.

(4) Administrative fees charged to sub-contractors for purchase of construction materials on behalf.

(5) Rental income arises from investment properties.

(6) Others mainly consist of LAD charged to sub-contractor, rental income from equipment and government grants.

Comparison between FYE 2018 and FYE 2019

Our other income decreased by RM1.64 million from RM1.93 million in FYE 2018 to RM0.29 million in FYE 2019 mainly due to:

(a) the absence of one-off gain on disposal of subsidiary, Johan Kembara Sdn Bhd of RM1.17 million incurred in FYE 2018 which did not recur in FYE 2019;

(b) the absence of the insurance claim for Apple 99 Project of RM0.18 million due to accidental collapse of piling work incurred caused by soil movement in FYE 2018 which did not recur in FYE 2019. There were no major impact of the accident to the Group other than the additional work performed to rectify the collapsed piling; and

(c) the absence of the LAD charged to sub-contractor of RM0.16 million on Seri Riana Residence (Phase 2B) Project incurred in FYE 2018 which did not recur in FYE 2019.

Comparison between FYE 2019 and FYE 2020

Our other income increases slightly by RM0.32 million from RM0.29 million in FYE 2019 to RM0.61 million in FYE 2020 mainly due to RM0.22 million one-off government wages subsidy made over a period of 6 months in relation to COVID-19 pandemic received in FYE 2020.

Comparison between FPE 2020 and FPE 2021

Our other income increases slightly by RM0.01 million from RM0.27 million in FPE 2020 to RM0.28 million in FPE 2021 mainly due to rental income amounting to RM0.15 million from investment properties that was completed in October 2020. The increase in other income is offset by the absent of one-off government wages subsidy in FPE 2021.

(v) Administrative expenses, net loss on impairment of financial instruments and other expenses

	FYE 2018		FYE 2019		FYE 2020	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Administrative expenses:						
Directors' remuneration	999	23.08	1,059	24.43	1,172	25.92
Professional fees[(1)]	359	8.29	477	11.00	677	14.98
Office utilities, upkeep and maintenance[(2)]	301	6.95	333	7.68	68	1.50
Travelling and accommodation	6	0.14	18	0.42	2	0.04
Printing and stationery	40	0.92	44	1.02	49	1.08
Gift and donation	79	1.83	90	2.08	37	0.82
Vehicle running expenses[(3)]	137	3.17	131	3.02	93	2.06
Marketing expenses[(4)]	6	0.14	35	0.81	33	0.73
Staff costs	2,117	48.92	2,043	47.14	2,288	50.61
Others[(5)]	284	6.56	104	2.40	102	2.26
	4,328	**100.00**	**4,334**	**100.00**	**4,521**	**100.00**
Net loss on impairment of financial instruments:						
Impairment on trade receivables	-	-	403	100.00	5	100.00
	-	**-**	**403**	**100.00**	**5**	**100.00**
Other expenses:						
LAD	600	60.18	-	-	-	-
Depreciation	297	29.79	219	86.22	246	97.23
Loss on fair value change of other investments	90	9.03	-	-	-	-
Others	10	1.00	35	13.78	7	2.77
	997	**100.00**	**254**	**100.00**	**253**	**100.00**

	FPE 2020		FPE 2021	
	RM'000	**%**	**RM'000**	**%**
Administrative expenses:				
Directors' remuneration	696	27.12	1,123	29.75
Professional fees[(1)]	97	3.78	822	21.77
Office utilities, upkeep and maintenance[(2)]	20	0.78	38	1.01
Travelling and accommodation	1	0.04	1	0.03
Printing and stationery	1	0.04	1	0.03
Gift and donation	26	1.01	66	1.75
Vehicle running expenses[(3)]	67	2.61	60	1.59
Marketing expenses[(4)]	28	1.09	11	0.29
Staff costs	1,561	60.84	1,560	41.32
Others[(5)]	69	2.69	93	2.46
	2,566	**100.00**	**3,775**	**100.00**
Net loss on impairment of financial instruments:				
Impairment on trade receivables	-	-	-	-
	-	**-**	**-**	**-**

	FPE 2020		FPE 2021	
	RM'000	**%**	**RM'000**	**%**
Other expenses:				
LAD	-	-	-	-
Depreciation	128	99.22	188	94.47
Loss on fair value change of other investments	-	-	-	-
Others	1	0.78	11	5.53
	129	**100.00**	**199**	**100.00**

Notes:

(1) Professional fees include fees incurred for bookkeeping, audit, tax, legal, secretarial and consultancy and advisory fee for our IPO.

(2) Office utilities, upkeep and maintenance include utilities such as telephone, water and electricity including the upkeep and maintenance of computer, factory, office, motor vehicle and office equipment and insurance expenses.

(3) Vehicle running expenses includes road tax, repair and maintenance, petrol and insurance of our company car.

(4) Marketing expenses include advertisement and entertainment expenses.

(5) Other expenses include license fee, bank charges, stamp duty, sundry expenses, taxes, penalty in relation to late stamping of sub-contractor's contracts and others.

Comparison between FYE 2018 and FYE 2019

Administrative expenses

Administrative expenses increased slightly by RM0.01 million or 0.23% from RM4.33 million in FYE 2018 to RM4.34 million in FYE 2019. The increase was primarily attributable to:

(a) increase in directors' remuneration by RM0.06 million mainly due to remuneration adjustments; and

(b) increase in professional fees by RM0.12 million mainly due to increase in audit fees from change in auditor.

The increase in administrative expense was partially offset by:

(a) decrease in staff costs by RM0.07 million mainly due to lower staff allowances; and

(b) decrease in others expenses by RM0.18 million mainly due to lower sundry expenses incurred.

Net loss on impairment of financial instruments

We incurred net loss on impairment of financial instruments of RM0.40 million in FYE 2019 due to long outstanding debt from clients.

Other expenses

Other expenses decreased by RM0.75 million or 75.00% from RM1.00 million in FYE 2018 to RM0.25 million in FYE 2019. The decrease was primarily attributable to:

(a) LAD charged by client of RM0.60 million in FYE 2018 from the Seri Riana Residence (Phase 2B) Project due to the additional time required to meet the standards of CONQUAS 21 assessment as required under the contract which did not recur in 2019; and

(b) Loss on investments in unit trust funds of RM0.09 million in FYE 2018 which did not recur in 2019.

Comparison between FYE 2019 and FYE 2020

Administrative expenses

Administrative expenses increased by RM0.18 million or 4.15% from RM4.34 million in FYE 2019 to RM4.52 million in FYE 2020. The increase was primarily attributable to:

(a) increase in directors' remuneration by RM0.11 million mainly due to remuneration adjustments;

(b) increase in professional fees by RM0.20 million mainly due to consultancy and advisory fee for our IPO; and

(c) increase in staff costs by RM0.25 million mainly due to increments as well as higher bonus due to achievement of higher business performance and PAT in FYE 2020.

The increase in administrative expense was partially offset by lower office utilities, upkeep and maintenance expenses which decreased from RM0.33 million in FYE 2019 to RM0.07 million in FYE 2020 due to the COVID-19 pandemic in which most of our staffs were working from home.

Net loss on impairment of financial instruments

Net loss on impairment of financial instruments decreased by RM0.39 million or 97.50% from RM0.40 million in FYE 2019 to RM0.01 million in FYE 2020. The net loss on impairment of financial instruments is due to long outstanding debt from clients.

Other expenses

Our depreciation expenses increased by RM0.03 million or 13.64% from RM0.22 million in FYE 2019 to RM0.25 million in FYE 2020 due to depreciation from acquisition of investment properties that was completed in FYE 2020. The increase was partially offset by a reduction in other expenses item by RM0.03 million mainly due to lower expenses in vehicles upkeep and maintenance cost.

Comparison between FPE 2020 and FPE 2021

Administrative expenses

Administrative expenses increased by RM1.21 million or 47.08% from RM2.57 million in FPE 2020 to RM3.78 million in FPE 2021. The increase was primarily attributable to:

(a) increase in directors' remuneration by RM0.43 million mainly due to remuneration adjustments; and

(b) increase in professional fees by RM0.73 million mainly due to consultancy and advisory fee for our IPO.

Net loss on impairment of financial instruments

There was no net loss on impairment of financial instruments was recognised in both FPE 2020 and FPE 2021.

Other expenses

Our depreciation expenses increased by RM0.06 million or 46.15% from RM0.13 million in FPE 2020 to RM0.19 million in FPE 2021 due to full year recognition of depreciation expenses from investment properties of which the construction were completed in October 2020.

(vi) Finance income and costs

	FYE 2018		**FYE 2019**		**FYE 2020**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Finance income:						
• Interest income from fixed deposit	192	100.00	275	100.00	211	100.00
	192	**100.00**	**275**	**100.00**	**211**	**100.00**
Finance costs:						
• Interest expense on overdraft and term loan	413	100.00	741	93.56	555	96.35
• Interest expense on lease liabilities	-	-	51	6.44	21	3.65
	413	**100.00**	**792**	**100.00**	**576**	**100.00**

	FPE 2020		**FPE 2021**	
	RM'000	**%**	**RM'000**	**%**
Finance income:				
• Interest income from fixed deposit	154	100.00	122	100.00
	154	**100.00**	**122**	**100.00**
Finance costs:				
• Interest expense on overdraft and term loan	251	94.01	559	99.47
• Interest expense on lease liabilities	16	5.99	3	0.53
	267	**100.00**	**562**	**100.00**

Comparison between FYE 2018 and FYE 2019

Finance income

For the FYE 2019, our finance income increase by RM0.09 million or 47.37% from RM0.19 million in FYE 2018 to RM0.28 million in FYE 2019 due to higher placement of fixed deposit.

Finance cost

For the FYE 2019, our finance costs increase by RM0.38 million or 92.68% from RM0.41 million in FYE 2018 to RM0.79 million in FYE 2019 mainly attributable to:

(a) initial recognition of interest of RM0.05 million from lease liabilities due to adoption of accounting standard, MFRS16, requiring the recognition of a right-of-use asset and a lease liability at commencement of all leases (except for short-term leases and leases of low value asset) which are mainly attributable to the rental of property and construction equipment; and

(b) increase in interest from overdraft and term loan by RM0.33 million from RM0.41 million in FYE 2018 to RM0.74 million in FYE 2019 due to increase in financing for additional working capital requirements and purchase of investment properties.

Comparison between FYE 2019 and FYE 2020

Finance income

For the FYE 2020, our finance income decrease by RM0.07 million or 25.00% from RM0.28 million in FYE 2019 to RM0.21 million in FYE 2020 due to decrease in placement for fixed deposit.

Finance cost

In FYE 2020, our finance cost decreased by RM0.21 million or 26.58% from RM0.79 million in FYE 2019 to RM0.58 million in FYE 2020 mainly due to lower interest expenses on overdraft as some of the project, namely Quayside Mall Project, F&N Intelligent Industrial Building Project and Amverton Greens Project were near to completion and hence lesser financing was required for working capital. Furthermore, due to COVID-19 pandemic, the BNM has also lowered the base lending rate which reduces our financing cost.

Comparison between FPE 2020 and FPE 2021

Finance income

For the FPE 2021, our finance income decreased by RM0.03 million or 20.00% from RM0.15 million in FPE 2020 to RM0.12 million in FPE 2021 due to decrease in placement for fixed deposit and lower fixed deposit rate in FPE 2021.

Finance cost

In FPE 2021, our finance cost increased by RM0.29 million or 107.41% from RM0.27 million in FPE 2020 to RM0.56 million in FPE 2021 mainly due to increase in loans and borrowings for working capital and initial start-up cost such as setting up of site offices, rental of cabin and machinery, workmen compensation insurance in relation to the new projects secured namely Cubic Botanical Tower A Project, The Dawn Project, Hyatt Bukit Jalil Project and Columbarium Project.

(vii) PBT and PAT

	FYE 2018	FYE 2019	FYE 2020	FPE 2020	FPE 2021
	RM'000	RM'000	RM'000	RM'000	RM'000
PBT (RM'000)	7,784	8,579	15,455	8,345	7,244
PBT margin (%)	5.35	3.53	5.65	6.71	6.93
PAT (RM'000)	5,262	6,950	11,043	6,334	4,983
PAT margin (%)	3.62	2.86	4.04	5.10	4.77
Adjusted PAT (RM'000)	4,094	6,950	11,043	6,334	4,983
Adjusted PAT margin (%)	2.82	2.86	4.04	5.10	4.77

Comparison between FYE 2018 and FYE 2019

Our PBT margin decreased from 5.35% in FYE 2018 to 3.53% in FYE 2019 mainly due to lower margin for the Bennington Residences @ Sky Arena Project of 0.39%. Correspondingly, our PAT margin decreased from 3.62% in FYE 2018 to 2.86% in FYE 2019. However, our adjusted PAT margin (after adjusted for a RM1.17 million one-off gain from disposal of subsidiary in FYE 2018) increase from 2.82% in FYE 2018 to 2.86% in FYE 2019.

For FYE 2019, our PBT recorded an increase by RM0.80 million or 10.28% from RM7.78 million in FYE 2018 to RM8.58 million in FYE 2019, while our PAT increased by RM1.69 million or 32.13% from RM5.26 million in FYE 2018 to RM6.95 million in FYE 2019. Our adjusted PAT (after adjusted for a RM1.17 million one-off gain from disposal of subsidiary in FYE 2018) increased by RM2.86 million or 69.93% from RM4.09 million in FYE 2018 to RM6.95 million in FYE 2019.

Comparison between FYE 2019 and FYE 2020

Our PBT margin improved from 3.53% in FYE 2019 to 5.65% in FYE 2020 mainly due to higher margin project in FYE 2020, namely Amverton Greens Project, Gravit8 (Phase 2B) Project and F&N Intelligent Industrial Building Project as well as the completion of Bennington Residences @ Sky Arena Project in 2019 which yielded lower margin of 0.39%.

Correspondingly, our PAT margin improved to 4.04% in the FYE 2020 from 2.86% in FYE 2019 consistent with the growth in our PBT margin.

For FYE 2020, we recorded an increase of PBT by RM6.88 million or 80.19% from RM8.58 million in FYE 2019 to RM15.46 million in FYE 2020, while our PAT increase by RM4.09 million or 58.85% from RM6.95 million in FYE 2019 to RM11.04 million in FYE 2020.

Comparison between FPE 2020 and FPE 2021

Our PBT margin improved from 6.71% in FPE 2020 to 6.93% in FPE 2021 mainly due to cost savings achieved in FPE 2021 from value engineering exercise for:

(a) piling works and substructure works where the number of piles reduced but the size of piles increased and pile cap size reduced to minimal size while maintaining the design loading;

(b) reinforced concrete structure by redesigning the deep beam and ground floor slab, increasing the concrete grade as well as reducing the steel contain while maintaining the required design loading; and

(c) structural steel by utilising alternative steel member and thickness but the required steel frame loading and design are maintained.

Our PAT margin has reduced to 4.77% in the FPE 2021 from 5.10% in FPE 2020 due to higher tax expenses arising from non-deductible expenses namely professional fee for our IPO.

For FPE 2021, we recorded a decrease of PBT by RM1.11 million or 13.29% from RM8.35 million in FPE 2020 to RM7.24 million in FPE 2021 despite higher margin due to a decrease in revenue, while our PAT decrease by RM1.35 million or 21.33% from RM6.33 million in FPE 2020 to RM4.98 million in FPE 2021. Such decrease was attributable to the suspension of our project sites due to the imposition of MCO 3.0, FMCO and NRP as well as workforce capacity limitations at our project sites.

(viii) Tax expense

	FYE 2018	FYE 2019	FYE 2020	FPE 2020	FPE 2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Reconciliation of tax expense					
Profit before tax	7,784	8,579	15,455	8,345	7,244
Income tax calculated using Malaysian tax rate at 24%	1,868	2,059	3,709	2,003	1,739
Non-deductible expenses	977	244	342	8	465
Non-taxable income	(896)	(243)	(194)	-	(29)
Under/(Over) provision in prior years	573	(431)	555	-	86
Taxation	2,522	1,629	4,412	2,011	2,261
Statutory tax rate (%)	24.00	24.00	24.00	24.00	24.00
Effective tax rate (%)	32.40	18.99	28.55	24.10	31.21

Our effective tax rate for FYE 2018 was higher than the statutory tax rate of 24.00% mainly due to RM0.98 million non-deductible expenses such as restricted interest expenses and depreciation for non-qualifying asset which was offset by RM0.90 million non-taxable income as well as additional taxation of RM0.57 million which was under provided in the previous year.

The effective tax rate for FYE 2019 was lower than the statutory tax rate mainly due to reversal of RM0.43 million taxation which was over provided in FYE 2018.

The higher than statutory tax rate in FYE 2020 was mainly due to RM0.34 million non-deductible expenses such as restricted interest expenses and depreciation for non-qualifying asset which was offset by RM0.19 million non-taxable income as well as additional taxation of RM0.56 million which was under provided in the previous year.

The higher than statutory tax rate in FPE 2021 was mainly due to RM0.47 million non-deductible expenses such as restricted interest expenses, depreciation for non-qualifying asset and consultancy and advisory fee for our IPO which was offset by RM0.03 million non-taxable income as well as additional taxation of RM0.09 million which was under provided in the previous year.

There were no tax penalties imposed by the Inland Revenue Board on our Group during the FYE 2018 to FYE 2020 and FPE 2021 in relation to provision of taxes.

12.2.3 Review of financial position

(i) Assets

	FYE 2018	FYE 2019	FYE 2020	FPE 2021
	RM'000	RM'000	RM'000	RM'000
Non-current assets				
Property, plant and equipment	8,902	8,156	6,658	6,065
Right-of-use assets	-	1,474	205	207
Investment properties	-	4,847	5,569	5,505
Other investments	545	692	836	877
Total non-current assets	9,447	15,169	13,268	12,654
Current assets				
Trade and other receivables	59,977	86,748	79,941	70,070
Contract assets	7,878	18,527	59,514	36,142
Current tax assets	265	-	37	46
Cash and cash equivalents	11,060	14,897	13,379	21,345
Total current assets	79,180	120,172	152,871	127,603
Total assets	**88,627**	**135,341**	**166,139**	**140,257**

Comparison between FYE 2018 and FYE 2019

Our total assets increased by RM46.71 million or 52.70% from RM88.63 million as at 31 December 2018 to RM135.34 million as at 31 December 2019. This was mainly due to the increase in current asset by RM40.99 million and increase in non-current assets by RM5.72 million as at 31 December 2019.

The increase in current assets was primarily attributable to:

(a) increase in trade and other receivables by RM26.77 million mainly due to higher revenue recognised from our ongoing and new project undertaken in FYE 2019;

(b) increase in contract assets by RM10.65 million mainly attributable to higher construction activities or work performed for Quayside Mall Project and Gravit8 (Phase 2B) Project. Such increase was mainly due to timing difference where higher revenue was recognised based on the cost incurred accounting method but the milestone for the certified progress billings to our clients has not been met; and

(c) increase in cash and cash equivalents by RM3.84 million.

The increase in non-current assets was mainly due to:

(a) initial recognition of RM1.47 million right-of-use assets due to adoption of accounting standard, MFRS16, requiring the recognition of a right-of-use asset and a lease liability at commencement of all leases (except for short-term leases and leases of low value asset) which are mainly attributable to the rental of property and construction equipment; and

(b) addition to investment properties of RM4.85 million from the purchase of 4 investment shoplots.

Comparison between FYE 2019 and FYE 2020

Our total assets increased by RM30.80 million or 22.76% from RM135.34 million as at 31 December 2019 to RM166.14 million as at 31 December 2020. This was mainly due to the increase in current asset by RM32.70 million.

The increase in current assets was mainly due to increase in contract assets by RM40.99 million mainly due to the completion of Quayside Mall Project. Such increase was mainly due to timing difference where higher revenue was recognised based on the cost incurred accounting method but the milestone for the certified progress billings to our clients has not been met.

The increase in current assets was partially offset by decrease in trade and other receivables by RM6.81 million due to higher collection from clients.

Our non-current assets decrease by RM1.90 million mainly due to the decrease in property, plant and equipment by RM1.50 million and decrease in right-of-use assets of RM1.27 million resulting from depreciation charges during the year.

Comparison between FYE 2020 and FPE 2021

Our total assets decreased by RM25.88 million or 15.58% from RM166.14 million as at 31 December 2020 to RM140.26 million as at 31 July 2021. This was mainly due to the decrease in current asset by RM25.27 million.

The decrease in current assets was mainly due to decrease in contract assets by RM23.37 million mainly due to the billing made for Quayside Mall Project, Amverton Cove Project and Gravit8 (Phase 2B) Project.

Our non-current assets decrease by RM0.61 million mainly due to the decrease in property, plant and equipment by RM0.59 million resulting from depreciation charges during the year.

(ii) Liabilities

	FYE 2018	FYE 2019	FYE 2020	FPE 2021
	RM'000	RM'000	RM'000	RM'000
Non-current liabilities				
Loans and borrowings	3,210	3,517	7,847	11,819
Lease liabilities	-	177	-	17
Deferred tax liabilities	306	210	459	442
Total non-current liabilities	3,516	3,904	8,306	12,278
Current liabilities				
Trade and other payables	53,946	73,436	108,647	83,047
Contract liabilities	4,422	12,977	6,625	1,015
Loans and borrowings	4,932	15,111	4,400	4,694
Lease liabilities	-	823	177	157
Current tax liabilities	61	390	1,265	1,364
Total current liabilities	63,361	102,737	121,114	90,277
Total liabilities	**66,877**	**106,641**	**129,420**	**102,555**

Comparison between FYE 2018 and FYE 2019

Our total liabilities increase by RM39.76 million or 59.45% from RM66.88 million as at 31 December 2018 to RM106.64 million as at 31 December 2019. The increase was attributable to the increase in current liabilities of RM39.38 million.

The increase in current liabilities was mainly due to:

(a) increase in trade and other payables by RM19.49 million mainly due to the increase in construction activities for FYE 2019;

(b) increase in contract liabilities by RM8.56 million mainly due to timing differences with higher certified progress billings issued to our clients compared to the lower revenue recognised based on cost incurred method. The increase in contract liabilities was mainly attributable to Amverton Greens Project;

(c) increase in loans and borrowings by RM10.18 million due to increase in term loan for purchase of investment properties and increase in bank overdraft for working capital; and

(d) increase in current tax liabilities of RM0.33 million is mainly due to the gap between tax instalments paid and final tax provision.

Comparison between FYE 2019 and FYE 2020

Our total liabilities increase by RM22.78 million or 21.36% from RM106.64 million as at 31 December 2019 to RM129.42 million as at 31 December 2020. The increase was attributable to the increase in current liabilities of RM18.38 million and increase in non-current liabilities of RM4.40 million.

The increase in current liabilities was mainly due to increase in trade and other payables by RM35.21 million mainly due to the increase in construction activities undertaken in FYE 2020 such as Impressions U-Thant Project, Gravit8 (Phase 2B) Project, Chambers Residence Project, Quayside Mall Project and Amverton Cove Project.

However, the overall increase in current liabilities was partially offset by:

(a) the decrease in loans and borrowings by RM10.71 million due to repayment of loans and overdraft; and

(b) the decrease in contract liability of RM6.35 million due to higher revenue recognised based on cost incurred method as compared to certified progress billing to our clients.

The increase of non-current liabilities was due to increase in loans and borrowings of RM4.33 million resulted from reclassification from current liabilities to non-current liabilities and increase in deferred tax liabilities of RM0.25 million mainly arising from timing differences of tax and accounting treatment of property, plant and equipment.

Comparison between FYE 2020 and FPE 2021

Our total liabilities decrease by RM26.86 million or 20.75% from RM129.42 million as at 31 December 2020 to RM102.56 million as at 31 July 2021. The decrease was attributable to the decrease in current liabilities of RM30.84 million which was offset by increase in non-current liabilities of RM3.97 million.

The decrease in current liabilities was mainly due to decrease in trade and other payables by RM25.60 million mainly due to the payment to subcontractors and suppliers.

The increase of non-current liabilities was due to increase in loans and borrowings of RM3.97 million mainly relating to new term loan entered during the financial period for working capital purposes.

12.2.4 Review of cash flows

	FYE 2018	FYE 2019	FYE 2020	FPE 2020	FPE 2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash generated from operating activities	4,783	768	6,956	3,302	5,921
Net cash (used in)/from investing activities	(1,284)	(5,072)	(185)	175	(21)
Net cash (used in)/ from financing activities	(5,153)	4,906	(2,320)	(3,837)	(330)
Net (decrease)/ increase in cash and cash equivalents	(1,654)	602	4,451	(360)	5,570
Cash and cash equivalents at 1 January	(1,176)	(2,830)	(2,228)	(2,228)	2,223
Cash and cash equivalents at 31 July/ 31 December	(2,830)	(2,228)	2,223	(2,588)	7,793

Note:

(1) Cash and cash equivalents at end of financial year/period comprise the following:

	FYE 2018	FYE 2019	FYE 2020	FPE 2020	FPE 2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed deposit with licensed banks	10,011	7,355	8,326	10,093	10,517
Less: Pledged deposits	(10,011)	(7,355)	(8,326)	(10,093)	(10,517)
	-	-	-	-	-
Cash and cash balances	1,049	7,542	5,053	860	10,828
Less : Bank overdraft	(3,879)	(9,770)	(2,830)	(3,448)	(3,035)
Cash and cash equivalents in the combined statements of cash flows	**(2,830)**	**(2,228)**	**2,223**	**(2,588)**	**7,793**

FYE 2018

Net cash for operating activities

In FYE 2018, our net cash generated from operating activities amounted to RM4.78 million. Our collections of RM114.70 million was partially offset by our payments of RM109.92 million.

The collections were mainly from clients for the following projects:

(i) Bennington Residences @ Sky Arena Project of RM70.18 million;

(ii) Amverton Greens Project of RM15.62 million;

(iii) F&N Intelligent Industrial Building Project of RM14.59 million;

(iv) Kanvas SOHO Project of RM4.82 million; and

(v) Seri Riana Residence (Phase 2B) Project of RM2.95 million.

The remaining collections of approximately RM6.54 million were related to other projects of which individually contributed less than 5.00% of total collections during FYE 2018.

Such payments were mainly for:

(i) subcontractors of RM62.62 million for subcontracting of building works, M&E works and other subcontracted services;

(ii) trade suppliers of RM37.15 million involving purchases of building and construction materials as well as professional fees and other construction related expenses;

(iii) administrative expenses of RM4.12 million for salaries and allowances, other payroll related costs, professional fees and other related costs;

(iv) other expenses of RM1.00 million;

(v) income tax of RM4.62 million; and

(vi) interest paid of RM0.41 million.

Net cash for investing activities

In FYE 2018, the net cash used in investing activities amounted to RM1.28 million. It was mainly attributable to:

(i) net cash outflow amounted to RM0.37 million (Johan Kembara Sdn Bhd's cash and cash equivalents of RM0.57 million less cash consideration received from disposal of RM0.20 million) from disposal and deconsolidation of subsidiary, Johan Kembara Sdn Bhd;

(ii) acquisition of property, plant and equipment which consists of mainly aluminum formwork to be utilised for our Amverton Greens Project amounting to RM1.10 million; and

(iii) investment in unit trust fund amounting to RM0.05 million.

Net cash used in investing activities was partially offset by interest income received in relation to fixed deposit amounted to RM0.19 million and proceeds from disposal of property, plant and equipment amounting to RM0.05 million.

Net cash for financing activities

In FYE 2018, the net cash used in financing activities amounted to RM5.15 million. This was mainly attributable to the placement of deposits pledged with financial institutions of RM4.04 million for overdraft facilities and performance bonds in relation to our projects and net repayment of overdraft and term loan facilities amounting to RM1.11 million.

FYE 2019

Net cash for operating activities

In FYE 2019, our net cash generated from operating activities decreased by RM4.01 million or 83.89% from RM4.78 million in FYE 2018 to RM0.77 million in FYE 2019. Our total collections increased by RM99.13 million or 86.43% from RM114.70 million in FYE 2018 to RM213.83 million in FYE 2019 mainly due to increase in revenue by RM97.47 million or 67.03% from RM145.42 million in FYE 2018 to RM242.89 million in FYE 2019.

The collections were mainly from clients for the following projects:

(i) Bennington Residences @ Sky Arena Project of RM78.82 million;

(ii) Amverton Greens Project of RM50.99 million;

(iii) Quayside Mall Project of RM27.33 million;

(iv) F&N Intelligent Industrial Building Project of RM19.12 million;

(v) Gravit8 (Phase 2B) Project of RM12.49 million; and

(vi) Amverton Cove Project of RM11.74 million.

The remaining collections of approximately RM13.34 million were related to projects of which individually contributed less than 5.00% of total collections during FYE 2019.

Our total payments increased from RM109.92 million in FYE 2018 to RM213.06 million in FYE 2019 mainly due to increase in payments to subcontractors and trade suppliers as a result of increase in construction activities.

Our collections of RM213.83 million was partially offset by our payments of RM213.06 million. Such payments were mainly for:

(i) subcontractors of RM152.86 million for subcontracting of building works, M&E works and other subcontracted services;

(ii) trade suppliers of RM53.92 million for the purchases of building and construction materials as well as professional fees and other construction related expenses;

(iii) administrative expenses of RM4.11 million for salaries and allowances, other payroll related costs, professional fees and other related costs;

(iv) other expenses of RM0.25 million for vehicles running costs as well as repair and maintenance costs;

(v) Income tax of RM1.13 million; and

(vi) Interest paid of RM0.79 million.

Net cash for investing activities

In FYE 2019, the net cash used in investing activities amounted to RM5.07 million. It was mainly attributable to:

(i) acquisition of investment property comprising 4 parcels of shop lot/retail which amounted to RM4.85 million for rental income and potential capital appreciation;

(ii) acquisition of property, plant and equipment which consists of mainly motor vehicles to be utilised for our business amounting to RM0.44 million; and

(iii) investment in unit trust fund amounting to RM0.06 million.

Net cash used in investing activities was partially offset by interest income received in relation to fixed deposit amounted to RM0.28 million.

Net cash for financing activities

In FYE 2019, the net cash inflow in financing activities amounted to RM4.91 million. This was mainly attributable to withdrawal of pledged deposits with financial institutions of RM2.66 million and the term loan taken up for financing on new investment properties amounting to RM3.48 million.

The cash inflows were partially offset by the payment of lease liabilities of approximately RM1.23 million for rental of machineries and equipment.

FYE 2020

Net cash for operating activities

In FYE 2020, our net cash generated from operating activities increased by RM6.19 million or 803.90% from RM0.77 million in FYE 2019 to RM6.96 million in FYE 2020. The increase was mainly due to improved cash flow management (i.e. prompt collection from clients and no advance payment made to subcontractors and suppliers). Our collections of RM233.36 million was partially offset by our payments of RM226.40 million.

The collections were mainly from clients for the following projects:

(i) Quayside Mall Project of RM86.78 million;

(ii) Gravit8 (Phase 2B) Project of RM51.16 million;

(iii) F&N Intelligent Industrial Building Project of RM33.78 million;

(iv) Chambers Residence Project of RM19.69 million; and

(v) Amverton Greens Project of RM16.33 million.

The remaining collections of approximately RM25.62 million were related to projects of which individually contributed less than 5.00% of total collections during FYE 2020.

Such payments were mainly for:

(i) subcontractors of RM175.96 million for subcontracting of building works, M&E works and other subcontracted services;

(ii) trade suppliers of RM42.01 million for the purchase of building and construction materials as well as professional fees and other construction related expenses;

(iii) administrative expenses of RM4.28 million for salaries and allowances, other payroll related costs, professional fees and other related costs;

(iv) other expenses of RM0.25 million for vehicles running costs as well as repair and maintenance costs;

(v) income tax of RM3.32 million; and

(vi) interest paid of RM0.58 million.

Net cash for investing activities

In FYE 2020, the net cash used in investing activities amounted to RM0.19 million. It was mainly attributable to:

(i) progressive payment for investment property acquired amounted to RM0.30 million;

(ii) acquisition of property, plant and equipment amounting to RM0.05 million;

(iii) investment in unit trust fund amounting to RM0.04 million; and

(iv) acquisition of 20.00% equity interest in Siab Network amounting to RM0.03 million.

Net cash used in investing activities was partially offset by interest income received in relation to fixed deposit amounted to RM0.21 million and proceeds from disposal of property, plant and equipment amounted to RM0.02 million.

Net cash for financing activities

In FYE 2020, the net cash used in financing activities amounted to RM2.32 million. This was mainly attributable to the placement of pledged deposits with financial institutions of RM0.97 million, payment of lease liabilities for machineries and equipment amounting to RM0.82 million and the dividend paid amounting to RM1.00 million for the dividend declared in FYE 2019.

Net cash used in financing activities was partially offset by RM0.47 million net financing amount received.

FPE 2021

Net cash for operating activities

In FPE 2021, our net cash generated from operating activities increased by RM2.62 million or 79.39% from RM3.30 million in FPE 2020 to RM5.92 million in FPE 2021. The increase was mainly due to improved cash flow management (i.e. collection from long outstanding trade receivables and no advance payment made to subcontractors and suppliers). Our collections of RM132.13 million was partially offset by our payments of RM126.21 million.

The collections were mainly from clients for the following projects:

(i) Gravit8 (Phase 2B) Project of RM39.17 million;

(ii) Chambers Residence Project of RM26.02 million;

(iii) Quayside Mall Project of RM23.48 million;

(iv) Amverton Cove Project of RM15.91 million;

(v) F&N Intelligent Industrial Building Project of RM9.37 million; and

(vi) Impressions U-Thant Project of RM8.88 million.

The remaining collections of approximately RM9.30 million were related to projects of which individually contributed less than 5.00% of the total collections during FPE 2021.

Such payments were mainly for:

(i) subcontractors of RM93.73 million for subcontracting of building works, M&E works and other subcontracted services;

(ii) trade suppliers of RM26.10 million for the purchase of building and construction materials as well as professional fees and other construction related expenses;

(iii) administrative expenses of RM3.62 million for salaries and allowances, other payroll related costs, professional fees and other related costs;

(iv) other expenses of RM0.01 million for vehicles running costs as well as repair and maintenance costs;

(v) income tax of RM2.19 million; and

(vi) interest paid of RM0.56 million.

Net cash for investing activities

In FPE 2021, the net cash used in investing activities amounted to RM0.02 million. It was mainly attributable to:

(i) acquisition of property, plant and equipment amounting to RM0.10 million; and

(ii) investment in unit trust fund amounting to RM0.04 million.

Net cash used in investing activities was partially offset by interest income received in relation to fixed deposit amounted to RM0.12 million.

Net cash for financing activities

In FPE 2021, the net cash used in financing activities amounted to RM0.33 million. This was mainly attributable to the placement of pledged deposits with financial institutions of RM2.19 million, payment of lease liabilities for machineries and equipment amounting to RM0.20 million and dividend paid amounting to RM2.00 million for the dividend declared in FYE 2019.

Net cash used in financing activities was partially offset by RM4.06 million net financing amount received.

12.3 LIQUIDITY AND CAPITAL RESOURCES

12.3.1 Working capital

We finance our operations with cash generated from operations, credit extended by trade payables and/or financial institutions as well as cash and bank balances. Our facilities from financial institutions comprise term loans, bank overdrafts, invoice factoring and bank guarantees as well as finance lease liabilities.

Our Board is confident that our working capital will be sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus, taking into consideration the following:

(a) our cash and cash equivalent of approximately RM3.92 million (including deposits of RM7.65 million pledged as securities for banking facilities granted) as at LPD;

(b) our expected future cash flows from operations taking into account the potential impact of COVID-19, MCO and NRP on our business;

(c) our total banking facilities as at LPD of RM117.12 million (excluding finance leases), of which RM36.86 million have been utilised;

(d) proceeds expected to be raised from our Public Issue;

(e) dividend of RM4.00 million declared for the FYE 2020; and

(f) our pro forma gearing level of 0.23 times and net asset position of RM71.36 million, based on our pro forma combined statements of financial position as at 31 July 2021 after the Acquisition and subsequent events, Public Issue and utilisation of proceeds.

We carefully consider our cash position and ability to obtain further financing before making significant capital commitments. At this juncture, we do not foresee any circumstances which may materially affect our liquidity. Our Group has not encountered any major disputes with our debtors. Our finance personnel work closely with our project and contract staff for the collection of outstanding balances on monthly basis. This measure has proven to be effective while allowing us to maintain cordial relationship with our customers.

12.4 BORROWINGS

All of our borrowings are secured, interest-bearing and denominated in RM. Our total outstanding borrowings (bank borrowings excluding lease liabilities arising from right-of-use assets of RM0.17 million) as at 31 July 2021 stood at RM16.51 million, details of which are set out below:

Type of facility	Purpose	Security	Tenure	Effective interest rate	As at 31 July 2021 Payable within 1 year	Payable after 1 year
				%	RM'000	RM'000
Interest bearing short-term borrowings, payable within 1 year:						
Overdraft ("**OD**")	Working capital	(i) Facility agreement as principal instrument; (ii) Blanket Deed of Assignment of Contract Proceeds with Power of Attorney between the Group and the bank; (iii) Notice of Assignment cum Instruction ("**NACI**") is to be issued to the contract awarded to channel the contract proceeds into collection account with the bank. The NACI is to be acknowledged by awarder; (iv) Joint and several guarantee by the 3 directors, Ng Wai Hoe, Lim Mei Hwee and Tan Sok Moi; and (v) Sinking fund build-up by way of deducting certain percentage from each contract proceeds received and placed in first party Fixed Deposit Receipt until the facility is fully secured	On-demand	BLR + 1.25%	1,191	-
	Working capital	(i) Facility agreement as principal instrument; (ii) Blanket Deed of Assignment of Contract Proceeds with Power of Attorney between the Group and the bank; (iii) NACI is to be issued to the contract awarded to channel the contract proceeds into collection account with the bank. The NACI is to be acknowledged by awarder; and (iv) Joint and several guarantee by the 3 directors, Ng Wai Hoe, Lim Mei Hwee and Tan Sok Moi	On-demand	BLR + 1.25%	-	-

Type of facility	Purpose	Security	Tenure	Effective interest rate	As at 31 July 2021 Payable within 1 year	Payable after 1 year
				%	RM'000	RM'000
	Working capital	(i) Pledge of fixed deposit of RM50,000 by way of Memorandum of Legal Charge and Letter of Set-Off; (ii) Additional pledge of fixed deposit of RM100,000 by way of sinking fund of RM10,000 per month, commencing 1 month after full drawdown of the OD facility by way of Memorandum of Legal Charge and Letter of Set-Off; (iii) All Monies Facilities Agreement with a principal sum of RM500,000; and (iv) Joint and several guarantee for RM500,000 by the 3 directors, Ng Wai Hoe, Lim Mei Hwee and Tan Sok Moi	On-demand	BLR + 1.25%	-	-
	Working capital	(i) Proceeds receivable from contract awarder(s) or such other Government Departments or Ministries, statutory bodies or such other companies acceptable to the bank for which the existing Deed of Assignment of Contract Proceeds and Power of Attorney with a principal sum of RM18,500,000; (ii) All Monies Facilities Agreement with a principal sum of RM18,500,000; and (iii) Joint and several guarantee for RM18,500,000 by the 3 directors, Ng Wai Hoe, Lim Mei Hwee and Tan Sok Moi	On-demand	BLR + 1.00%	510	-
	Working capital	(i) Pledge of fixed deposit of RM300,000 by way of Memorandum of Deposit and Letter of Set-Off; and (ii) Joint and several guarantee by the 3 directors, Ng Wai Hoe, Lim Mei Hwee and Tan Sok Moi	On-demand	BLR + 1.00%	-	-
	Working capital	(i) Facility agreement as principal instrument; (ii) Open All Monies first party assignment over a parcel of shop lot; and	On-demand	BLR + 2.00%	-	-

Type of facility	Purpose	Security	Tenure	Effective interest rate	As at 31 July 2021 Payable within 1 year	Payable after 1 year
				%	RM'000	RM'000
		(iii) Joint and several guarantee for RM800,000 by the 3 directors, Ng Wai Hoe, Lim Mei Hwee and Tan Sok Moi				
	Working capital	(i) Facility agreement as principal instrument; (ii) 1st party first legal charge over freehold commercial land with 2 units of 3-storey shop office; and (iii) Joint and several guarantee by the 3 directors, Ng Wai Hoe, Lim Mei Hwee and Tan Sok Moi	On-demand	BLR + 1.25%	157	-
	Working capital	(i) Letter of Offer; (ii) Facility agreement; (iii) Joint and several guarantee by the 3 directors, Ng Wai Hoe, Lim Mei Hwee and Tan Sok Moi; (iv) Corporate guarantee by Siab (M); and (v) Guarantee by Government of Malaysia under Working Capital Guarantee Scheme which managed by Syarikat Jaminan Pembiayaan Perniagaan Berhad for RM1.40 million	On-demand	BLR + 1.20%	1,177	-
Domestic recourse factoring	Working capital	(i) Full recourse factoring; and (ii) Joint and several guarantee by the 3 directors, Ng Wai Hoe, Lim Mei Hwee and Tan Sok Moi	On-demand	BLR + 0.75%	-	-
Interest bearing long-term borrowings, payable after 1 year:						
Term loans	Purchase of investment properties	(i) Facility agreement as principal instrument; (ii) Open All Monies first party assignment over 1 unit of shop lot/retail unit known as Lot No. GL-06 @ Gravit 8, Klang, Selangor Darul Ehsan as specified in the sale and purchase agreement;	15 Years	BLR - 1.90%	12	1,451

12. FINANCIAL INFORMATION *(Cont'd)*

Type of facility	Purpose	Security	Tenure	Effective interest rate	As at 31 July 2021 Payable within 1 year	Payable after 1 year
				%	RM'000	RM'000
		(iii) Joint and several guarantee for RM1,515,000 by the 3 directors, Ng Wai Hoe, Lim Mei Hwee and Tan Sok Moi				
	Purchase of investment properties	(i) Letter of Offer; (ii) Master Facility Agreement; (iii) Asset sale agreement over Shariah compliant commodities determined by the bank as per the e-certificate or such other evidence of ownership maintained by the bank for the facility; (iv) First party registered charge over 3 units of shop lot/retail unit known as Lot No. GL-05-01, GL-05-02 and GL-05-03 @ Gravit 8, Klang, Selangor Darul Ehsan as specified in the sale and purchase agreement; (v) Joint and several guarantee of RM2,682,944 by the 3 directors, Ng Wai Hoe, Lim Mei Hwee and Tan Sok Moi; and (vi) Blanket Deed of Assignment of Rental Proceeds assigning all rental proceeds on the proffered property of the bank. The proceeds are to be credited into a current account with the bank	12 Years	BFR - 1.80%	173	2,363
	Purchase of office	(i) Facility agreement as principal instrument; (ii) 1st party first legal charge over freehold commercial land with 2 units of 3-storey shop office (details as disclosed under Section 6.8.1 (i) and (ii)); and (iii) Joint and several guarantee by the 3 directors, Ng Wai Hoe, Lim Mei Hwee and Tan Sok Moi	12 Years	BLR - 2.30%/ 4.55%, whichever higher	295	2,174

Type of facility	Purpose	Security	Tenure	Effective interest rate	As at 31 July 2021 Payable within 1 year	 Payable after 1 year
				%	RM'000	RM'000
	Working capital	(i) Guarantee in favor of the bank by Syarikat Jaminan Pembiayaan Perniagaan Berhad under the Special Relief Facility-COVID-19 Scheme for 80.00% of the principal and interest outstanding; (ii) Corporate guarantee in favor of the bank by Siab (M); and (iii) Joint and several guarantee by the 3 directors, Ng Wai Hoe, Lim Mei Hwee and Tan Sok Moi	5 Years	BNM funding rate of 3.50%, upon unavailability , BLR + 2.00%	188	769
	Working Capital	(i) Facility Agreement as principal instrument; (ii) 70.00% coverage by Government of Malaysia; and (iii) Joint and several guarantee by the 3 directors, Ng Wai Hoe, Lim Mei Hwee and Tan Sok Moi.	5 Years	BLR + 0%	400	4,546
	Working Capital	(i) Facility Agreement as principal instrument; (ii) Guarantee coverage up to 70.00% on Fixed Loan - All Economic Sector by Syarikat Jaminan Pembiayaan Perniagaan Berhad; (iii) Corporate guarantee in favour of the bank by Siab (M); and (iv) Joint and several guarantee by the 3 directors, Ng Wai Hoe, Lim Mei Hwee and Tan Sok Moi.	5 Years	AES BNM Funding Rate + 4.40%	-	-
Hire purchases	Purchase of vehicles	(i) First party registered charge over said asset; and (ii) Guarantee by director, Ng Wai Hoe	7 years	2.35% - 3.28%	69	164
	Purchase of equipment	(i) First party registered charge over said asset	3 years	4.65% - 4.76%	522	352
Total borrowings					**4,694**	**11,819**

Gearing (times)	
After Acquisition and subsequent events but before Public Issue(1)	0.44
After Acquisition and subsequent events, Public Issue and utilisation of proceeds(2)	0.23

Notes:

(1) Computed based on our pro forma equity attributable to the owners of the Company of RM37,702,000 million in the pro forma combined statements of financial position after the Acquisition and subsequent events, but before Public Issue and proposed utilisation of proceeds.

(2) Computed based on our pro forma equity attributable to the owners of the Company of RM71,358,000 million in the pro forma combined statements of financial position after the Acquisition and subsequent events, Public Issue and utilisation of proceeds.

In conjunction with the Listing, we have applied to the financiers to obtain a release and/or discharge of the guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the financiers. Until such release and/or discharge are obtained from the respective financiers, our Directors will continue to guarantee the banking facilities extended to our Group. As at LPD, we have received conditional approvals from these financiers to discharge the above guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the financial institutions.

Separately, we have also recognised the following lease liabilities which are denominated in RM:

	Purpose	**Tenure**	**As at 31 July 2021**
			RM'000
Lease liabilities payable within 1 year	Rental of property and construction equipment	21 – 25 months	157
Lease liabilities payable after 1 year	Rental of property and construction equipment	21 – 25 months	17

We also rely on bank guarantees for tender bonds and performance bonds. Such bank guarantees are used for all aspects of the project construction contract lifecycle from the start of tender process to expiration of our liability towards the client in accordance with the terms of each contract. The bank guarantees allow us to tender, execute and guarantee our deliverables to our clients. The tenure requirements for the bank guarantees are structured to match the underlying construction contracts with the respective counterparties.

12. FINANCIAL INFORMATION *(Cont'd)*

Our total financial guarantees as at 31 July 2021 stood at RM23.09 million, details as set out below. All our financial guarantees are secured, non-interest-bearing and denominated in RM.

Type of facility	Purpose	Security	Tenure	Interest rate	As at 31 July 2021
				% per annum	RM'000
Bank guarantees	Performance guarantees for contract works carried out by our Group	(i) Facility agreement as principal instrument; (ii) Blanket Deed of Assignment of Contract Proceeds with Power of Attorney between the Group and the bank; (iii) NACI is to be issued to the contract awarder to channel the contract proceeds into collection account with the bank. The NACI is to be acknowledged by awarder; (iv) Joint and several guarantee by the 3 directors, Ng Wai Hoe, Lim Mei Hwee and Tan Sok Moi; (v) Marginal deposit in to be placed in the form of first party Fixed Deposit Receipt ranging from 10.00% to 20.00% as and when the facility utilised; and (vi) Sinking fund build-up by way of deducting 5.00% from each contract proceeds received and placed in first party Fixed Deposit Receipt until the facility is fully secured	On-demand	N/A	9,420
	Performance guarantees for contract works carried out by our Group	(i) Upfront pledge of fixed deposit of 15.00% of the bank guarantee amount to be issued by way of Memorandum of Deposit and Letter of Set-Off. The interest earned thereon shall be capitalised and retained as part of the security; and (ii) Joint and several guarantee for RM10,000,000 by the 3 directors, Ng Wai Hoe, Lim Mei Hwee, Tan Sok Moi.	On-demand	N/A	4,736
	Performance guarantees for contract works carried out by our Group	(i) First party charge on fixed deposit to be placed on 10.00% to 25.00% of each application for performance guarantee; (ii) All Monies Facilities Agreement with a principal sum of RM10,000,000; and (iii) Joint and Several Guarantee for RM10,000,000 by the 3 directors, Ng Wai Hoe, Lim Mei Hwee and Tan Sok Moi	On-demand	N/A	8,938
Total financial guarantees					**23,094**

12. FINANCIAL INFORMATION *(Cont'd)*

The liabilities in respect of the bank guarantees will only crystallise and become payable following a call by our clients of the tender bonds or performance bonds in accordance with the terms and conditions of such construction contracts. During FYE 2018 to FYE 2020 and FPE 2021, we did not experience any call of the tender bonds or performance bonds issued to our clients.

As at LPD, we do not have any borrowings which are non-interest bearing and/or in foreign currency. We have not defaulted on payments of principal sums and/or interests in respect of any of our borrowings throughout FYE 2018 to FYE 2020, FPE 2021 and up to LPD.

As at LPD, neither our Company nor any of our subsidiaries is in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan which can materially affect our financial position and results or business operations or the investments by holders of our securities.

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12.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

Save as disclosed in Section 12.4 above, we do not have or utilise any other financial instruments or have any other treasury policies. All our financial instruments are used towards purchase of property, plant and equipment, investment property and our construction business. As at 31 July 2021, all our other facilities with licensed financial institutions are based on base financing rate/ base lending rate/ BNM financing rate plus or minus a rate which varies depending on the type of facility. As at the LPD, we do not utilise any financial instruments for hedging purposes. All our cash and cash equivalent are held in RM.

12.6 MATERIAL CAPITAL COMMITMENTS

As at LPD, we do not have any material capital commitments other than the following capital expenditure plan in relation to the utilisation the IPO proceeds:

(i) purchase of land and construction of storage facilities;

(ii) purchase of machinery and equipment;

(iii) purchase of BIM system software;

(iv) upgrading of software and systems; and

(v) office expansion;

as disclosed under Section 4.9.

12.7 MATERIAL LITIGATION AND CONTINGENT LIABILITIES

Save as disclosed below, we are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and there is no proceeding pending or threatened or any fact likely to give rise to any proceeding which might materially or adversely affect our position or business as at LPD.

(i) Adjudication between Apnov Construction Sdn Bhd ("Claimant") and Siab (M) Sdn Bhd ("Respondent") AIAC/D/ADJ-4051-2021

The Claimant, being a subcontractor appointed by the Respondent, had initiated a proceeding under Construction Industry Payment and Adjudication Act 2012 ("**CIPAA 2012**') against the Respondent by way of a notice of adjudication dated 1 December 2021, claiming for an amount of RM1,676,757.42 in respect of payment certificates no. 20 and 21, progress claim no. 23 and the release of 5% of the retention sum.

Mr. Tan Chuan Joo is appointed as the adjudicator of this matter and a notice of acceptance to act as adjudicator ("**said Notice**") has been issued by the learned adjudicator to the Claimant and the Respondent by way of email on 10 January 2022. Upon receiving the physical copy of the said Notice, the Claimant is required to submit its adjudication claim to the relevant parties within 10 working days. Similarly, upon receiving the adjudication claim from the Claimant, the Respondent has 10 working days to submit its adjudication response, followed by the Claimant's adjudication reply within 5 working days from the receipt of the adjudication response.

Based on the legal opinion of the Respondent's solicitors, the Respondent's solicitors are of the view that the Respondent has a reasonably good chance of defending the claim.

As at LPD, our Directors confirm that there are no material contingent liabilities incurred by our Group, which upon becoming enforceable may have a material effect on our Group's business, financial performance or position.

12.8 KEY FINANCIAL RATIOS

The key financial ratios of our Group as at 31 December 2018, 31 December 2019, 31 December 2020 and 31 July 2021 are as follows:

	31 December			**31 July**
	2018	**2019**	**2020**	**2021**
Trade receivables turnover (days)(1)	63	71	69	82
Trade payables turnover (days)(2)	68	74	100	161
Current ratio (times)(3)	1.25	1.17	1.26	1.41
Gearing ratio (times)(4)	0.37	0.68	0.34	0.44

Notes:

(1) Computed based on average opening and closing trade receivables (excluding retention sum) over revenue for the year multiplied by 365 days for FYEs and 212 days for FPE.

(2) Computed based on average opening and closing trade payables (excluding retention sum) over costs of sales for the year multiplied by 365 days for FYEs and 212 days for FPE.

(3) Computed based on current assets over current liabilities as at each financial year/period end.

(4) Computed based on total borrowings over total equity as at each financial year/period end.

12.8.1 Trade receivables turnover

The normal credit period granted by our Group to our contract customers is 30 to 45 days from the date of progress billings depending on the terms of the contracts.

Our trade receivables turnover period for the FYE 2018, FYE 2019, FYE 2020 and FPE 2021 were 63 days, 71 days, 69 days and 82 days, which is beyond our general credit terms range. Our trade receivables turnover period increase slightly from 63 days in FYE 2018 to 71 days in FYE 2019 mainly due to slower collection from the F&N Intelligent Industrial Building Project and Quayside Mall Project in FYE 2019. The increase in collection time is mainly attributable to more time taken to verify the architects' certificates and slower processing time incurred by our clients. Our trade receivables turnover period improved from 71 days to 69 days in FYE 2020 mainly due to prompt collection from the F&N Intelligent Industrial Building Project and Quayside Mall Project in FYE 2020. The higher trade receivables turnover for the FPE 2021 was mainly due to slower collection from Impressions U-Thant Project due to client delay in payment during these COVID-19 Pandemic.

Although the credit period as per contractual terms is between 30 to 45 days which is contractually enforceable, there is still a gap between contractual terms and actual collections as indicated in the trade receivable turnover days.

This is mainly due to our clients' lengthy and time-consuming internal process involving verification of the architect's certification by various internal departments before payment is processed. Notwithstanding the above, we adopted a 30 to 90 days credit period policy for accounting purpose and opt not to extend our credit period in our contracts to reflect the actual practice as clients may take even longer time to pay if longer payment terms are granted.

There were no changes to our credit policies and procedures during the financial years/period under review. The trade receivable turnover period is dependent on the mix of clients and projects undertaken by us during the financial years/period under review. Our trade receivables turnover period was computed excluding retention sums in relation to our construction services. Due to the nature of the construction industry, our customers are entitled to retain 5.00% to 10.00% of each progress billing, as retention sum, up to a maximum of 5.00% of the contract sum awarded, which is set out in the contract with our customer. Our customer will retain the entire retention sum throughout the contract period until the issuance of CPC, upon which half of the retention sum will be released. The remaining half will be released to us at the end of the contracted DLP and upon the issuance of the CMGD. As such, the exclusion of the retention sums in the computation of trade receivables turnover period presents a more realistic measure of the average number of days that requires for the collection of debts that are due.

The ageing analysis of our trade receivables as at 31 July 2021 is as follows:

	Trade receivables as at 31 July 2021		**Amount collected subsequent from 1 August 2021 up to LPD**		**Trade receivables net of subsequent collections**	
	RM'000	**Percentage of trade receivables**	**RM'000**	**Percentage collected**	**RM'000**	**Percentage of trade receivables net of subsequent collections**
	(a)	**(a)/total of (a)**	**(b)**	**(b) /Total of (a)**	**(c) = (a)-(b)**	**(c)/total of (a)**
Neither past due nor impaired[(1)]	7,712	11.23%	6,464	9.41%	1,248	1.82%
Past due but not impaired:						
• 1 to 30 days	5,603	8.16%	2,552	3.72%	3,051	4.44%
• 31 to 120 days	9,495	13.82%	4,590	6.68%	4,905	7.14%
• More than 120 days	11,934	17.38%	2,218	3.23%	9,716	14.15%
	27,032	39.36%	9,360	13.63%	17,672	25.73%
Retention sum	33,931	49.41%	955	1.39%	32,976	48.02%
Total	**68,675**	**100.00%**	**16,779**	**24.43%**	**51,896**	**75.57%**

Note:

(1) Based on 30 to 45 days.

As at the LPD, we have collected RM16.78 million of the trade receivables as at 31 July 2021.

Meanwhile, the remaining outstanding trade receivables that have past due as at LPD of RM18.92 million (excluding retention sum), exceeded the credit period mainly due to clients requiring longer internal processing time to verify progress claims and final claims before making payment. In light of the current market condition, our management has been monitoring the due date of our trade receivables closely and to remind clients promptly before the due date for payment to reduce the risk of non-collection.

In the event if the collection of the trade receivables is severely delayed, our Group's operating cash flows may be affected and in turn our payment to suppliers and sub-contractors may be delayed. Additionally, receivables will be written off when there is no reasonable expectation of recovery, such as debtor failing to engage in a repayment plan with us. Where receivables have been written off, we will continue to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Our Group has not encountered any major disputes with our trade receivables. With respect to overdue debts, our Board is of the view that these debts are recoverable taking into consideration of our established relationship with these clients, their payment history, their credentials and we have generally been able to collect payment eventually as evident by our subsequent collections after FPE 2021.

We use ageing analysis to monitor the credit quality of our trade receivables. Our management closely monitors the recoverability of our overdue trade receivables on a regular basis, and, when appropriate, provides for impairment of these trade receivables.

12.8.2 Trade payables turnover

The normal credit terms granted by our trade creditors to our Group ranges from 30 to 60 days from the date of tax invoice. Retention sum is excluded in arriving at our trade payables turnover period. In general, we will release half of the retention sum to our subcontractors upon the issuance of the CPC, whilst the remaining half will be released at the end of the DLP and upon the issuance of CMGD.

Our trade payables turnover period for the FYE 2018, FYE 2019, FYE 2020 and FPE 2021 were 68 days, 74 days, 100 days and 161 days, respectively, which is beyond the payment period granted to us. The higher payables turnover period was mainly due to longer period taken for payment to our subcontractors and suppliers. The longer payment periods was due to steps taken by our Group to manage our working capital requirements after taking into consideration, inter-alia, payment from our customers and the established relationship we have with our subcontractors and suppliers.

The slight increase in trade payable turnover period from 68 days in FYE 2018 to 74 days in FYE 2019 was mainly attributable to slower payment from various projects undertaken by us in FYE 2019 as we try to match the timing of payment to our subcontractors with the collections from our clients.

The higher trade payable turnover period in the FYE 2020 were merely due to timing difference in the payment made to trade payables which was mainly attributable to the completion of the Quayside Mall Project and the accrual of a total of RM20.37 million cost in the month of December 2020 which is subject to architect certification prior to payment being made.

The trade payable turnover period increased to 161 days in the FPE 2021 due to timing difference in the payment made to our subcontractors and suppliers which was mainly attributable to the completion of the F&N Intelligent Industrial Building Project and Amverton Greens Project and the accrual of a total of RM20.58 million cost in the month of July 2021 which is subject to architect certification prior to payment being made.

The ageing analysis of our trade payables as at 31 July 2021 is as follows:

	Trade payables as at 31 July 2021		Amount paid subsequent from 1 August 2021 up to LPD		Trade payables net of subsequent payment	
	RM'000	Percentage of trade payables	RM'000	Percentage paid	RM'000	Percentage of trade payables net of subsequent payments
	(a)	(a)/total of (a)	(b)	(b) /Total of (a)	(c) = (a)-(b)	(c)/total of (a)
Neither past due nor impaired	34,838	44.89%	26,834	34.58%	8,004	10.31%
Past due but not impaired:						
• 1 to 30 days	5,161	6.65%	4,646	5.99%	515	0.66%
• 31 to 120 days	8,087	10.42%	6,875	8.86%	1,212	1.56%
• More than 120 days	7,550	9.73%	1,229	1.58%	6,321	8.15%
	20,798	26.80%	12,750	16.43%	8,048	10.37%
Retention sum	21,967	28.31%	1,916	2.47%	20,051	25.84%
Total	**77,603**	**100.00%**	**41,500**	**53.48%**	**36,103**	**46.52%**

As at the LPD, we have outstanding trade payables of RM16.05 million (excluding retention sum) as at 31 July 2021 to be repaid and we paid RM39.58 million of the trade payables as at 31 July 2021.

The outstanding trade payables as at LPD of RM16.05 million mainly consist of amount due to:

(i) a nominated subcontractor for the Impressions U-Thant Project of RM 4.67 million whereby:

(a) the payment to the nominated subcontractor is being guaranteed by the client and secured by certain units of the project or proceed from sales of certain units of the project via a tripartite agreement entered into between the client, Siab (M) and the nominated subcontractor. Under the said agreement, the client has reserved a number of units from the project as security for payment of amount due and owing to the nominated subcontractor. Upon the sales of those units, the proceeds will be made to the nominated subcontractor. Alternatively, the nominated subcontractor may elect to purchase those units in lieu of payment and if there are any differential sum after setting off amount due and owing to the nominated subcontractor, the client and nominated subcontractor shall settle the said differential sum; and

(b) a supplementary tripartite agreement to the tripartite agreement stipulated under 12.8.2(i)(a) above was entered into between the client, Siab (M) and the nominated subcontractor in which the payment to the nominated subcontractor will be paid on behalf by the client. Under the said agreement, Siab (M) shall not be liable to pay the nominated subcontractors for the outstanding payables and any subsequent certified amount in the event the client fails to make direct payment to the nominated subcontractor. The client has also reserved additional number of units (which is different from the units stipulated under 12.8.2(i)(a) above) from the project as security for payment of amount due and owing to the nominated subcontractor;

(ii) 8 nominated subcontractors for the Impressions U-Thant Project of a total of RM1.08 million of which the payment to the nominated subcontractors will be paid on behalf by the client via tripartite agreement entered into between the client, Siab (M) and the respective nominated subcontractors. Under the said agreement, Siab (M) shall not be liable to pay the nominated subcontractors for the outstanding trade payables and any subsequent certified amount in the event the client fails to make direct payment to the nominated sub-contractors; and

(iii) Accruals mainly from completion of Quayside Mall Project, F&N Intelligent Industrial Building Project and Amverton Greens Project amounts to RM6.61 million of which is still pending for architect certification.

Notwithstanding that our suppliers and subcontractors my take legal actions against us for the delay in payment of the outstanding trade payables, we do not foresee any legal actions arising taking into consideration of the arrangement stipulated in item (i) above and the longer time required for architect certification for the Quayside Mall Project, F&N Intelligent Industrial Building Project and Amverton Greens Project stipulated in item (ii) above due to the imposition of MCO and NRP.

We continue maintaining good relationship with our subcontractors and suppliers. As at LPD, there are no disputes in respect of our trade payables and no legal action has been initiated by our suppliers to demand for payment.

12.8.3 Current ratio

Our current ratio throughout the financial years/period under review is as follows:

	FYE 2018	**FYE 2019**	**FYE 2020**	**FPE 2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current assets	79,180	120,172	152,871	127,603
Current liabilities	63,361	102,737	121,114	90,277
Net current assets	**15,819**	**17,435**	**31,757**	**37,326**
Current ratio (times)	1.25	1.17	1.26	1.41

Our current ratio ranged from 1.17 to 1.41 times throughout the financial years/period under review. This indicates that our Group is capable of meeting our current obligations as our current assets which can be readily converted to cash, together with our cash in the bank are enough to meet immediate current liabilities.

As at 31 December 2019 our current ratio was 1.17 times, a marginal decrease as compared to 1.25 times as at 31 December 2018. The decrease was mainly attributable to the following:

(i) increase in current asset by RM40.99 million resulted from:

  (a) increase in trade and other receivables by RM26.77 million mainly due to higher revenue recognised from our ongoing and new project undertaken in FYE 2019;

  (b) increase in contract assets by RM10.65 million mainly from Quayside Mall Project and Gravit8 (Phase 2B) Project; and

  (c) increase in cash and cash equivalents by RM3.84 million.

(ii) partially offset by increase in current liabilities by RM39.38 million resulted from:

  (a) increase in trade and other payables by RM19.49 million mainly due to the increase in construction activities for FYE 2019;

  (b) increase in contract liabilities by RM8.56 million mainly attributable to Amverton Greens Project; and

  (c) increase in loans and borrowings by RM10.18 million due to increase in term loan for purchase of investment properties and increase in bank overdraft for working capital.

As at 31 December 2020 our current ratio increased to 1.26 times primarily attributable to the followings:

(i) increase in current assets by RM32.70 million resulted from:

  (a) increase in contract assets by RM40.99 million mainly due to the completion of Quayside Mall Project; and

  (b) decrease in trade and other receivables by RM6.81 million due to higher collection from clients.

(ii) partially offset by increase in current liabilities by RM18.38 million resulted from:

  (a) increase in trade and other payables by RM35.21 million mainly due to the increase in construction activities undertaken in FYE 2020 such as Impressions U-Thant Project, Gravit8 (Phase 2B) Project, Chambers Residence Project, Quayside Mall Project and Amverton Cove Project;

  (b) the decrease in loans and borrowings by RM10.71 million due to repayment of loans and overdraft; and

  (c) the decrease in contract liability of RM6.35 million due to higher revenue recognised based on cost incurred method as compared to certified progress billing to our clients.

As at 31 July 2021 our current ratio increased to 1.41 times from 1.26 times in FYE 2020 primarily attributable to the followings:

(i) decrease in current liabilities by RM30.84 million resulted from:

(a) decrease in contract liabilities by RM5.61 million mainly due to higher construction works performed for F&N Intelligent Industrial Building Project and Amverton Greens Project; and

(b) decrease in trade and other payables by RM25.60 million mainly due to payment to subcontractor.

(ii) partially offset by decrease in current assets by RM25.27 million resulted from:

(a) decrease in trade and other receivables by RM9.87 million arising from collection from customers and partial release of retention sum from Quayside Mall Project; and

(b) decrease in contract assets by RM23.37 million due to additional billing made for Quayside Mall Project, Amverton Cove Project and Gravit8 (Phase 2B) Project.

12.8.4 Gearing ratio

Our gearing ratio throughout the financial years/period under review is as follows:

	FYE 2018	FYE 2019	FYE 2020	FPE 2021
	RM'000	RM'000	RM'000	RM'000
Total borrowings	8,142	19,628	12,424	16,687
Total equity	21,750	28,700	36,719	37,702
Gearing ratio (times)	0.37	0.68	0.34	0.44

Our gearing ratio ranged from 0.34 to 0.68 times throughout the financial years/period under review. The changes in gearing ratio were mainly due to timing differences between collection from clients and payment to subcontractors and suppliers where overdraft financing were temporarily utilised to bridge the cash flow requirement.

Our gearing ratio increased from 0.37 times as at 31 December 2018 to 0.68 times as at 31 December 2019 mainly due to the following:-

(i) increase in our total borrowings by RM11.49 million or 141.15% to RM19.63 million as at 31 December 2019 (31 December 2018: RM8.14 million) mainly due to draw down of term loan for purchase of investment properties and drawn down of bank overdraft for working capital; and

(ii) increase in our total equity by RM6.95 million or 31.95% to RM28.70 million as at 31 December 2019 (31 December 2018: RM21.75 million) due to increase in retained earnings.

Our gearing ratio reduced from 0.68 times as at 31 December 2019 to 0.34 times as at 31 December 2020 mainly due to the following:-

(i) decrease in our total borrowings by RM7.21 million or 36.73% to RM12.42 million as at 31 December 2020 (31 December 2019: RM19.63 million) mainly due to repayments made during the year; and

(ii) increase in our total equity by RM8.02 million or 27.94% to RM36.72 million as at 31 December 2020 (31 December 2019: RM28.70 million) due to increase in retained earnings.

In FPE 2021, our gearing ratio increased from 0.34 times as at 31 December 2020 to 0.44 times as at 31 July 2021 mainly due to the following:-

(i) increase in our total borrowings by RM4.27 million or 34.38% to RM16.69 million as at 31 July 2021 (31 December 2020: RM12.42 million) mainly due to new loan facilities entered during the year for working capital and initial start-up cost such as setting up of site offices, rental of cabin and machinery, workmen compensation insurance in relation to the new projects secured namely Cubic Botanical Tower A Project, The Dawn Project, Hyatt Bukit Jalil Project and Columbarium Project; and

(ii) increase in our total equity by RM0.98 million or 2.67% to RM37.70 million as at 31 July 2021 (31 December 2020: RM36.72 million) due to increase in retained earnings.

12.9 SIGNIFICANT FACTORS AFFECTING OUR REVENUE

Section 9 details a number of risk factors relating to our business and the industry in which we operate in. Some of these risk factors have an impact on our Group's revenue and financial performance. The main factors which affect our revenues and profits include but are not limited to the following:

(i) External factors which may have a significant adverse effect on our Group

We may be subject to external factors that are beyond our control, which may affect the timely completion of our projects. This includes, among others, weather conditions and timely receipt and renewal of requisite licences, permits and approvals, availability of construction materials and labour, and the quality of work delivered by our sub-contractors.

Any prolonged delay due to the above factors could lead to project cost overrun, premature termination of our contract or the postponement of or scaling down of the project by our clients. Project delays may affect our profitability, delay the recognition of our revenue, incur additional costs and/ or result in our clients imposing LAD on us, all of which could adversely affect our Group's financial performance.

During FYE 2018 to FYE 2020 and FPE 2021, only Seri Riana Residence (Phase 2B) Project was imposed with LAD by the client of RM0.60 million in FYE 2018 and RM0.60 million in FYE 2020.

In addition, the ongoing COVID-19 pandemic and any possible future outbreaks of viruses may have the following significant adverse effect on our Group:

(a) a spread of such diseases amongst our employees, as well any quarantines affecting our employees or our offices and project sites, may affect our ability to carry out our business;

(b) strict operating procedures imposed by the regulatory authorities will also increase our operating costs; and

(c) impacts on our business partners be it our clients, subcontractors or suppliers, will result in lesser projects being awarded or slower construction progress or shortage of construction materials necessary for us to carry out our business.

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

We are normally awarded contracts on a project-to-project basis with contract period ranging from 1.5 years to 3 years. As such, there is no assurance of continuity from one project to the next project. Any significant decline in our order book could adversely affect our Group's sustainability and prospects.

As at LPD, our order book comprised unbilled contracts amounting to approximately RM544.98 million. However, there can be no assurance that we will be able to maintain at least such level of order in the future. In addition, our order book is subject to unexpected project cancellations or scope adjustments which may occur from time to time, thereby reducing the value of our order book.

(iii) Any unanticipated increases in costs associated with our construction projects may impair our financial performance

We price our construction projects based on a cost estimate, and under the terms of certain of our contracts, the prices we submit in our tender bid or negotiate in our contracts are fixed, with the exception of any approved variation orders. As such, our project cash flows and profitability are much dependent on the accuracy of our cost estimate during the tender and/or negotiation stage. Our cost estimate is based on inter-alia, the availability and costs of construction raw materials and equipment, subcontracting costs, project period, labour costs, as well as the complexity and scale of the construction project.

Our cash flows and profitability will be reduced if the actual costs to complete a contract exceed original estimates.

12.10 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 9.

12.11 IMPACT OF INFLATION

A majority of our projects take between 1.5 to 3 years to complete. Accordingly, prices of key construction materials at the time of submission of tender bids or signing of contracts may not reflect the prices that we will eventually pay during the implementation of our projects. Majority of our contracts are firm and fixed-price contracts, under which we commit to provide all of the resources required to complete a project at fixed unit prices. As such, we are not able to pass on any increases in construction cost.

Our operations are also dependent on the availability of labour at acceptable prices. Any unanticipated increases in the cost of labour not taken into account at the time of submission of tender bids or signing of contracts may also result in our profits being different from those originally estimated and may result in us experiencing reduced profitability or losses on projects.

During FYE 2018 to FYE 2020 and FPE 2021, our financial performance was not materially affected by the impact of inflation. However, there is no assurance that our financial performance will not be adversely affected by the impact of inflation moving forward.

12.12 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES ON OUR GROUP'S OPERATIONS

(i) Impact of foreign exchange rates

Our transactions are solely denominated in RM.

(ii) Impact of interest rates

Our exposure to changes in interest rate risk relates primarily to our borrowings from banks. We do not generally hedge interest rate risks.

A sensitivity analysis performed on our Group based on the outstanding floating rate of the bank borrowings as at 31 July 2021 indicates that our PAT for FPE 31 July 2021 would increase or decrease by approximately RM0.12 million, as a result of an increase or decrease in interest rates by 100 basis points on these borrowings.

Our financial results for FYE 2018 to FYE 2020 and FPE 2021 were not materially affected by fluctuations in interest rates.

(iii) Impact of commodity prices

Our direct materials mainly consist of construction raw materials such as steel bars, ready-mixed concrete, tiles, timber and plywood, bricks, reinforced mesh, cement, sand and sanitary items. These raw materials are widely available in Malaysia and from a large base of suppliers. We were not materially affected by fluctuations in commodity prices for FYE 2018 to FYE 2020 and FPE 2021.

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12. FINANCIAL INFORMATION *(Cont'd)*

12.13 ORDER BOOK

Details of our unbilled order book are as follows:

	Contract value							
				To be recognised				
Project details	**Total RM' 000**	**Balance as at 31 July 2021 RM' 000**	**Balance as at LPD RM' 000**	**FYE 2022 RM' 000**	**FYE 2023 RM' 000**	**FYE 2024 RM' 000**	**Expected/ completion date**	**Stage of completion (% as at LPD)**
Residential								
Chambers Residence Project	103,450	43,514	31,299	31,299	-	-	(1)January 2022	69.74
Impressions U-Thant Project	75,511	44,617	41,251	41,251	-	-	(2)June 2022	45.37
Gravit8 (Phase 2B) Project	118,282	1,487	-	-	-	-	(3)February 2021	100.00
Amverton Greens Project	88,000	-	-	-	-	-	May 2021	100.00
The Dawn Project	160,000	158,716	152,873	91,724	61,149	-	February 2023	4.45
Cubic Botanical Tower A Project	64,800	55,895	37,219	37,219	-	-	(6)July 2022	42.56
Arunya @ KL North Project	172,300	(5)-	168,441	62,028	98,227	8,186	January 2024	2.24
Non-residential								
Hyatt Bukit Jalil Project	85,850	82,126	77,468	77,468	-	-	(7)September 2022	9.76
F&N Intelligent Industrial Building Project	83,779	-	-	-	-	-	June 2021	100.00
Columbarium Project	38,877	38,715	36,424	23,005	13,419	-	July 2023	6.31
Amverton Cove Project	50,150	455	-	-	-	-	(4)February 2020	100.00
	1,040,999	**425,525**	**544,975**	**363,994**	**172,795**	**8,186**		

Notes:

(1) The original contracted completion date of the project was October 2021. It was subsequently extended to January 2022 after obtaining EOT from the client. We have submitted an application on 11 December 2021 for further EOT up to June 2022 and as at LPD, it is still in the midst of assessment by the architect.

(2) The original contracted completion date of the project was May 2020. It was subsequently extended to June 2022 after obtaining EOT from the client.

(3) The original contracted completion date of the project was December 2020. As a result of the temporary suspension of work due to MCO 1.0, we have submitted and obtained EOT, where it was extended to February 2021. As at LPD, the construction work for the project has been completed.

(4) The original contracted completion date of the project was February 2020. Between January 2019 to May 2021, there were a total of 33 variation orders as well as amendment to the intended use of the building from residential to a service apartment with hotel-like facilities by the client. The change in the use of the building involved modifications and changes to several parts of the building including architectural designs and common facilities which impacted our initial work programme. As a result of the above changes and the temporary suspension of work due to MCO 1.0, we have between January 2019 to April 2020 submitted EOT applications to the client for extension of the completion date which were submitted in accordance to the sections to be changed and/or rectified. In June 2021, we have compiled all the previous EOT applications and resubmit as 1 application of EOT up to September 2021 which was requested by the client for holistic assessment purpose. Subsequently, due to the imposition of MCO 3.0, FMCO, NRP and workforce capacity limitations at our project site, we have further applied to the client for EOT up to 21 December 2021. As at LPD, the EOT application is still being assessed by the client and the construction work for the project has been completed pending the inspection works and procurement of CPC. We have submitted notice of practical completion to the architect on 28 December 2021. The EOT will be granted upon procurement of CPC.

(5) The contract was secured on September 2021.

(6) The original contracted completion date of the project was June 2022. It was subsequently extended to July 2022 after obtaining EOT from the client.

(7) The original contracted completion date of the project was July 2022. It was subsequently extended to September 2022 after obtaining EOT from the client.

The above unbilled order book relates to the contract value of projects which are ongoing less revenue recognised up to 31 July 2021 or LPD, as the case may be. This unbilled order book will be recognised progressively over the next 1.5 to 3 financial years. Our unbilled order book of RM544.98 million as at LPD represents 2.59 times of our average revenue of RM210.21 million, calculated based on our audited revenues for FYE 2018 to FYE 2020 and FPE 2021. This order book to revenue ratio of 2.59 times is an indication of our revenue for the next 2 to 3 financial years.

There may be variations from the amount awarded as compared to the final works to be performed resulting from, amongst others, changes in project requirements, which may take place during the implementation of the project.

As at the LPD, we have participated in tenders for various building construction projects. These projects, if awarded to us, will further increase our order book.

12.14 DIRECTORS' DECLARATION ON OUR GROUP'S FINANCIAL PERFORMANCE

Our Board is of the opinion that:

(i) Our Group's revenue will remain sustainable in line with our unbilled order book as set out in Section 12.13;

(ii) Our liquidity will improve further subsequent to the Public Issue given the additional funds to be raised for our Group to carry out our business strategies as stated in Section 7.17; and

(iii) Our capital resources will strengthen, taking into account the amount to be raised from the Public Issue as well as internally generated funds. We may consider debt funding for our capital expansion should the need arises.

In addition to the above, our Board confirms that there are no circumstances which would result in a significant decline in our revenue and GP margins or know of any factors that are likely to have a material impact on our liquidity, revenue or profitability.

12.15 TREND INFORMATION

Based on our track record for FYE 2018 to FYE 2020 and FPE 2021, the following trends may continue to affect our business:

(i) During FYE 2018 to FYE 2020 and FPE 2021, more than 98.00% of our revenue was derived from the building construction services segment. We expect that this segment to continue contributing significantly to our revenue in the future;

(ii) During FYE 2018 to FYE 2020 and FPE 2021, Klang Valley has been our main geographical focus for building construction projects and we will continue to focus in this region;

(iii) The main components of our cost of sales are subcontractor cost and construction materials cost, which collectively accounted for more than 80.00% of our total cost of sales during FYE 2018 to FYE 2020 and FPE 2021. Moving forward, our cost of sales is expected to fluctuate in tandem with the growth of our business and would depend on amongst others, the availability and price fluctuation of our subcontractor and construction materials; and

(iv) We achieved a GP margin of 7.84%, 5.68%, 7.31% and 10.89% for FYE 2018, FYE 2019, FYE 2020 and FPE 2021, respectively. Moving forward, our GP margin will depend on, amongst others, our continued ability to manage our costs efficiently and the types and complexity of projects that we can secure in the future.

As at LPD, after all reasonable enquiries, our Board confirms that our operations have not been and are not expected to be affected by any of the following:

(i) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in Sections 7.12, 12.2, 12.9, 12.10, 12.11 and 12.12;

(ii) Material commitments for capital expenditure save as disclosed in Section 12.6;

(iii) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in Sections 7.12, 12.2, 12.9, 12.10, 12.11 and 12.12;

(iv) Known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue save for those that had been discussed in Sections 7.12, 12.2, 12.9, 12.10, 12.11 and 12.12; and

(v) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not necessarily indicative of the future financial performance and position other than those discussed in Sections 7.12, 12.2, 12.9, 12.10, 12.11 and 12.12.

Our Board is optimistic about the future prospects of our Group given the positive outlook of the construction industry in Malaysia as set out in the IMR Report in Section 8, our Group's competitive advantages set out in Section 7.16 and our Group's intention to implement the business strategies as set out in Section 7.17.

12.16 DIVIDEND POLICY

As our Company is an investment holding company, our income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries, present or future. Our subsidiaries will require its financiers' consent as set out in the respective facility agreements to pay dividends to our Company. Save for compliance with the solvency requirement under the Act, which is applicable to all Malaysian companies, there are no legal, financial, or economic restrictions on the ability of our existing subsidiary to transfer funds in the form of cash dividends, loans or advances to us. Moving forward, the payment of dividends or other distributions by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective boards of directors deem relevant.

Our Group presently does not have any formal dividend policy. The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividends for the year are subject to prior written consent from financial institution (where required) in relation to the covenants in our Group's existing financing agreements and shareholders' approval. It is our intention to pay dividends to shareholders in the future. However, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

In respect of FYE 2018 to 2020 and FPE 2021, dividends declared and paid by Siab (M) were as follows:

	FYE 2018	**FYE 2019**	**FYE 2020**	**FPE 2021**	**1 August 2021 up to the LPD**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Dividends declared	-	3,000	4,000	-	-
Dividends paid	-	-	(1,000)[(1)]	(2,000)[(1)]	-

Note:

(1) Dividend paid in relation to the dividend declared in FYE 2019.

The dividend declared for the FYE 2020 amounting to RM4.00 million is targeted to be paid on 24 February 2022, prior to the Listing. Our Board confirms that the dividend is not expected to affect the execution and implementation of our Group's future plans and strategies moving forward as the dividend will only be paid from the following source of funds:

(i) pledged fixed deposit of RM2.00 million and RM2.68 million that is expected to be released in FYE 2021 with the completion of F&N Intelligent Industrial Building Project and Gravit8 (Phase 2B) Project, respectively; and

(ii) performance bond of RM1.82 million withheld by client under the Quayside Mall Project which is expected to be released in FYE 2021.

As at LPD, RM1.40 million of the RM1.82 million performance bond for the Quayside Mall Project, RM1.87 million of the RM2.00 million fixed deposit from the F&N Intelligent Industrial Building Project and RM2.20 million of the RM2.68 million fixed deposit from the Gravit8 (Phase 2B) Project has been released to us.

12.17 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness:

(i) Based on the latest unaudited financial information as at 30 November 2021; and

(ii) After adjusting for the effects of Acquisition and subsequent events, IPO and utilisation of proceeds.

	Unaudited As at 30 November 2021	After Acquisition, IPO and utilisation of proceeds
	RM'000	RM'000
Indebtedness(1)		
Current		
Term Loans	1,570	1,570
Hire purchases	696	696
Bank overdraft	9,027	9,027
Lease liabilities	67	67
Non-current		
Term loans	11,872	11,872
Hire purchases	551	551
Lease liabilities	4	4
Total indebtedness	**23,787**	**23,787**
Capitalisation		
Shareholders' equity	38,327	72,412
Total capitalisation	**38,327**	**72,412**
Total capitalisation and indebtedness	**62,114**	**96,199**
Gearing ratio(2)	0.62	0.33

Notes:

(1) All of our indebtedness, except for lease liabilities are secured.

(2) Calculated based on total indebtedness divided by total capitalisation.

Siab Holdings Berhad

(Registration No. 202001043548 (1399869-A))
(Incorporated in Malaysia)

Accountants' Report on the Combined Financial Statements

Siab Holdings Berhad

(Registration No. 202001043548 (1399869-A))
(Incorporated in Malaysia)

Combined statements of financial position

	Note	31.7.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000	31.12.2018 Audited RM'000
Assets					
Property, plant and equipment	3	6,065	6,658	8,156	8,902
Right-of-use assets	4	207	205	1,474	-
Investment properties	5	5,505	5,569	4,847	-
Other investments	7	877	836	692	545
Total non-current assets		12,654	13,268	15,169	9,447
Trade and other receivables	8	70,070	79,941	86,748	59,977
Contract assets	9	36,142	59,514	18,527	7,878
Current tax assets		46	37	-	265
Cash and cash equivalents	10	21,345	13,379	14,897	11,060
Total current assets		127,603	152,871	120,172	79,180
Total assets		140,257	166,139	135,341	88,627
Equity					
Share capital	11	*	*	-	-
Invested equity	12	1,000	1,000	1,000	1,000
Retained earnings		36,702	35,719	27,638	20,682
Equity attributable to owners of the Group		37,702	36,719	28,638	21,682
Non-controlling interests		-	-	62	68
Total equity		37,702	36,719	28,700	21,750
Liabilities					
Loans and borrowings	13	11,819	7,847	3,517	3,210
Lease liabilities		17	-	177	-
Deferred tax liabilities	14	442	459	210	306
Total non-current liabilities		12,278	8,306	3,904	3,516
Trade and other payables	15	83,047	108,647	73,436	53,946
Contract liabilities	9	1,015	6,625	12,977	4,422
Loans and borrowings	13	4,694	4,400	15,111	4,932
Lease liabilities		157	177	823	-
Current tax liabilities		1,364	1,265	390	61
Total current liabilities		90,277	121,114	102,737	63,361
Total liabilities		102,555	129,420	106,641	66,877
Total equity and liabilities		140,257	166,139	135,341	88,627

* Denotes RM3

The notes on pages 10 to 68 form an integral part of these combined financial statements.

Siab Holdings Berhad

(Registration No. 202001043548 (1399869-A))
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Combined statements of profit or loss and other comprehensive income

	Note	1.1.2021 - 31.7.2021 Audited RM'000	1.1.2020 - 31.7.2020 Unaudited RM'000	1.1.2020 - 31.12.2020 Audited RM'000	1.1.2019 - 31.12.2019 Audited RM'000	1.1.2018 - 31.12.2018 Audited RM'000
Revenue	16	104,498	124,302	273,388	242,888	145,419
Cost of sales		(93,119)	(113,423)	(253,399)	(229,093)	(134,018)
Gross profit		11,379	10,879	19,989	13,795	11,401
Other income		279	274	610	292	1,929
Administrative expenses		(3,775)	(2,566)	(4,521)	(4,334)	(4,328)
Net loss on impairment of financial instruments	18	-	-	(5)	(403)	-
Other expenses		(199)	(129)	(253)	(254)	(997)
Results from operating activities		7,684	8,458	15,820	9,096	8,005
Finance income		122	154	211	275	192
Finance costs	17	(562)	(267)	(576)	(792)	(413)
Profit before tax	18	7,244	8,345	15,455	8,579	7,784
Tax expense	19	(2,261)	(2,011)	(4,412)	(1,629)	(2,522)
Profit and total comprehensive income for the period/year		4,983	6,334	11,043	6,950	5,262
Profit and total comprehensive income attributable to:						
Owners of the Group		4,983	6,334	11,022	6,956	5,243
Non-controlling interests		-	-	21	(6)	19
Total comprehensive income for the period/year		4,983	6,334	11,043	6,950	5,262
Basic earnings per ordinary share (RM)	21	4.98	6.33	11.02	6.96	5.24
Diluted earnings per ordinary share (RM)	21	4.98	6.33	11.02	6.96	5.24

The notes on pages 10 to 68 form an integral part of these combined financial statements.

Siab Holdings Berhad

(Registration No. 202001043548 (1399869-A))
(Incorporated in Malaysia)

Combined statements of changes in equity

Audited	Note	Share capital RM'000	Invested equity RM'000	*Distributable* Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
		Attributable to equity owners of the Group					
At 1 January 2018		-	1,000	15,439	16,439	(736)	15,703
Profit and total comprehensive income for the year		-	-	5,243	5,243	19	5,262
Non-controlling interest derecognised on disposal of subsidiary	20	-	-	-	-	785	785
At 31 December 2018/1 January 2019		-	1,000	20,682	21,682	68	21,750
Profit and total comprehensive income for the year		-	-	6,956	6,956	(6)	6,950
At 31 December 2019/1 January 2020		-	1,000	27,638	28,638	62	28,700
Profit and total comprehensive income for the year		-	-	11,022	11,022	21	11,043
Acquisition of non-controlling interest		-	-	59	59	(83)	(24)
Issuance of shares at the date of incorporation	11	*	-	*	*	-	*
Dividends to owners of the Group	22	-	-	(3,000)	(3,000)	-	(3,000)
At 31 December 2020/1 January 2021		*	1,000	35,719	36,719	-	36,719
Profit and total comprehensive income for the period		-	-	4,983	4,983	-	4,983
Dividends to owners of the Group	22	-	-	(4,000)	(4,000)	-	(4,000)
At 31 July 2021		*	1,000	36,702	37,702	-	37,702

* Denotes RM3

Combined statements of changes in equity (continued)

Unaudited	Note	Attributable to equity owners of the Group Share capital RM'000	 Invested equity RM'000	*Distributable* Retained earnings RM'000	 Total RM'000	Non-controlling interest RM'000	Total equity RM'000
1 January 2020		-	1,000	27,638	28,638	62	28,700
Profit and total comprehensive income for the period		-	-	6,334	6,334	-	6,334
Dividends to owners of the Group	22	-	-	(3,000)	(3,000)	-	(3,000)
At 31 July 2020		-	1,000	30,972	31,972	62	32,034

The notes on pages 10 to 68 form an integral part of these combined financial statements.

Siab Holdings Berhad

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Combined statements of cash flows

	Note	1.1.2021 - 31.7.2021 Audited RM'000	1.1.2020 - 31.7.2020 Unaudited RM'000	1.1.2020 - 31.12.2020 Audited RM'000	1.1.2019 - 31.12.2019 Audited RM'000	1.1.2018 - 31.12.2018 Audited RM'000
Cash flows from operating activities						
Profit before tax		7,244	8,345	15,455	8,579	7,784
Adjustments for:						
Depreciation of property, plant and equipment	3	695	1,065	1,632	1,796	1,645
Depreciation of right-of-use assets	4	195	625	824	1,248	-
Depreciation of investment properties	5	64	-	26	-	-
Finance income		(122)	(154)	(211)	(275)	(192)
Finance costs		562	267	576	792	413
(Gain)/Loss on disposal of property, plant and equipment		-	(20)	(20)	8	(29)
Gain on disposal of subsidiary	20	-	-	-	-	(1,168)
Net loss on impairment of financial assets		-	-	5	403	-
Change in fair value of other investments		-	-	(104)	(82)	89
Operating profit before changes in working capital		8,638	10,128	18,183	12,469	8,542
Changes in working capital:						
Change in trade and other receivables and prepayments		9,871	6,081	6,802	(27,174)	(27,364)
Change in trade and other payables		(27,600)	(13,024)	33,211	19,490	32,830
Change in contract assets		23,372	(2,459)	(40,987)	(10,649)	(6,879)
Change in contract liabilities		(5,610)	3,465	(6,352)	8,555	2,691
Cash generated from operations		8,671	4,191	10,857	2,691	9,820
Income tax paid		(2,188)	(622)	(3,325)	(1,934)	(4,624)
Income tax refunded		-	-	-	803	-
Interest paid		(562)	(267)	(576)	(792)	(413)
Net cash generated from operating activities		5,921	3,302	6,956	768	4,783

Combined statements of cash flows (continued)

	Note	1.1.2021 - 31.7.2021 Audited RM'000	1.1.2020 - 31.7.2020 Unaudited RM'000	1.1.2020 - 31.12.2020 Audited RM'000	1.1.2019 - 31.12.2019 Audited RM'000	1.1.2018 - 31.12.2018 Audited RM'000
Cash flows from investing activities						
Acquisition of property, plant and equipment		(102)	(26)	(49)	(435)	(1,101)
Acquisition of investment properties		-	-	(303)	(4,847)	-
Net changes in other investments		(41)	27	(40)	(65)	(52)
Acquisition of non-controlling interest		-	-	(24)	-	-
Interest income received		122	154	211	275	192
Disposal of subsidiary, net of cash disposed		-	-	-	-	(371)
Proceeds from disposal of property, plant and equipment		-	20	20	-	48
Net cash (used in)/from investing activities		(21)	175	(185)	(5,072)	(1,284)
Cash flows from financing activities						
Change in deposits pledged		(2,191)	(2,738)	(971)	2,656	(4,044)
Dividends paid	22	(2,000)	-	(1,000)	-	-
Proceeds from issuance of shares upon incorporation		-	-	*	-	-
Net cash from loans and borrowings	(ii)	4,061	(476)	474	3,478	(1,109)
Payment of lease liabilities	(i)	(200)	(623)	(823)	(1,228)	-
Net cash (used in)/from financing activities		(330)	(3,837)	(2,320)	4,906	(5,153)
Net increase/(decrease) in cash and cash equivalents		5,570	(360)	4,451	602	(1,654)
Cash and cash equivalents at 1 January		2,223	(2,228)	(2,228)	(2,830)	(1,176)
Cash and cash equivalents at 31 July/31 December	(iii)	7,793	(2,588)	2,223	(2,228)	(2,830)

* Denotes RM3

Combined statements of cash flows (continued)

(i) Cash outflows for leases as a lessee

	Note	1.1.2021 - 31.7.2021 Audited RM'000	1.1.2020 - 31.7.2020 Unaudited RM'000	1.1.2020 - 31.12.2020 Audited RM'000	1.1.2019 - 31.12.2019 Audited RM'000	1.1.2018 - 31.12.2018 Audited RM'000
Included in net cash from operating activities:						
Payment relating to short-term leases		736	572	1,385	3,146	-
Payment relating to leases of low-value assets		237	1,475	2,128	3,352	-
Payment relating to variable lease payments not included in the measurement of lease liabilities		1,705	2,731	5,843	4,466	-
Interest paid in relation to lease liabilities		3	16	21	51	-
Included in net cash from financing activities:						
Payment of lease liabilities		200	623	823	1,228	-
Total cash outflows for leases		2,881	5,417	10,200	12,243	-

Combined statements of cash flows (continued)

(ii) Reconciliation of movements of liabilities to cash flows arising from financing activities

Audited	Note	Term loans RM'000	Hire purchase liabilities RM'000	Lease liabilities RM'000	Total RM'000
At 1 January 2018		3,235	2,051	-	5,286
Net changes from financing cash flows		(254)	(855)	-	(1,109)
Acquisition of property, plant and equipment	(a)	-	86	-	86
At 31 December 2018		2,981	1,282	-	4,263
Adjustment on initial applications of MFRS 16		-	-	474	474
At 1 January 2019		2,981	1,282	474	4,737
Acquisition of new leases		-	-	1,754	1,754
Net changes from financing cash flows		3,632	(154)	(1,228)	2,250
Acquisition of property, plant and equipment	(a)	-	1,117	-	1,117
At 31 December 2019/1 January 2020		6,613	2,245	1,000	9,858
Net changes from financing cash flows		1,145	(671)	(823)	(349)
Acquisition of property, plant and equipment	(a)	-	85	-	85
At 31 December 2020/1 January 2021		7,758	1,659	177	9,594
Acquisition of new leases		-	-	197	197
Net changes from financing cash flows		4,613	(552)	(200)	3,861
At 31 July 2021		12,371	1,107	174	13,652

Unaudited	Note	Term loans RM'000	Hire purchase liabilities RM'000	Lease liabilities RM'000	Total RM'000
At 1 January 2020		6,613	2,245	1,000	9,858
Net changes from financing cash flows		(110)	(366)	(623)	(1,099)
At 31 July 2020		6,503	1,879	377	8,759

Combined statements of cash flows (continued)

(ii) Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

(a) *Acquisition of property, plant and equipment*

	1.1.2021 - 31.7.2021 Audited RM'000	1.1.2020 - 31.7.2020 Unaudited RM'000	1.1.2020 - 31.12.2020 Audited RM'000	1.1.2019 - 31.12.2019 Audited RM'000	1.1.2018 - 31.12.2018 Audited RM'000
Acquisition of property, plant and equipment	102	26	134	1,552	1,187
Less: Acquisition made directly by hire purchase liabilities	-	-	(85)	(1,117)	(86)
Acquisition of property, plant and equipment by cash	102	26	49	435	1,101

(iii) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	31.7.2021 Audited RM'000	31.7.2020 Unaudited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000	31.12.2018 Audited RM'000
Fixed deposits with licensed banks	10	10,517	10,093	8,326	7,355	10,011
Less: Pledged deposits		(10,517)	(10,093)	(8,326)	(7,355)	(10,011)
		-	-	-	-	-
Cash and bank balances	10	10,828	860	5,053	7,542	1,049
		10,828	860	5,053	7,542	1,049
Bank overdraft	13	(3,035)	(3,448)	(2,830)	(9,770)	(3,879)
Cash and cash equivalents in the combined statements of cash flows		7,793	(2,588)	2,223	(2,228)	(2,830)

The notes on pages 10 to 68 form an integral part of these combined financial statements.

Siab Holdings Berhad

(Registration No. 202001043548 (1399869-A))
(Incorporated in Malaysia)

Notes to the combined financial statements

Siab Holdings Berhad ("Siab Holdings" or the "Company") is a public limited liability company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
No. 82, Jalan BP 7/8
Bandar Bukit Puchong
47120 Puchong
Selangor Darul Ehsan

Registered office
Unit 30-01, Level 30 Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur

The Company is principally engaged in investment holding activities, whilst the principal activities of its combining entities are disclosed in Note 6 to the combined financial statements.

1. Basis of preparation

The Company was incorporated on 30 December 2020 for the purpose of a restructuring exercise that will result in the Company becoming the holding company of the combining entities.

The combined financial statements of the Company and its combining entities (the "Group") have been prepared solely in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the Ace Market of Bursa Malaysia Securities Berhad ("Listing") and for no other purpose.

The combined financial statements consist of the financial statements of the Company and the entities as disclosed in Note 6, under common control of Ng Wai Hoe, Lim Mei Hwee and Tan Sok Moi (collectively referred to as the "Controlling Shareholders").

The combined financial statements of the Group for the financial periods ended 31 July 2021 and 31 July 2020 and for the financial years ended 31 December 2020, 2019 and 2018 were prepared in a manner as if the entities under common control were operating as a single economic entity at the beginning of the earliest comparative period presented or, if later, at the date that common control was established.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The combined financial statements of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

1. Basis of preparation (continued)

(a) Statement of compliance

The combined financial statements of the Group for the financial periods ended 31 July 2021 and 31 July 2020 and for the financial years ended 31 December 2020, 2019 and 2018 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16*, Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment − Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets − Onerous Contracts − Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018−2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimate*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to apply the abovementioned relevant accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 April 2021 and 1 January 2022; and

- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17, *Insurance Contracts* which is not applicable to the Group.

The initial application of the abovementioned relevant accounting standards, interpretations or amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group.

(b) Basis of measurement

The combined financial statements have been prepared on the historical cost basis unless otherwise as disclosed in Note 2.

(c) Functional and presentation currency

These combined financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the combined financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 4 – extension options and incremental borrowing rate in relation to leases
- Note 16 – revenue recognition
- Note 24 – measurement of expected credit loss ("ECL")

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these combined financial statements and have been applied consistently by the Group entities, unless otherwise stated.

(a) Basis of combination

(i) Combining entities

The combined financial statements comprise the financial statements of the Company and its combining entities which are under common control as disclosed in Note 1. The financial statements used in the preparation of the combined financial statements are prepared as of the same reporting date as the Company.

The combining entities are entities under common control of the Controlling Shareholders and are accounted for as if the entities under common control were operating as a single economic entity at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities of the combining entities are recognised at the carrying amounts in the respective combining entities' financial statements. The components of equity of the combining entities are added to the same components within the Group's equity and any resulting gain/loss is recognised directly in equity.

The Controlling Shareholders control an entity when they are exposed, or have rights, to variable returns from their involvement with the entity and have the ability to affect those returns through their power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive.

2. Significant accounting policies (continued)

(a) Basis of combination (continued)

(ii) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group. The financial statements of subsidiaries are included in the combined financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

(iii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

2. Significant accounting policies (continued)

(a) Basis of combination (continued)

(iv) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the combined statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Group, are presented in the combined statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Group. Non-controlling interests in the results of the Group is presented in the combined statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Group.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on combination

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the combined financial statements.

2. Significant accounting policies (continued)

(b) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(h)(i)) where the effective interest rate is applied to the amortised cost.

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

(b) Fair value through profit or loss

All financial assets not measured at amortised cost are measured at fair value through profit or loss. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment (see Note 2(h)(i)).

Financial liabilities

Financial liabilities of the Group are measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

2. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Building	50 years
• Store, site equipment and portable cabins	5 - 15 years
• Plant and machineries	10 years
• Furniture and fittings, office and computer equipment	5 - 20 years
• Motor vehicles	5 years
• Renovation	2 - 10 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted as appropriate.

2. Significant accounting policies (continued)

(d) Leases

The Group has applied MFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 has not been restated - i.e. it is presented as previously reported under MFRS 117, *Leases and related interpretations*.

During the year ended 31 December 2019, the Group adopted MFRS 16. The details of the changes in accounting policies are disclosed below.

Definition of a lease

On transition to MFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

Where the Group is a lessee, the Group applied the requirements of MFRS 16 using the modified retrospective approach, as the financial impact on the financial statements for the year ended 31 December 2018 is not material.

At 1 January 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. The weighted-average rate applied was 4.30%. Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying MFRS 16 to leases previously classified as operating leases under MFRS 117:

- applied a single discount rate to a portfolio of lease with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 January 2019;
- excluded initial direct costs from measuring right-of-use assets at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

2. Significant accounting policies (continued)

(d) Leases (continued)

Impact on financial statements

Since the Group applied the requirements of MFRS 16 using the modified retrospective approach at initial application at 1 January 2019, there were no adjustments made to the prior period balances presented.

The following table explains the difference between operating lease commitments applying MFRS 117 at 31 December 2018, and lease liabilities recognised in the statement of financial position at 1 January 2019.

	RM'000
Operating lease commitments as at 31 December 2018	7,846
Discounted using the incremental borrowing rate at 1 January 2019	7,296
Recognition exemption for short-term leases	(5,440)
Recognition exemption for leases of low-value assets	(1,382)
Lease liabilities recognised as at 1 January 2019	474

Financial period/year 2021, 2020 and 2019

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

2. Significant accounting policies (continued)

(d) Leases (continued)

Financial period/year 2021, 2020 and 2019 (continued)

(i) Definition of a lease (continued)

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for lease of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. Significant accounting policies (continued)

(d) Leases (continued)

Financial period/year 2021, 2020 and 2019 (continued)

(ii) Recognition and initial measurement (continued)

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

(iii) Subsequent measurement

As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

2. Significant accounting policies (continued)

(d) Leases (continued)

Financial year 2018

As a lessee

(i) Finance lease

Leases in terms of which the Group assumed substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition, the leased asset was measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset was accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments were accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment was confirmed.

Leasehold land which in substance was a finance lease was classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group did not assume substantially all the risks and rewards of ownership were classified as operating leases and the leased assets were not recognised on the statement of financial position.

Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals were charged to profit or loss in the reporting period in which they were incurred.

Leasehold land which in substance was an operating lease was classified as prepaid lease payments.

(e) Investment property

(i) Investment property carried at cost

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

2. Significant accounting policies (continued)

(e) Investment property (continued)

(i) Investment property carried at cost (continued)

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each investment property, from the date that they are available for use.

Investment properties under construction is not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current period and comparative periods are as follows:

• Buildings	50 years
• Leasehold land	84 years

Depreciation method, useful lives and residual value are reviewed at the end of the reporting period, and adjusted as appropriate.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, the carrying amount of the item immediately prior to transfer is recognised as the deemed cost of the investment property for subsequent accounting.

When the use of a property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its deemed cost for subsequent accounting.

(f) Contract asset/Contract liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(h)(i)).

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

2. Significant accounting policies (continued)

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(h) Impairment

(i) Financial assets

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Group measures loss allowances at an amount equal to lifetime expected credit loss at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

The Group estimates the expected credit losses on trade receivables and contract assets with reference to historical credit loss experience.

2. Significant accounting policies (continued)

(h) Impairment (continued)

(i) Financial assets (continued)

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of the other assets (except for contract assets and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2. Significant accounting policies (continued)

(i) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Ordinary shares

Ordinary shares are classified as equity.

(ii) Issue expense

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(j) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(k) Revenue and other income

(i) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to a customer. An asset is transferred when (or as) the customer obtains control of the asset.

2. Significant accounting policies (continued)

(k) Revenue and other income (continued)

(i) Revenue from contracts with customers (continued)

The Group transfers control of a good or service at a point in time unless one of the following over-time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group performs;

(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(iii) Government grants

Government grants were recognised initially as deferred income at fair value when there was reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred were recognised in profit or loss as other income on a systematic basis in the same period in which the expenses were recognised.

(l) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(m) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

2. Significant accounting policies (continued)

(m) Income tax (continued)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(n) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(o) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

2. Significant accounting policies (continued)

(p) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(q) Fair value measurement

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment

	Leasehold land RM'000	Buildings RM'000	Store, site equipment, portable cabins and computers RM'000	Plant and machineries RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
Cost								
At 1 January 2018	576	4,455	6,827	645	589	551	209	13,852
Additions	-	-	1,020	-	70	97	-	1,187
Disposals	-	-	-	-	-	(66)	-	(66)
Disposal of subsidiary (Note 20)	-	-	(1)	-	(24)	-	(63)	(88)
At 31 December 2018, *as previously stated*	576	4,455	7,846	645	635	582	146	14,885
Adjustment on initial application of MFRS 16	(576)	-	-	-	-	-	-	(576)
At 1 January 2019, *as restated*	-	4,455	7,846	645	635	582	146	14,309
Additions	-	-	1,298	-	40	214	-	1,552
Disposals	-	-	(79)	-	(16)	-	(4)	(99)
At 31 December 2019/1 January 2020	-	4,455	9,065	645	659	796	142	15,762
Additions	-	-	34	-	8	92	-	134
Disposals	-	-	-	-	-	(51)	-	(51)
At 31 December 2020/1 January 2021	-	4,455	9,099	645	667	837	142	15,845
Additions	-	-	70	-	32	-	-	102
At 31 July 2021	-	4,455	9,169	645	699	837	142	15,947

3. Property, plant and equipment (continued)

	Leasehold land RM'000	Buildings RM'000	Store, site equipment, portable cabins and computers RM'000	Plant and machineries RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
Accumulated depreciation								
At 1 January 2018	75	230	2,742	581	363	364	90	4,445
Charge for the year	7	89	1,319	64	82	66	18	1,645
Disposals	-	-	-	-	-	(47)	-	(47)
Disposal of subsidiary (Note 20)	-	-	(1)	-	(24)	-	(35)	(60)
At 31 December 2018, *as previously stated*	82	319	4,060	645	421	383	73	5,983
Adjustment on initial application of MFRS 16	(82)	-	-	-	-	-	-	(82)
At 1 January 2019, *as restated*	-	319	4,060	645	421	383	73	5,901
Charge for the year	-	89	1,509	-	77	107	14	1,796
Disposals	-	-	(72)	-	(16)	-	(3)	(91)
At 31 December 2019/1 January 2020	-	408	5,497	645	482	490	84	7,606
Charge for the year	-	90	1,349	-	77	102	14	1,632
Disposals	-	-	-	-	-	(51)	-	(51)
At 31 December 2020/1 January 2021	-	498	6,846	645	559	541	98	9,187
Charge for the period	-	52	534	-	37	64	8	695
At 31 July 2021	-	550	7,380	645	596	605	106	9,882
Carrying amounts								
At 1 January 2018	501	4,225	4,085	64	226	187	119	9,407
At 31 December 2018	494	4,136	3,786	-	214	199	73	8,902
At 31 December 2019	-	4,047	3,568	-	177	306	58	8,156
At 31 December 2020	-	3,957	2,253	-	108	296	44	6,658
At 31 July 2021	-	3,905	1,789	-	103	232	36	6,065

3. Property, plant and equipment (continued)

3.1 Security

Buildings of the Group with a carrying amount of RM3,905,000 (31.12.2020: RM3,957,000; 31.12.2019: RM4,047,000 and 31.12.2018: RM4,136,000) are pledged as security for bank facilities granted to the Group (see Note 13).

3.2 Hire purchase arrangements

The net carrying amounts of motor vehicles and equipment acquired under hire purchase are as follows:

	31.7.2021 RM'000	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Motor vehicles	229	290	291	116
Site equipment	1,643	2,135	2,978	2,967

4. Right-of-use assets

	Site equipment RM'000	Leasehold land RM'000	Office building RM'000	Total RM'000
At 31 December 2018, *as previously stated*	-	-	-	-
Adjustment on initial application of MFRS 16	424	544	-	968
At 1 January 2019, *as restated*	424	544	-	968
Additions	1,622	66	66	1,754
Depreciation	(1,159)	(75)	(14)	(1,248)
At 31 December 2019/ 1 January 2020	887	535	52	1,474
Transfer to investment properties (Note 5)	-	(445)	-	(445)
Depreciation	(735)	(56)	(33)	(824)
At 31 December 2020/ 1 January 2021	152	34	19	205
Additions	99	-	98	197
Depreciation	(152)	(1)	(42)	(195)
At 31 July 2021	99	33	75	207

The Group leases a number of site equipment, leasehold land and office building that run between 1 year and 3 years. For the leasehold land and office building, there is an option to renew the lease after the contract end date.

4. Right-of-use assets (continued)

4.1 Variable lease payments based on occupancy (usage)

Certain leases of office building and site equipment contain variable lease payments based on occupancy (usage). The total variable rental payments for the period ended 31 July 2021 amounted to RM1,705,000 (Unaudited 31.7.2020: RM2,731,000; Audited 31.12.2020: RM5,843,000; Audited 31.12.2019: RM4,466,000 and Audited 31.12.2018: Nil). The Group is not able to estimate the future occupancy (usage) as it depends on the project status and the usage requirements.

4.2 Extension options

Certain leases of leasehold land and office building contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where applicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

The extension options of all leases are currently included in the lease term as the Group assessed that it is reasonably certain to exercise the extension options. Hence, as at 31 July 2021, 31 December 2020 and 31 December 2019, there are no potential future lease payments not included in lease liabilities.

4.3 Significant judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

4.4 Transfer to investment property

During the financial year ended 31 December 2020, a leasehold land was transferred to investment property as the land was no longer in use by the Group.

5. Investment properties

	Leasehold land RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 January 2018/31 December 2018/ 1 January 2019	-	-	-
Additions	-	4,847	4,847
At 31 December 2019/1 January 2020	-	4,847	4,847
Additions	-	303	303
Transfer from right-of-use assets (Note 4)	518	-	518
At 31 December 2020/1 January 2021/ 31 July 2021	518	5,150	5,668
Accumulated depreciation			
At 1 January 2018/31 December 2018/ 1 January 2019/31 December 2019/ 1 January 2020	-	-	-
Depreciation for the year	1	25	26
Transfer from right-of-use assets (Note 4)	73	-	73
At 31 December 2020/1 January 2021	74	25	99
Depreciation for the period	4	60	64
At 31 July 2021	78	85	163
Carrying amounts			
At 1 January 2018/31 December 2018/ 1 January 2019	-	-	-
At 31 December 2019/1 January 2020	-	4,847	4,847
At 31 December 2020/1 January 2021	444	5,125	5,569
At 31 July 2021	440	5,065	5,505

During the financial year ended 31 December 2019, depreciation on investment property has not commenced as it was still under construction.

Investment properties comprise a number of commercial properties that are leased to third parties. Each of the leases contains a non-cancellable period of 3 years. As at 31 December 2020, 2019 and 2018, the investment properties were held for capital appreciation purpose and did not generate lease income. Hence, the disclosures required by MFRS 16 for lessor were not presented.

The investment properties of the Group are pledged as security for term loans granted to the Group as referred in Note 13.

5. Investment properties (continued)

The following are recognised in profit or loss:

	1.1.2021 - 31.7.2021 Audited RM'000	1.1.2020 - 31.7.2020 Unaudited RM'000	1.1.2020 - 31.12.2020 Audited RM'000	1.1.2019 - 31.12.2019 Audited RM'000	1.1.2018 - 31.12.2018 Audited RM'000
Lease income	154	-	-	-	-
Direct operating expenses:					
- income generating investment properties	8	-	-	-	-
- non-income generating investment properties	-	-	3	-	-

The operating lease payments to be received are as follows:

	31.7.2021 RM'000
Less than one year	309
One to two years	309
Two to three years	154
Total undiscounted lease payments	772

Fair value information

Fair value of investment properties is categorised as follows:

	31.7.2021		31.12.2020		31.12.2019		31.12.2018	
	Level 3 RM'000	Total RM'000	Level 3 RM'000	Total RM'000	Level 3 RM'000	Total RM'000	Level 3 RM'000	Total RM'000
Buildings	6,070	6,070	6,070	6,070	4,847	4,847	4,847	4,847
Leasehold land	1,000	1,000	1,000	1,000	-	-	-	-

The following table shows the valuation technique used in the determination of fair values within level 3 as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The comparison method entails comparing the properties with similar properties that were sold recently or those that are currently offered for sale in the vicinity or other similar areas. The most significant input into this valuation approach is price per square foot.	Price per square foot.	The estimated fair value would increase/(decrease) if price per square foot of property were higher/(lower).

5. Investment properties (continued)

Valuation processes applied by the Group for Level 3 fair value

The fair value of leasehold land and buildings at the end of the reporting period was determined by the Directors by reference to valuations performed by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The professional valuations were carried out in April 2021 and May 2021, respectively, which estimated the market value of the investment properties based on the comparison method of valuation.

This valuation method entails comparing the properties with similar properties that were sold recently or those that are currently offered for sale in the vicinity or other similar areas. The most significant input into this valuation approach is price per square foot of comparable properties.

6. Combining entities

Details of the combining entities are as follows:

Name	Principal place of business/ country of incorporation	Principal activities	Effective ownership interest and voting interest			
			31.7.2021 %	31.12.2020 %	31.12.2019 %	31.12.2018 %
Siab (M) Sdn. Bhd.	Malaysia	Constructions and civil engineering	100	100	100	100
and its subsidiaries,						
Siab Construction Sdn. Bhd.	Malaysia	Constructions and civil engineering	100	100	100	100
Siab Network Solutions Sdn. Bhd.	Malaysia	Information and Communications Technology ("ICT") solutions	100	100	80	80
Siab Engineering Sdn. Bhd.	Malaysia	Construction support services	100	100	100	100
Siab Development Sdn. Bhd.	Malaysia	Dormant	100	100	100	100

During the year ended 31 December 2020, the Group acquired the remaining 20% equity interest from non-controlling interest in Siab Network Solutions Sdn. Bhd. for a total consideration of RM24,000.

7. Other investments

	31.7.2021 RM'000	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Non-current				
Fair value through profit or loss:				
Investment in unit trusts	107	107	97	97
Investment in fund investments	770	729	595	448
	877	836	692	545

Investments in unit trust and fund investments meet the requirement of financial assets measured at fair value through profit or loss ("FVTPL") as the holder of investments does not seek to collect merely contractual cash flows and relevant interests but also to hold for appreciation in the value on the funds.

8. Trade and other receivables

	Note	31.7.2021 RM'000	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Trade					
Trade receivables	8.1	68,675	78,887	85,137	55,322
		68,675	78,887	85,137	55,322
Non-trade					
Other receivables		1,332	952	1,490	4,509
Prepayments		63	102	121	146
		1,395	1,054	1,611	4,655
		70,070	79,941	86,748	59,977

8.1 The Group's normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis. Included in the trade receivables of the Group are retention sums relating to construction work-in-progress. Retention sums are unsecured, interest free and are expected to be collected as follows:

	31.7.2021 RM'000	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Within 1 year	12,669	5,150	6,317	7,369
More than 1 year	21,262	27,867	20,680	12,076
	33,931	33,017	26,997	19,445

9. Contract assets/(Contract liabilities)

	31.7.2021 RM'000	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Contract assets	36,142	59,514	18,527	7,878
Contract liabilities	(1,015)	(6,625)	(12,977)	(4,422)

The contract assets primarily relate to the Group's right to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount will be billed based on agreed milestones, certified by architects and payment is expected within 30 days from billing date.

The contract liabilities primarily relate to the advance consideration received from a customer for construction contract, and revenue is recognised over-time during general construction work. The contract liabilities are expected to be recognised as revenue over a period of 30 days.

Significant changes to contract assets and contract liabilities balances during the period/year are as follows:

	31.7.2021 RM'000	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Contract liabilities at the beginning of the period recognised as revenue	(6,625)	(12,977)	(4,422)	(1,731)
Contract assets at the beginning of the period not transferred to trade receivables due to change in time frame	15,564	1,626	-	-

10. Cash and cash equivalents

	Note	31.7.2021 RM'000	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Fixed deposits with licensed banks	10.1	10,517	8,326	7,355	10,011
Cash and bank balances		10,828	5,053	7,542	1,049
		21,345	13,379	14,897	11,060

10.1 Fixed deposits with licensed banks

The entire deposits placed with licensed banks are pledged as security for banking facilities granted to the Group (see Note 13).

11. Share capital

	31.7.2021 RM'000	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares:				
At date of incorporation	*	*	-	-
At 31 July/31 December	*	*	-	-

	Number of ordinary shares			
	31.7.2021 '000	31.12.2020 '000	31.12.2019 '000	31.12.2018 '000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares:				
At date of incorporation	#	#	-	-
At 31 July/31 December	#	#	-	-

* Denotes RM3
\# Denotes 3

On 30 December 2020, the Company was incorporated with an issued and paid-up share capital of RM3 comprising 3 ordinary shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

12. Invested equity

For the purpose of these combined financial statements, the invested equity at the end of the respective financial years is the aggregate of the share capital of combining entities constituting the Group.

The invested equity constitutes the share capital of Siab (M) Sdn. Bhd ("Siab (M)").

13. Loans and borrowings

	Note	31.7.2021 RM'000	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Non-current					
Term loans	13.1	11,303	7,074	2,416	2,710
Hire purchase liabilities	13.2	516	773	1,101	500
		11,819	7,847	3,517	3,210
Current					
Term loans	13.1	1,068	684	4,197	271
Hire purchase liabilities	13.2	591	886	1,144	782
Bank overdrafts	13.3	3,035	2,830	9,770	3,879
		4,694	4,400	15,111	4,932
		16,513	12,247	18,628	8,142

13.1 Term loans

The term loans are secured over buildings (see Note 3) and investment properties (see Note 5).

13.2 Hire purchase liabilities

Hire purchase liabilities are secured over motor vehicles and site equipment (see Note 3).

13.3 Bank overdrafts

The securities are as follows:-

(i) Pledge of first party fixed deposit receipt together with Memorandum of Legal Charge over Deposit and Letter Charges over Deposit (see Note 10); and
(ii) Joint and several guarantee executed by directors.

14. Deferred tax liabilities

14.1 Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets			
	31.7.2021 RM'000	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Property, plant and equipment	-	-	-	13
Unutilised business losses	33	25	13	-
Unabsorbed capital allowances	7	7	5	-
Lease liabilities	42	43	240	-
Others	55	55	-	-
Deferred tax assets	137	130	258	13

	Liabilities			
	31.7.2021 RM'000	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Property, plant and equipment	(537)	(548)	(231)	(319)
Right-of-use assets	(42)	(41)	(237)	-
Deferred tax liabilities	(579)	(589)	(468)	(319)

	Net			
	31.7.2021 RM'000	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Property, plant and equipment	(537)	(548)	(231)	(306)
Unutilised business losses	33	25	13	-
Unabsorbed capital allowances	7	7	5	-
Right-of-use assets	(42)	(41)	(237)	-
Lease liabilities	42	43	240	-
Others	55	55	-	-
Deferred tax liabilities	(442)	(459)	(210)	(306)

14. Deferred tax liabilities (continued)

14.1 Recognised deferred tax assets/(liabilities) (continued)

Movement in temporary differences during the financial year/period

	At 1.1.2018 RM'000	Recognised in profit or loss (Note 19) RM'000	At 31.12.2018/ 1.1.2019 RM'000	Recognised in profit or loss (Note 19) RM'000	At 31.12.2019/ 1.1.2020 RM'000	Recognised in profit or loss (Note 19) RM'000	At 31.12.2020/ 1.1.2021 RM'000	Recognised in profit or loss (Note 19) RM'000	At 31.7.2021 RM'000
Property, plant and equipment	(103)	(203)	(306)	75	(231)	(317)	(548)	11	(537)
Unutilised business losses	-	-	-	13	13	12	25	8	33
Unabsorbed capital allowances	-	-	-	5	5	2	7	-	7
Right-of-use assets	-	-	-	(237)	(237)	196	(41)	(1)	(42)
Lease liabilities	-	-	-	240	240	(197)	43	(1)	42
Others	-	-	-	-	-	55	55	-	55
	(103)	(203)	(306)	96	(210)	(249)	(459)	17	(442)

Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which the Group can utilise the benefits from.

Based on the provisions in the Finance Bill 2021, unutilised tax losses carry forwards up to the year of assessment 2018 can be deductible against aggregate statutory income until the year of assessment 2028. Any unutilised tax losses for the year of assessment 2019 onwards can be carried forward for a maximum of 10 consecutive year of assessment.

Unutilised business losses (stated at gross) of RM56,000, RM47,000 and RM33,000 will expire in 2029, 2030 and 2031 respectively under the current tax legislation in Malaysia.

The other temporary differences do not expire under current tax legislation.

15. Trade and other payables

	Note	31.7.2021 RM'000	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Trade					
Trade payables	15.1	77,603	105,868	71,451	53,342
Non-trade					
Other payables		942	236	1,693	79
Dividends payable	22	4,000	2,000	-	-
Accruals		497	543	292	157
Amount due to directors	15.2	5	-	-	368
		5,444	2,779	1,985	604
		83,047	108,647	73,436	53,946

15.1 Trade payables

Included in trade payables are retentions of RM21,967,000 (31.12.2020: RM20,424,000; 31.12.2019: RM17,732,000 and 31.12.2018: RM14,023,000). Retentions are unsecured, interest free and are expected to be paid as follows:

	31.7.2021 RM'000	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Within 1 year	10,573	10,967	9,506	6,438
More than 1 year	11,394	9,457	8,226	7,585
	21,967	20,424	17,732	14,023

15.2 Amount due to directors

Amount due to directors is interest free, unsecured and repayable on demand.

16. Revenue

	1.1.2021 - 31.7.2021 Audited RM'000	1.1.2020 - 31.7.2020 Unaudited RM'000	1.1.2020 - 31.12.2020 Audited RM'000	1.1.2019 - 31.12.2019 Audited RM'000	1.1.2018 - 31.12.2018 Audited RM'000
Revenue from contracts with customers	104,498	124,302	273,388	242,888	145,419

16. Revenue (continued)

16.1 Disaggregation of revenue

	1.1.2021 - 31.7.2021 Audited RM'000	1.1.2020 - 31.7.2020 Unaudited RM'000	1.1.2020 - 31.12.2020 Audited RM'000	1.1.2019 - 31.12.2019 Audited RM'000	1.1.2018 - 31.12.2018 Audited RM'000
Primary geographical market					
Malaysia	104,498	124,302	273,388	242,888	145,419
Major products and service lines					
Construction contracts	104,094	124,276	273,048	242,880	143,682
ICT solutions	366	-	301	-	1,708
Hardware & software and IT services	38	26	39	8	8
Maintenance services	-	-	-	-	21
	104,498	124,302	273,388	242,888	145,419
Timing and recognition					
Over-time	104,460	124,276	273,349	242,880	145,390
At a point in time	38	26	39	8	29
	104,498	124,302	273,388	242,888	145,419

16.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Construction contracts	ICT solutions	Hardware & Software and IT and maintenance services
Timing of recognition or method used to recognised revenue	Revenue is recognised over-time using the cost incurred method.	Revenue is recognised over-time based on progress of work performed.	Revenue is recognised when goods or services are delivered or rendered.
Significant payment terms	Based on the agreed milestones, certified by architects.	Based on the agreed milestones, certified by architects.	Credit period of average 30 days from invoice date.
Variable element in consideration	Liquidated Ascertained Damages ("LAD") being the penalties for not achieving defined milestones on time are treated as a variable element in consideration.	Not applicable.	Not applicable.
Warranty	Generally, defect liability period of 2 to 3 years is given to the customers.	Generally, defect liability period of 1 to 2 years is given to the customers.	Not applicable.

There are no obligation for returns or refunds in the construction contract.

16. Revenue (continued)

16.3 Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

	1.8.2021 - 31.7.2022 RM'000	1.8.2022 - 31.7.2023 RM'000	1.8.2023 - 31.7.2024 RM'000	Total RM'000
31.7.2021				
Revenue from construction contract	337,024	88,501	-	425,525

	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
31.12.2020				
Revenue from construction contract	232,432	28,617	-	261,049

	2020 RM'000	2021 RM'000	2022 RM'000	Total RM'000
31.12.2019				
Revenue from construction contract	251,662	201,580	-	453,242

	2019 RM'000	2020 RM'000	2021 RM'000	Total RM'000
31.12.2018				
Revenue from construction contract	433,191	154,942	4,900	593,033

The Group applies the following practical expedients:

- exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

- exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service is one year or less.

16. Revenue (continued)

16.4 Significant judgements and assumptions arising from revenue recognition

The Group applied the following judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers especially for construction contracts:

Variable Consideration

Variable orders are integral and significant parts of contract revenue. They can also be present in lump sum contracts. Revenue from variation orders are included only when it is highly probable that the revenue will not be reversed. There is a risk that the actual payment of variation orders may differ from the estimated amount.

Liquidated Ascertained Damages ("LAD")

LAD are penalties for not achieving defined milestones on time. LAD are common in construction contracts. If a project does not meet the defined milestone in a contract, a provision reducing the transaction price is made unless it is highly probable that the LAD will not be imposed. The estimated LAD provision is highly judgemental and based on experience from similar LAD situations and negotiations with customers in addition to an assessment of client relationship and economic impact.

Total Contract Cost

The estimate of total contract cost can be judgemental and sensitive to changes. The cost estimates can significantly impact revenue recognition for contracts using cost progress, particularly in lump sum construction contracts. In making these estimates, management relied on professional estimates and also on past experience of completed projects. The forecasting of total contract cost depends on the ability to properly execute the design phase, availability of skilled resources, productivity and quality factors, performance of subcontractors and sometimes also weather conditions. A change in the estimates will directly affect the revenue to be recognised.

17. Finance costs

	1.1.2021 - 31.7.2021 Audited RM'000	1.1.2020 - 31.7.2020 Unaudited RM'000	1.1.2020 - 31.12.2020 Audited RM'000	1.1.2019 - 31.12.2019 Audited RM'000	1.1.2018 - 31.12.2018 Audited RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	559	251	555	741	413
Interest expense on lease liabilities	3	16	21	51	-
	562	267	576	792	413

18. Profit before tax

	Note	1.1.2021 - 31.7.2021 Audited RM'000	1.1.2020 - 31.7.2020 Unaudited RM'000	1.1.2020 - 31.12.2020 Audited RM'000	1.1.2019 - 31.12.2019 Audited RM'000	1.1.2018 - 31.12.2018 Audited RM'000
Profit before tax is arrived at after charging/(crediting):						
Material expenses/(income)						
Depreciation of property, plant and equipment		695	1,065	1,632	1,796	1,645
Depreciation of right-of-use assets		195	625	824	1,248	-
Depreciation of investment properties		64	-	26	-	-
Personnel expenses (including key management personnel):						
- Directors' remuneration		1,123	696	1,172	1,059	999
- Contributions to Employees' Provision Fund		399	221	364	344	301
- Wages, salaries and others		4,581	4,587	6,338	5,036	3,245
Initial public offering expenses		613	-	344	-	-
Government grants	18.1	-	(158)	(224)	-	-
(Gain)/Loss in fair value change of other investments		-	-	(104)	(82)	89
(Gain)/Loss on disposal of property, plant and equipment		-	(20)	(20)	8	(29)
Gain on disposal of subsidiary		-	-	-	-	(1,168)
Interest income of financial assets calculated using the effective interest method that are at amortised cost		(122)	(154)	(211)	(275)	(192)
Expenses arising from leases						
Expenses relating to short-term leases	18.2	736	572	1,385	3,146	-
Expenses relating to leases of low-value assets	18.2	237	1,475	2,128	3,352	-
Expenses relating to variable lease payments not included in the measurement of lease liabilities	18.2	1,705	2,731	5,843	4,466	-
Rental expenses		-	-	-	-	4,072
Net loss on impairment of financial instruments						
Financial assets at amortised cost		-	-	5	403	-

18. Profit before tax (continued)

18.1 Government grants

The government grants were related to the Wage Subsidy Programme introduced by the Government of Malaysia ("GoM") in response to the Covid-19 pandemic. Under this programme, eligible employers will receive a wage subsidy of RM600 for each employee earning less than RM4,000. The grants were recognised in profit or loss as other income. The related wages and salaries have been recognised as expenses during the period/year.

18.2 Expenses arising from leases

The Group leases different types of site equipment that either have a contract term that is less than 12 months, low-value in nature or includes variable lease payments where the rental expense is based on the usage of equipment. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

19. Tax expense

Recognised in profit or loss

	1.1.2021 - 31.7.2021 Audited RM'000	1.1.2020 - 31.7.2020 Unaudited RM'000	1.1.2020 - 31.12.2020 Audited RM'000	1.1.2019 - 31.12.2019 Audited RM'000	1.1.2018 - 31.12.2018 Audited RM'000
Current tax expense					
- Current period/year	2,124	2,011	3,861	2,115	1,746
- Under/(Over) provision in prior year	154	-	302	(390)	573
Total current tax recognised in profit or loss	2,278	2,011	4,163	1,725	2,319
Deferred tax expense					
- Current period/year	51	-	(4)	(55)	203
- (Over)/Under provision in prior year	(68)	-	253	(41)	-
Total deferred tax recognised in profit or loss	(17)	-	249	(96)	203
Total income tax expense	2,261	2,011	4,412	1,629	2,522

Reconciliation of tax expense

Profit before tax	7,244	8,345	15,455	8,579	7,784
Income tax calculated using Malaysian tax rate at 24%	1,739	2,003	3,709	2,059	1,868
Non-deductible expenses	465	8	342	244	977
Non-taxable income	(29)	-	(194)	(243)	(896)
Under/(Over) provision in prior years	86	-	555	(431)	573
	2,261	2,011	4,412	1,629	2,522

20. Disposal of subsidiary

In 2018, the Group disposed of all of its equity interest in a subsidiary, Johan Kembara Sdn. Bhd., for a consideration of RM200,000.

The effects of the disposal have been included in the combined statement of comprehensive income and cash flows as follows:-

	31.12.2018 RM'000
Cash consideration received	200
Assets and liabilities derecognised:	
Property, plant and equipment	28
Receivables	269
Cash and cash equivalents	571
Payables	(977)
Current tax liabilities	(1,644)
	(1,753)
Non-controlling interest derecognised	785
Group's shares of net asset derecognised	(968)
Gain on disposal in profit or loss	1,168
Net cash outflow, net of cash disposed, presented as investing activities in the statements of cash flows	(371)

21. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	1.1.2021 - 31.7.2021 Audited RM'000	**1.1.2020 - 31.7.2020 Unaudited RM'000**	**1.1.2020 - 31.12.2020 Audited RM'000**	**1.1.2019 - 31.12.2019 Audited RM'000**	**1.1.2018 - 31.12.2018 Audited RM'000**
Profit attributable to ordinary shareholders	4,983	6,334	11,022	6,956	5,243

21. Earnings per ordinary share (continued)

Basic earnings per ordinary share (continued)

	31.7.2021 Audited '000	31.7.2020 Unaudited '000	31.12.2020 Audited '000	31.12.2019 Audited '000	31.12.2018 Audited '000
Weighted average number of ordinary shares (including invested equity)					
Issued shares at 1 January	1,000	1,000	1,000	1,000	1,000
Weighted average number of ordinary shares at period/year end (basic)	1,000	1,000	1,000	1,000	1,000
Basic earnings per share (RM)	4.98	6.33	11.02	6.96	5.24

Diluted earnings per ordinary share

Diluted earnings per ordinary share as at 31 July 2021, 31 December 2020, 2019 and 2018 are identical with basic earnings per ordinary share as the Group does not have any dilutive potential ordinary shares.

22. Dividends

Dividends recognised by the Group:

	Per share RM	Total amount RM'000	Date of payment
31.7.2021			
Final 2020 ordinary	4.00	4,000	Dividends payable
31.12.2020			
Interim 2019 ordinary	1.00	1,000	14 December 2020
Interim 2019 ordinary	2.00	2,000	5 March 2021
Total amount		3,000	

The directors did not recommend any dividend to be paid for the year ended 31 December 2018.

23. Operating segments

The Group is predominantly involved in construction and civil engineering, which is the only reportable segment. Other non-reportable segments comprise investment holding and operations related to ICT solutions and maintenance services.

All the Group's operations and its revenue are carried out and derived in Malaysia.

The Managing Director of the Group (the Chief Operating Decision Maker) reviews internal management reports on a monthly basis.

23. Operating segments (continued)

Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Managing Director of the Group. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within this industry.

Segment assets and liabilities

Segment assets and liabilities information is neither included in the internal management reports nor provided regularly to the Managing Director of the Group. Hence, no disclosure is made on segment assets and liabilities.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial period/year to acquire property, plant and equipment, investment properties and right-of-use assets.

	1.1.2021 - 31.7.2021 Audited RM'000	1.1.2020 - 31.7.2020 Unaudited RM'000	1.1.2020 - 31.12.2020 Audited RM'000	1.1.2019 - 31.12.2019 Audited RM'000	1.1.2018 - 31.12.2018 Audited RM'000
Total additions to property, plant and equipment	102	26	134	1,552	1,187
Total additions to investment properties	-	-	303	4,847	-
Total additions to right-of-use assets	197	-	-	1,754	-
	299	26	437	8,153	1,187

Segment profit

	1.1.2021 - 31.7.2021 Audited RM'000	1.1.2020 - 31.7.2020 Unaudited RM'000	1.1.2020 - 31.12.2020 Audited RM'000	1.1.2019 - 31.12.2019 Audited RM'000	1.1.2018 - 31.12.2018 Audited RM'000
Segment profit	5,523	6,368	11,000	6,812	4,139
Included in the measure of segment profit are:					
Revenue from external customers	104,094	124,276	273,048	242,880	143,682
Finance income	122	154	211	275	192
Finance costs	(562)	(267)	(576)	(792)	(413)
Depreciation of property, plant and equipment, right-of-use assets and investment properties	(954)	(1,690)	(2,482)	(3,044)	(1,645)
Income tax expense	(2,269)	(2,011)	(4,401)	(1,641)	(2,461)
Net loss on impairment of financial instruments	-	-	(5)	(403)	-

23. Operating segments (continued)

Reconciliation of reportable segment revenue, profit or loss and other material items

	1.1.2021 - 31.7.2021 Audited RM'000	1.1.2020 - 31.7.2020 Unaudited RM'000	1.1.2020 - 31.12.2020 Audited RM'000	1.1.2019 - 31.12.2019 Audited RM'000	1.1.2018 - 31.12.2018 Audited RM'000
Revenue					
Total external revenue for reportable segment	104,094	124,276	273,048	242,880	143,682
Other non-reportable segments	404	26	340	8	1,737
Combined total	104,498	124,302	273,388	242,888	145,419
Profit/(loss)					
Total profit for reportable segment	5,523	6,368	11,000	6,812	4,139
Other non-reportable segments	(540)	(34)	43	138	(45)
Gain on disposal of subsidiary	-	-	-	-	1,168
Combined total	4,983	6,334	11,043	6,950	5,262
Income tax expense					
Total income tax expense for reportable segment	(2,269)	(2,011)	(4,401)	(1,641)	(2,461)
Other non-reportable segments	8	-	(11)	12	(61)
Combined total	(2,261)	(2,011)	(4,412)	(1,629)	(2,522)

Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	1.1.2021 - 31.7.2021 Audited RM'000	1.1.2020 - 31.7.2020 Unaudited RM'000	1.1.2020 - 31.12.2020 Audited RM'000	1.1.2019 - 31.12.2019 Audited RM'000	1.1.2018 - 31.12.2018 Audited RM'000	Segment
Customer A	1,067	-	-	67,015	87,326	Construction and civil engineering
Customer B	14,745	12,119	24,797	27,474	17,295	Construction and civil engineering
Customer C	3,126	10,646	15,073	51,642	18,159	Construction and civil engineering
Customer D	11,215	10,117	22,732	14,453	1,295	Construction and civil engineering
Customer E	-	50,053	105,939	46,576	7,275	Construction and civil engineering
Customer F	32,465	24,944	61,034	23,588	-	Construction and civil engineering
Customer G	19,733	11,432	30,426	9,777	-	Construction and civil engineering

24. Financial instruments

24.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Fair value through profit or loss ("FVTPL")
(b) Amortised cost ("AC")

	Carrying amount RM'000	AC RM'000	FVTPL RM'000
31.7.2021			
Financial assets			
Other investments	877	-	877
Trade and other receivables *****	70,007	70,007	-
Cash and cash equivalent	21,345	21,345	-
	92,229	91,352	877
Financial liabilities			
Trade and other payables	(83,047)	(83,047)	-
Loans and borrowings	(16,513)	(16,513)	-
	(99,560)	(99,560)	-
31.12.2020			
Financial assets			
Other investments	836	-	836
Trade and other receivables *****	79,839	79,839	-
Cash and cash equivalent	13,379	13,379	-
	94,054	93,218	836
Financial liabilities			
Trade and other payables	(108,647)	(108,647)	-
Loans and borrowings	(12,247)	(12,247)	-
	(120,894)	(120,894)	-

24. Financial instruments (continued)

24.1 Categories of financial instruments (continued)

	Carrying amount RM'000	AC RM'000	FVTPL RM'000
31.12.2019			
Financial assets			
Other investments	692	-	692
Trade and other receivables *****	86,627	86,627	-
Cash and cash equivalent	14,897	14,897	-
	102,216	101,524	692
Financial liabilities			
Trade and other payables	(73,436)	(73,436)	-
Loans and borrowings	(18,628)	(18,628)	-
	(92,064)	(92,064)	-
31.12.2018			
Financial assets			
Other investments	545	-	545
Trade and other receivables*	59,831	59,831	-
Cash and cash equivalent	11,060	11,060	-
	71,436	70,891	545
Financial liabilities			
Trade and other payables	(53,946)	(53,946)	-
Loans and borrowings	(8,142)	(8,142)	-
	(62,088)	(62,088)	-

*Exclude prepayments

24. Financial instruments (continued)

24.2 Net gains and losses arising from financial instruments

	1.1.2021 - 31.7.2021 Audited RM'000	1.1.2020 - 31.7.2020 Unaudited RM'000	1.1.2020 - 31.12.2020 Audited RM'000	1.1.2019 - 31.12.2019 Audited RM'000	1.1.2018 - 31.12.2018 Audited RM'000
Net gains/(losses) on:					
Financial assets measured at fair value through profit or loss	-	-	104	82	(89)
Financial assets measured at amortised cost	122	154	206	(128)	192
Financial liabilities measured at amortised cost	(559)	(251)	(555)	(741)	(413)
	(437)	(97)	(245)	(787)	(310)

24.3 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

24.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and subcontractors. There are no significant changes as compared to prior period.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

24. Financial instruments (continued)

24.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

The disclosure of the credit with exposure for trade receivable as at the reporting period by geographic region is not disclosed as the Group's business is operated only in Malaysia.

Recognition and measurement of impairment losses

The Group determines the probability of default for these receivables individually using internal information available.

Generally, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. All of these customers have low risk of default.

The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivable. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the period.

The following table provides information about the exposure to credit risk and expected credit losses ("ECLs") for trade receivables and contract assets as at the end of the reporting period, which are grouped together as they are expected to have similar risk nature:

24. Financial instruments (continued)

24.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
31.7.2021			
Trade receivables			
Current (not past due)	42,375	-	42,375
1 – 30 days past due	5,603	-	5,603
31 – 60 days past due	4,006	-	4,006
61 – 90 days past due	3,939	-	3,939
More than 90 days past due	16,375	(3,623)	12,752
	72,298	(3,623)	68,675
Contract assets			
Current (not past due)	36,142	-	36,142
31.12.2020			
Trade receivables			
Current (not past due)	55,981	-	55,981
1 – 30 days past due	3,930	-	3,930
31 – 60 days past due	2,669	-	2,669
61 – 90 days past due	1,918	-	1,918
More than 90 days past due	18,012	(3,623)	14,389
	82,510	(3,623)	78,887
Contract assets			
Current (not past due)	59,514	-	59,514
31.12.2019			
Trade receivables			
Current (not past due)	41,861	-	41,861
1 – 30 days past due	19,944	-	19,944
31 – 60 days past due	5,104	-	5,104
61 – 90 days past due	486	-	486
More than 90 days past due	21,360	(3,618)	17,742
	88,755	(3,618)	85,137
Contract assets			
Current (not past due)	18,527	-	18,527

24. Financial instruments (continued)

24.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
31.12.2018			
Trade receivables			
Current (not past due)	28,414	-	28,414
1 – 30 days past due	2,051	-	2,051
31 – 60 days past due	790	-	790
61 – 90 days past due	1,771	-	1,771
More than 90 days past due	25,511	(3,215)	22,296
	58,537	(3,215)	55,322
Contract assets			
Current (not past due)	7,878	-	7,878

The movements in the allowance for impairment in respect of trade receivables during the financial period/year are shown below:

	Trade receivables Credit impaired RM'000
Balance at 1 January 2018/31 December 2018	3,215
Net remeasurement of loss allowance	403
Balance at 31 December 2019/1 January 2020	3,618
Net remeasurement of loss allowance	5
Balance at 31 December 2020/1 January 2021/31 July 2021	3,623

Other receivables

Credit risks on other receivables are mainly arising from tender deposits and utilities deposits. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Group did not recognise any allowance for impairment losses. These other receivables have low credit risks. Consequently, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

24. Financial instruments (continued)

24.4 Credit risk (continued)

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. At the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Group provides unsecured financial guarantees to contract customers in relation to construction contracts.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk of the Group amounts to RM23,094,000 (31.12.2020: RM14,243,000; 31.12.2019: RM23,210,000 and 31.12.2018: RM21,424,000) representing the outstanding performance guarantee as at the end of the reporting period.

Recognition and measurement of impairment loss

As at the end of the reporting period, probability of the default of the Group is low and no allowance of impairment is recognised. These contract customers have low credit risks. Consequently, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

The financial guarantee of the Group has not been recognised since the fair value on initial recognition is not material.

24.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings and lease liabilities.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

24. Financial instruments (continued)

24.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments.

	Carrying amount RM'000	Contractual interest rate/ discount rate per annum %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
31.7.2021							
Non-derivative financial liabilities							
Hire purchase	1,107	2.35% - 4.76%	1,160	634	426	100	-
Bank overdrafts	3,035	#	3,035	3,035	-	-	-
Term loans	12,371	*	15,223	1,669	2,205	6,564	4,785
Trade and other payables	83,047	-	83,047	83,047	-	-	-
Lease liabilities	174	3.00% - 4.55%	177	159	18	-	-
Financial guarantee	-	-	23,094	23,094	-	-	-
	99,734		125,736	111,638	2,649	6,664	4,785
31.12.2020							
Non-derivative financial liabilities							
Hire purchase	1,659	2.35% - 4.76%	1,748	957	599	192	-
Bank overdrafts	2,830	#	2,830	2,830	-	-	-
Term loans	7,758	*	9,678	1,024	1,060	3,181	4,413
Trade and other payables	108,647	-	108,647	108,647	-	-	-
Lease liabilities	177	4.55%	178	178	-	-	-
Financial guarantee	-	-	14,243	14,243	-	-	-
	121,071		137,324	127,879	1,659	3,373	4,413

Represents lenders' cost of funds ranging from a margin of +1.00% to +2.00% per annum.

* Represents lenders' cost of funds ranging from a margin of -2.30% to +2.00% per annum.

24. Financial instruments (continued)

24.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rate/ discount rate per annum %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
31.12.2019							
Non-derivative financial liabilities							
Hire purchase	2,245	2.35% - 4.76%	2,398	1,241	930	227	-
Bank overdrafts	9,770	#	9,770	9,770	-	-	-
Term loans	6,613	*	7,073	4,301	401	1,603	768
Trade and other payables	73,436	-	73,436	73,436	-	-	-
Lease liabilities	1,000	4.55%	1,025	846	179	-	-
Financial guarantee	-	-	23,210	23,210	-	-	-
	93,064		116,912	112,804	1,510	1,830	768
31.12.2018							
Non-derivative financial liabilities							
Hire purchases	1,282	2.35% - 4.76%	1,335	782	421	132	-
Bank overdrafts	3,879	#	3,879	3,879	-	-	-
Term loans	2,981	*	3,574	401	401	1,202	1,570
Trade and other payables	53,946	-	53,946	53,946	-	-	-
Financial guarantee	-	-	21,425	21,425	-	-	-
	62,088		84,159	80,433	822	1,334	1,570

Represents lenders' cost of funds ranging from a margin of +1.00% to +2.00% per annum.

* Represents lenders' cost of funds ranging from a margin of -2.30% to +2.00% per annum.

24. Financial instruments (continued)

24.6 Market risk

Market risk is the risk that changes in market prices, such as interest rates that will affect the Group's financial position or cash flows. The Group is not exposed to foreign currency risk as all of its sales and purchases were denominated in RM. The Group is not significantly exposed to other price risk.

24.6.1 Interest rate risk

The Group's fixed rate loans and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate loans and borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

Interest rate exposure arises mainly from the Group's loans and borrowings. The Group closely monitors the interest rate trends and decisions in respect of fixed or floating rate debt structure, and tenor of borrowings are made based on the expected interest rate trends and after consultations with the bankers.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	31.7.2021 RM'000	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Fixed rate instruments				
Financial assets				
Deposits placed with licensed banks	10,517	8,326	7,355	10,011
Financial liabilities				
Hire purchase liabilities	1,107	1,659	2,245	1,282
Lease liabilities	174	177	1,000	-
	1,281	1,836	3,245	1,282
Floating rate instruments				
Financial liabilities				
Bank overdrafts	3,035	2,830	9,770	3,879
Term loans	12,371	7,758	6,613	2,981
	15,406	10,588	16,383	6,860

24. Financial instruments (continued)

24.6 Market risk (continued)

24.6.1 Interest rate risk (continued)

Exposure to interest rate risk (continued)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have (decreased)/increased post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Post-tax profit/(loss)	
	100 bp increase RM'000	**100 bp decrease RM'000**
31.7.2021		
Floating rate instruments	(117)	117
31.12.2020		
Floating rate instruments	(80)	80
31.12.2019		
Floating rate instruments	(125)	125
31.12.2018		
Floating rate instruments	(52)	52

24.7 Fair value information

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and short-term borrowings reasonably approximate fair values due to the relatively short-term nature of these financial instruments.

The carrying amounts of hire purchase liabilities also approximate their fair values upon discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liabilities.

24. Financial instruments (continued)

24.7 Fair value information (continued)

The table below analyses other financial instruments at fair value:

	Fair value of financial instruments carried at fair value Level 2 RM'000	Fair value of financial instruments not carried at fair value Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
31.7.2021				
Financial assets				
Other investments	877	-	877	877
Financial liabilities				
Term loans	-	12,371	12,371	12,371
31.12.2020				
Financial assets				
Other investments	836	-	836	836
Financial liabilities				
Term loans	-	7,758	7,758	7,758
31.12.2019				
Financial assets				
Other investments	692	-	692	692
Financial liabilities				
Term loans	-	6,613	6,613	6,613
31.12.2018				
Financial assets				
Other investments	545	-	545	545
Financial liabilities				
Term loans	-	2,981	2,981	2,981

Level 2 fair value

Other investments

The fair value of other investments is determined based on the net assets value as stipulated in the statements provided by the counterparties of the investments.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial period (31.12.2020, 31.12.2019 and 31.12.2018: no transfer in either directions).

24. Financial instruments (continued)

24.7 Fair value information (continued)

Level 3 fair value

Valuation process applied by the Group for Level 3 fair value

For financial instruments not carried at fair value, the Group has applied discounted cash flows valuation technique using a rate based on the current market rate of borrowings of respective Group entities at the reporting date in determination of fair values within Level 3.

25. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors capital using gearing ratio, which is total debt divided by total equity. The Group's policy is to keep the gearing ratio at an acceptable limit.

The debt-to-equity ratios at the end of the reporting periods were as follows:

	Note	31.7.2021 RM'000	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Loans and borrowings	13	16,513	12,247	18,628	8,142
Lease liabilities		174	177	1,000	-
Total debt		16,687	12,424	19,628	8,142
Total equity		37,702	36,719	28,700	21,750
Debt-to-equity ratio		0.44	0.34	0.68	0.37

There was no change in the Group's approach to capital management during the financial period.

26. Related parties

Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group.

The Group has related party relationship with its combining entities and key management personnel.

26. Related parties (continued)

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group are shown below.

The balances related to the below transactions are shown in Note 15.

	1.1.2021 - 31.7.2021 Audited RM'000	1.1.2020 - 31.7.2020 Unaudited RM'000	1.1.2020 - 31.12.2020 Audited RM'000	1.1.2019 - 31.12.2019 Audited RM'000	1.1.2018 - 31.12.2018 Audited RM'000
Key management personnel					
Directors					
- Remuneration	1,123	696	1,172	1,059	999
- Contributions to Employees' Provision Fund	213	132	217	201	189
- Advance from directors	5	-	-	-	368

27. Significant event

Acquisition of Siab (M)

On 31 May 2021, the Company entered into a conditional share sale agreement ("SSA") to acquire the entire issued share capital of Siab (M) of RM1,000,000 comprising 1,000,000 ordinary shares from its existing shareholders for a purchase consideration of RM36,722,508. The said purchase consideration will be fully satisfied by the issuance of 367,225,080 new ordinary shares of the Company at an issue price of RM0.10 per share, which will be issued to the shareholders of Siab (M), namely Ng Wai Hoe, Lim Mei Hwee, Tan Sok Moi, Makmur Baru Holdings Sdn. Bhd. and Alam Kota Sdn. Bhd..

The completion of the SSA is conditional upon certain conditions precedent being obtained/fulfilled/waived, which includes the approval of Bursa Malaysia Securities Berhad for the admission of the share capital of Siab Holdings to the official list of Bursa Malaysia Securities Berhad for its Listing.

On 14 December 2021, the Company has completed the acquisition of Siab (M).

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The Board of Directors
Siab Holdings Berhad
No. 82, Jalan BP 7/8
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5 January 2022

Dear Sirs,

Reporting Accountants' opinion on the combined financial statements contained in the Accountants' Report of Siab Holdings Berhad ("Siab")

Opinion

We have audited the combined financial statements of Siab and the combining entities, Siab (M) Sdn Bhd and its subsidiaries (collectively referred to as "Siab Holdings" or the "Group"), which comprise the combined statements of financial position as at 31 July 2021, 31 December 2020, 31 December 2019 and 31 December 2018, and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the period and years then ended, and notes to the accountants' report, including a summary of significant accounting policies, as set out on pages 1 to 68. The combined financial statements of the Group have been prepared for inclusion in the prospectus of Siab Holdings in connection with the listing of and quotation for the entire issued and paid-up share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and for no other purposes.

In our opinion, the accompanying combined financial statements give a true and fair view of the combined financial positions of the Group as of 31 July 2021, 31 December 2020, 31 December 2019 and 31 December 2018, and of its combined financial performances and combined cash flows for the period and years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements* section of our reporting accountants' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Responsibilities of the Directors for the Combined Financial Statements

The Directors of the Company (the "Directors") are responsible for the preparation of the combined financial statements of the Group that give a true and fair view in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of the combined financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements of the Group, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountants' report to the related disclosures in the combined financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal controls that we identify during our audit.

Other Matters

The comparative information for the combined statements of profit or loss and other comprehensive income, changes in equity and cash flows, and notes to the combined financial statements for the financial period ended 31 July 2020 has not been audited.

Restriction on Distribution and Use

This report is made solely to the Company and for inclusion in the prospectus of the Company in connection with the listing of and quotation for the entire issued and paid-up share capital of the Company on the ACE Market of Bursa Securities and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

KPMG PLT	**Lam Shuh Siang**
(LLP0010081-LCA & AF 0758)	Approval Number: 03045/02/2023 J
Chartered Accountants	Chartered Accountant

KPMG

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The Board of Directors
Siab Holdings Berhad
No. 82, Jalan BP 7/8
Bandar Bukit Puchong
47120 Puchong
Selangor Darul Ehsan

5 January 2022

Dear Sir/Madam,

Siab Holdings Berhad ("Siab Holdings" or the "Company") and its combining entities, Siab (M) Sdn Bhd and its subsidiaries ("Siab (M)") (collectively, the "Group")

Report on the compilation of pro forma combined statements of financial position for inclusion in the Company's prospectus in connection with the initial public offering of 122,409,000 ordinary shares in the Company in conjunction with the listing of and quotation for the entire issued share capital of the Company on the Ace Market of Bursa Malaysia Securities Berhad ("Prospectus") ("IPO")

We have completed our assurance engagement to report on the compilation of the pro forma combined statements of financial position of the Group as at 31 July 2021 ("Pro Forma Financial Position") prepared by the management of the Company. The Pro Forma Financial Position and the related notes as set out in Attachment A, have been stamped by us for identification purposes. The applicable criteria on the basis of which the Board of Directors of the Company (the "Directors") have compiled the Pro Forma Financial Position are described in the notes to the Pro Forma Financial Position. The Pro Forma Financial Position is prepared in accordance with the requirements of Chapter 9 of the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Financial Position has been compiled by the Directors for inclusion in the Prospectus solely to illustrate the impact of the transactions as set out in the notes to the Pro Forma Financial Position in Attachment A on the Group's combined statements of financial position as at 31 July 2021, as if the transactions had taken place as at 31 July 2021. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's audited combined interim financial statements for the period ended 31 July 2021, on which a reporting accountants' report dated 5 January 2022 has been issued.

Directors' Responsibility for the Pro Forma Financial Position

The Directors are responsible for compiling the Pro Forma Financial Position on the basis described in the notes to the Pro Forma Financial Position in Attachment A as required by the Prospectus Guidelines.

Reporting Accountants' Independence and Quality Control

We have complied with the independence and other ethical requirement of the *By-Laws (on Professional Ethics, Conduct and Practice)* issued by the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and adopted by the Malaysian Institute of Accountants, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion as required by the Prospectus Guidelines about whether the Pro Forma Financial Position has been compiled, in all material respects, by the Directors on the basis described in the notes to the Pro Forma Financial Position in Attachment A.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Financial Position on the basis described in the notes to the Pro Forma Financial Position in Attachment A.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Position.

The purpose of the Pro Forma Financial Position included in the Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

Reporting Accountants' Responsibilities (continued)

A reasonable assurance engagement to report on whether the Pro Forma Financial Position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and

- the Pro Forma Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Financial Position as at 31 July 2021 has been compiled, in all material respects, on the basis described in the notes to the Pro Forma Financial Position in Attachment A.

Other Matter

Our report on the Pro Forma Financial Position has been prepared for inclusion in the Company's Prospectus in connection with the IPO and should not be relied upon for any other purposes.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Lam Shuh Siang
Approval Number: 03045/02/2023 J
Chartered Accountant

Attachment A

Siab Holdings Berhad ("Siab Holdings" or the "Company") and its combining entities, Siab (M) Sdn. Bhd. and its subsidiaries ("Siab (M)") (collectively, "the Group")
Pro Forma Combined Statements of Financial Position and the notes thereon

Pro Forma Combined Statements of Financial Position

The pro forma combined statements of financial position of the Group as at 31 July 2021 ("Pro Forma Financial Position") as set out below have been prepared for illustrative purposes only to show the effects of the transactions referred to in Note 2 had these transactions been effected on 31 July 2021, and should be read in conjunction with the said notes to the Pro Forma Financial Position.

	Notes	As at 31 July 2021* RM'000	Pro Forma I After the Acquisition of Siab (M) RM'000	Pro Forma II After Pro Forma I and the Initial Public Offering ("IPO") RM'000	Pro Forma III After Pro Forma II and the use of proceeds RM'000
Assets					
Property, plant and equipment		6,065	6,065	6,065	6,065
Right-of-use assets		207	207	207	207
Investment properties		5,505	5,505	5,505	5,505
Other investments		877	877	877	877
Total non-current assets		12,654	12,654	12,654	12,654
Trade and other receivables		70,070	70,070	70,070	70,070
Contract assets		36,142	36,142	36,142	36,142
Current tax assets		46	46	46	46
Cash and cash equivalents	3(a)	21,345	21,345	58,067	55,001
Total current assets		127,603	127,603	164,325	161,259
Total assets		140,257	140,257	176,979	173,913

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Siab Holdings Berhad ("Siab Holdings" or the "Company") and its combining entities, Siab (M) Sdn. Bhd. and its subsidiaries ("Siab (M)") (collectively, "the Group")
Pro Forma Combined Statements of Financial Position and the notes thereon

	Notes	As at 31 July 2021* RM'000	Pro Forma I After the Acquisition of Siab (M) RM'000	Pro Forma II After Pro Forma I and the Initial Public Offering ("IPO") RM'000	Pro Forma III After Pro Forma II and the use of proceeds RM'000
Equity					
Share capital	3(b)	#	36,722	73,444	72,098
Invested equity	3(c)	1,000	-	-	-
Retained earnings	3(d)	36,702	36,702	36,702	34,982
Merger reserve	3(e)	-	(35,722)	(35,722)	(35,722)
Total equity		37,702	37,702	74,424	71,358
Liabilities					
Loans and borrowings		11,819	11,819	11,819	11,819
Lease liabilities		17	17	17	17
Deferred tax liabilities		442	442	442	442
Total non-current liabilities		12,278	12,278	12,278	12,278
Trade and other payables		83,047	83,047	83,047	83,047
Contract liabilities		1,015	1,015	1,015	1,015
Loans and borrowings		4,694	4,694	4,694	4,694
Lease liabilities		157	157	157	157
Current tax liabilities		1,364	1,364	1,364	1,364
Total current liabilities		90,277	90,277	90,277	90,277
Total liabilities		102,555	102,555	102,555	102,555
Total equity and liabilities		140,257	140,257	176,979	173,913

Denotes RM3

* *Extracted from Siab Holdings Accountants' Report on the combined financial statements for the financial period ended 31 July 2021.*

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Siab Holdings Berhad ("Siab Holdings" or the "Company") and its combining entities, Siab (M) Sdn. Bhd. and its subsidiaries ("Siab (M)") (collectively, "the Group")
Pro Forma Combined Statements of Financial Position and the notes thereon

Notes to the Pro Forma Combined Statements of Financial Position

The pro forma combined statements of financial position of the Group as at 31 July 2021 ("Pro Forma Financial Position") have been prepared for inclusion in the prospectus of the Company to be issued in connection with the initial public offering of 122,409,000 ordinary shares in the Company in conjunction with the listing of and quotation for the entire enlarged issued share capital of the Company on the Ace Market of Bursa Malaysia Securities Berhad ("Prospectus") ("IPO") and should not be relied upon for any other purposes.

1. Basis of preparation

The applicable criteria on the basis of which the Board of Directors of the Company ("Directors") has compiled the Pro Forma Financial Position are as described below. The Pro Forma Financial Position is prepared in accordance with the requirements of Chapter 9 of the Prospectus Guidelines issued by the Securities Commission Malaysia and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Financial Position has been prepared based on the audited combined financial statements of the Group for the financial period ended on 31 July 2021, which was prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"), and in a manner consistent with the format of the statement of financial position and the accounting policies adopted by the Group, and adjusted for the events and transactions detailed in Note 2.

The pro forma adjustments are appropriate for the purpose of preparing the Pro Forma Financial Position.

The auditors' report dated 5 January 2022 on the Group's audited combined interim financial statements for the period ended on 31 July 2021 was not subject to any qualification, modification or disclaimer of opinion.

The Pro Forma Financial Position is not necessarily indicative of the financial position that would have been attained had the IPO actually occurred at the respective dates. The Pro Forma Financial Position has been prepared for illustrative purposes only.

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Siab Holdings Berhad ("Siab Holdings" or the "Company") and its combining entities, Siab (M) Sdn. Bhd. and its subsidiaries ("Siab (M)") (collectively, "the Group")
Pro Forma Combined Statements of Financial Position and the notes thereon

2. Pro forma adjustments to the Pro Forma Financial Position

The Pro Forma Financial Position illustrates the effects of the following events or transactions:

2.1 Pro Forma I - Acquisition of Siab (M) Sdn. Bhd. ("Siab (M)")

On 14 December 2021, the Company had completed the acquisition of the entire issued share capital of Siab (M) of RM1,000,000 comprising 1,000,000 ordinary shares from its existing shareholders for a purchase consideration of RM36,722,508 ("Acquisition of Siab (M)"). The said purchase consideration has been fully satisfied by the issuance of 367,225,080 new ordinary shares of the Company at an issue price of RM0.10 per share to the shareholders of Siab (M), namely Ng Wai Hoe, Lim Mei Hwee, Tan Sok Moi, Makmur Baru Holdings Sdn. Bhd. and Alam Kota Sdn. Bhd..

The Acquisition of Siab (M) is accounted for using book value accounting. Under book value accounting, the difference between the consideration paid and the share capital of the acquiree is accounted for as merger reserve.

2.2 Pro Forma II - IPO

(i) Public Issue

The public issue of 122,409,000 new ordinary shares in the Company ("Issue Share(s)") at a price of RM0.30 per Issue Share.

(ii) Offer for Sale

The offer for sale by Ng Wai Hoe, Lim Mei Hwee, Makmur Baru Holdings Sdn. Bhd. and Tan Sok Moi (collectively referred to as "the Offerors") of 48,963,600 existing ordinary shares in the Company ("Offer Share(s)") at a price of RM0.30 per Offer Share by way of private placement to selected investors.

The Company will not receive any proceeds from the Offer for Sale. The gross proceeds of RM14,689,080 from the Offer for Sale will accrue entirely to the Offerors.

2.3 Pro Forma III - Use of proceeds

The total gross proceeds from the Public Issue of RM36,722,000 are intended to be used as follows:

	RM'000
Capital expenditure(1)	23,399
Working capital	9,300
Estimated listing expenses(2)	4,023
	36,722

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Pro Forma Combined Statements of Financial Position and the notes thereon

2. Pro forma adjustments to the Pro Forma Financial Position (continued)

2.3 Pro Forma III - Use of proceeds (continued)

Notes:

(1) The breakdown of capital expenditure amounting to RM23,399,000 is set out below:

	RM'000
Purchase of site equipment	*13,125*
Purchase of land & construction of storage warehouse	*6,098*
Expansion of office	*300*
Purchase of IT & Software	*810*
Purchase of Building Information Modelling & Industrial Building System	*3,066*
	23,399

As at the latest practicable date, the Company has yet to enter into any contractual binding arrangements or issued any purchase orders in relation to the above capital expenditure. Accordingly, the use of proceeds earmarked for capital expenditure is not reflected in the Pro Forma Financial Position.

(2) The estimated listing expenses comprise the following:

	RM'000
Professional fees	*1,857*
Underwriting and placement fees	*1,640*
Printing and advertising	*205*
Contingencies	*321*
	4,023

The total listing expenses to be borne by the Company is estimated to be RM4,023,000. As of 31 July 2021, RM957,000 has been charged to the profit or loss account of the Group.

Upon completion of the IPO, out of the remaining estimated listing expenses of RM3,066,000, an estimated total of RM1,346,000 will be set-off against equity and an estimated total of RM1,720,000 will be charged out to the profit or loss account.

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Pro Forma Combined Statements of Financial Position and the notes thereon

3. Effects on the Pro Forma Financial Position

(a) Movement in cash and cash equivalents

	RM'000
Balance as at 31 July 2021 / Pro Forma I	21,345
Effects of Pro Forma II:	
- Proceeds from the Public Issue	36,722
Pro Forma II	58,067
Effects of Pro Forma III:	
- Estimated listing expenses	(3,066)
Pro Forma III	55,001

(b) Movement in share capital

	RM'000
Balance as at 31 July 2021	#
Effects of Pro Forma I	
- Acquisition of Siab (M)	36,722
Pro Forma I	36,722
Effects of Pro Forma II:	
- Shares issued under the Public Issue	36,722
Pro Forma II	73,444
Effects of Pro Forma III:	
- Estimated listing expenses	(1,346)
Pro Forma III	72,098

 # Denotes RM3

(c) Movement in invested equity

	RM'000
Balance as at 31 July 2021	1,000
Effects of Pro Forma I:	
- Acquisition of Siab (M)	(1,000)
Pro Forma I, II and III	-

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Pro Forma Combined Statements of Financial Position and the notes thereon

3. Effects on the Pro Forma Financial Position (continued)

(d) Movement in retained earnings

	RM'000
Balance as at 31 July 2021 / Pro Forma I / Pro Forma II	36,702
Effects of Pro Forma III:	
- Estimated listing expenses	(1,720)
Pro Forma III	34,982

(e) Movement in merger reserve

	RM'000
Balance as at 31 July 2021	-
Effects of Pro Forma I:	
- Acquisition of Siab (M)	(35,722)
Pro Forma I, II and III	(35,722)

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15. STATUTORY AND OTHER INFORMATION

15.1 SHARE CAPITAL

(i) As at the date of this Prospectus, we only have one class of shares, namely, ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares;

(ii) Save for the Pink Form Allocations as disclosed in Section 4.3.3,

(a) no Director or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries; and

(b) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.

(iii) Save for the issuance of our subscribers' shares upon our incorporation and new Shares issued and to be issued for the Acquisition and Public Issue as disclosed in Sections 6.1, 6.2.2 and 4.3.1 respectively, no shares of our Company or our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus;

(iv) Other than our Public Issue as disclosed in Section 4.3.1, there is no intention on the part of our Directors to further issue any Shares on the basis of this Prospectus;

(v) As at the date of this Prospectus, we do not have any outstanding convertible debt securities; and

(vi) None of our Group's capital is under option, or agreed conditionally or unconditionally to be put under option.

15.2 CONSTITUTION

The following provisions are extracted from our Constitution. Terms defined in our Constitution shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires. The following provisions extracted from our Constitution are based on the current Listing Requirements and the Act.

15.2.1 Changes in share capital and variation of class rights

The provisions in our Constitution dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:

Clause 7 - Classes of Shares

(1) The capital of the Company shall consist of ordinary shares.

(2) A holder of ordinary share(s) shall have the following voting rights:

(a) Right to vote on a show of hands to 1 vote on any resolution of the Company; and

(b) Right to vote on a poll to 1 vote for every share held on any resolution of the Company.

Clause 8 - Variation of Rights

(1) If at any time the share capital is divided into different classes of shares, the rights attached to each class of shares (unless otherwise provided by the terms of issue of the shares of that class) may only, whether or not the Company is being wound up, be varied:

(a) with the consent in writing of the holders holding not less than 75% of the total voting rights of the holders of that class of shares; or

(b) by a special resolution passed by a separate meeting of the holders of that class of shares sanctioning the variation.

(2) The provisions of this Constitution relating to general meetings apply with the necessary modifications to every separate meeting of the holders of the shares of the class referred to in Clause 8(1), except that:

(a) for a meeting other than an adjourned meeting, a quorum is constituted by 2 persons present holding at least 1/3 of the number of issued shares of such class, excluding any shares of that class held as treasury shares;

(b) if that class of shares only has one holder, a quorum is constituted by 1 person present holding shares of such class; and

(c) for an adjourned meeting, a quorum is constituted by 1 person present holding share(s) of such class.

(3) The rights attached to an existing class of preference shares shall be deemed to be varied by the issue of new preference shares that rank equally with the existing class of preference shares unless such issuance was authorised by:

(a) the terms of the issue of the existing preference shares; or

(b) this Constitution of the Company as in force at the time when the existing preference shares were issued.

Clause 12 - Issue of Securities

(1) Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject always to the Act, the Listing Requirements and this Constitution, the Directors have the right to:

(a) issue and allot shares in the Company; and

(b) grant rights to subscribe for shares or options over unissued shares in the Company.

(2) Subject to the Act, the Listing Requirements, this Constitution and the relevant Shareholders' approval being obtained, the Directors may issue any shares (including rights or options over subscription of such shares):

(a) with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine;

(b) to any person, whether a member or not, in such numbers or proportions as the Directors may determine; and

(c) for such consideration as the Directors may determine.

(3) (a) Subject to the Act, the Listing Requirements and any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled.

(b) The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company.

(c) The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

(4) Subject to Rule 6.07 of the Listing Requirements and notwithstanding the existence of a resolution pursuant to Sections 75(1) and 76(1) of the Act, the Company must not issue any shares or convertible securities if the total number of those shares or convertible securities, when aggregated with the total number of any such shares or convertible securities issued during the preceding 12 months, exceeds the prescribed limit set out in the Listing Requirements except where the shares or convertible securities are issued with the prior shareholder approval in a general meeting of the precise terms and conditions of the issue.

(5) (a) The Company may pay commission (including brokerage) subject to the following:

(i) the commission shall not exceed the rate of 10% of the price at which the shares in respect whereof the same is paid are issued; or

(ii) the commission shall not exceed an amount equal to 10% of that price,

whichever is lesser;

(b) The rate of commission shall be disclosed in the manner prescribed in the Act; and

(c) The said commission may be satisfied by payment in cash or shares (fully or partly paid shares) or partly in one way and partly in the other. For the purpose of Clause 12(5), commission includes brokerage and the rates referred to in Clause 12(5)(a) shall not apply to brokerage.

(6) Subject to Section 130 of the Act, where any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may pay interest or returns on the amount of such share capital as is for the time being paid up and charge the interest or returns paid to share capital as part of the cost of construction of the works, buildings or the provision of any plant.

Clause 46 - Alteration of Capital

(1) Subject to any special rights for the time being attached to any existing class of shares, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct and if no direction be given, as the Directors shall determine subject to the provisions of this Constitution and such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company or otherwise.

(2) Section 85 of the Act shall not apply to the Company. Subject to any direction to the contrary that may be given by the Company in general meeting, any new shares or other convertible securities, from time to time to be created shall before they are issued, be offered in the first instance to all members in proportion as nearly as may be to the amount of existing shares or convertible securities held by them. In offering such new shares in the first instance to all members, the offer shall be made by notice specifying the number of shares or securities offered, and limiting the time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or convertible securities offered, the Directors may dispose of those shares or convertible securities in such manner as they think most beneficial to the Company. The Directors may, as they think most beneficial to the Company, dispose of any such new shares or convertible securities which (by reason of the proportion borne by them to the number of holders entitled to any such offer or by reason of any other difficulty in apportioning the same) cannot, in the opinion of the Directors, be conveniently offered under this clause.

(3) Except so far as otherwise provided by the conditions of issue or by this Constitution, all new shares shall be subject to the provisions of this Constitution with reference to allotments, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

(4) The Company may from time to time by ordinary resolution and subject to other applicable laws or requirements:

(a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; or

(b) subdivide its shares or any of them into shares, whichever is in the subdivision; the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived.

(5) The Company may from time to time by special resolution and subject to other applicable requirements:

(a) cancel shares which, at the date of the passing of the resolution in that regard, have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled or in such other manner allowed by law; or

(b) reduce its share capital in such manner permitted by law, and (where applicable) subject to the relevant required approvals being obtained.

(6) The Company shall have the power, subject to and in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines in respect thereof for the time being in force, to purchase its own shares and thereafter to deal with the shares purchased in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines thereunder or issued by Bursa Securities and any other relevant authorities in respect thereof.

15.2.2 Borrowing and voting powers of the directors

The provisions in our Constitution dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested in are as follows:

Clause 87 – Alternate Directors Entitled to receive notice of Board Meetings

An Alternate Director is entitled to receive notice of Board Meetings and, if the appointer is not present at such a meeting, is entitled to attend and vote in his stead.

Clause 90(3) – Associate Director may attend Board Meetings by invitation

A person appointed as an associate director does not have any right to attend or vote at any Board Meetings except by the invitation and with the consent of the Board.

Clause 95 - Directors' borrowing powers

Without limiting the generality of Clause 94(1) and (2), the Directors may, subject to the Act and the Listing Requirements, exercise all the powers of the Company to do all or any of the following for any debt, liability, or obligation of the Company or of any third party:

(1) borrow money;

(2) mortgage or charge its undertaking, property, and uncalled capital, or any part of the undertaking, property and uncalled capital;

(3) issue debentures and other Securities whether outright or as security; and/or

(4) (a) lend and advance money or give credit to any person or company;

(b) guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company;

(c) secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person or company;

and otherwise to assist any person or company.

Clause 105 - Directors' Interest in Contracts

(a) A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest.

(b) Every Director shall observe the provisions of Sections 221 and 222 of the Act relating to the disclosure of the interest of the Directors in contracts or proposed contracts with the Company or of any office or property held by the Directors which might create duties or interest in conflict with their duties or interest as Directors and participation in discussion and voting. Such disclosure of material personal interest by the Directors shall be in the form of a notice. Such notice shall be in the form and manner prescribed under Section 221 of the Act.

Clause 107 - Passing of resolution by the Directors

(1) The Directors may pass a resolution without a Board Meeting, if a majority of the Directors entitled to vote and sign on the resolution signed the resolution, signifying their agreement to the resolution set out in the document.

(2) Any such resolution may consist of several documents in like form, each signed by 1 or more of the Directors, and shall be as valid and effectual as if it were a resolution duly passed at a Board Meeting.

Clause 118 - Voting at Board Meetings

(1) Subject to this Constitution, questions arising at a Board Meeting shall be decided by a majority of votes of Directors present and voting and any such decision shall for all purposes be deemed a decision of the Directors.

(2) Each Director is entitled to cast 1 vote on each matter for determination.

Clause 119 - Casting Vote

In the case of an equality of votes, the chairperson of the Board Meeting is entitled to a second or casting vote, except where 2 Directors form a quorum, the chairperson of a meeting at which only such a quorum is present, or at which only 2 Directors are competent to vote on the question at issue shall not have a casting vote.

15.2.3 Remuneration of directors

The provisions in our Constitution dealing with remuneration of Directors are as follows:

Clause 84 – Remuneration

A Managing Director or an Executive Director shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration (whether by way of salary, bonus, commission, or participation in profits, or partly in one way and partly in another and other benefits) as the Board of Directors may determine.

Clause 89 – Alternate Directors not entitled to receive remuneration

An Alternate Director:

(1) has no entitlement to receive remuneration from the Company and any fee paid by the Company to the Alternate Director shall be deducted from the Appointer's remuneration; and

(2) is entitled to be reimbursed for all the travelling and other expenses properly incurred by him in attending the Board Meetings on behalf of the Appointer from the Company.

Clause 90 (2)– Board to fix the terms of Associate Director

(2) The Board may fix, determine and vary the powers, duties and remuneration of any person appointed as an associate director.

Clause 93 – Remuneration of Directors

(1) The Company may from time to time by an ordinary resolution passed at a general meeting, approve the remuneration of the Directors, who hold non-executive office with the Company, for their services as non-executive Directors.

(2) Subject to Clause 84, the fees of the Directors and any benefits payable to the Directors shall be subject to annual shareholders' approval at a general meeting.

(3) If the fee of each such non-executive Director is not specifically fixed by the members, then the quantum of fees to be paid to each non-executive Director within the overall limits fixed by the members, shall be decided by resolution of the Board. In default of any decision being made in this respect by the Board, the fees payable to the non-executive Directors shall be divided equally amongst themselves and such a Director holding office for only part of a year shall be entitled to a proportionate part of a full year's fees. The non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.

(4) The following expenses shall be determined by the Directors:

(a) Traveling, hotel and other expenses properly incurred by the Directors in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company; and

(b) Other expenses properly incurred by the Directors arising from the requirements imposed by the authorities to enable the Directors to effectively discharge their duties.

(5) Executive Directors of the Company shall be remunerated in the manner referred to in Clause 84 but such remuneration shall not include a commission on or percentage of turnover.

15.2.4 Transfer of shares

The provisions in our Constitution dealing with transfer of shares are as follows:

Clause 14 - Transfer of Securities

The transfer of any Deposited Security or class of Deposited Security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Deposited Securities.

Clause 15 - Transmission of Securities

Where:

(a) the Securities of the Company are listed on another stock exchange; and

(b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such Securities,

the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such Securities.

Clause 17 & 18 - Transfer of Shares or Debentures

17(1) Subject to this Constitution and other written laws, any shareholder or debenture holder may transfer all or any of his shares or debentures by instrument of transfer as prescribed under the Act.

17(2) The instrument of transfer must be executed by or on behalf of the transferor and the transferee.

17(3) The transferor shall remain as the holder of such shares or debentures until the transfer is registered and the name of the transferee is entered in the Register of Members or register of debenture holders in respect of the shares or debentures respectively.

18(1) To enable the Company to register the name of the transferee, the following items in relation to the transfer of shares or debentures must be delivered by the transferor to the office of the Company:

(a) the instrument of transfer duly executed and stamped;

(b) the certificate of the shares or debentures which the instrument of transfer relates; and

(c) any other evidence as the Directors may reasonably require showing the right of the transferor to make the transfer.

18(2) Upon receipt of the items referred to in Clause 18(1), the Company shall, upon the approval of the Board and unless otherwise resolved, register the name of the transferee in the Register of Members or register of debenture holders (as applicable).

15.3 GENERAL INFORMATION

(i) Save for the dividends paid to the shareholders of our subsidiaries as disclosed in Section 12.16, purchase consideration paid to the Vendors for the Acquisition as disclosed in Section 6.2.2 and Directors' remuneration as disclosed in Section 5.2.4, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be paid or given, to any of our Promoter, Director or substantial shareholder.

(ii) Save as disclosed in Section 10.1, none of our Directors or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.

(iii) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the summarised procedures for application of our Shares are set out in Section 16.

(iv) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

15.4 CONSENTS

(i) The written consents of the Adviser, Sponsor, Underwriter, Placement Agent, Solicitors, Share Registrar, Company Secretaries and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issuance of this Prospectus and have not subsequently been withdrawn;

(ii) The written consents of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and report relating to the pro forma combined statements of financial position in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn; and

(iii) The written consent of the IMR to the inclusion in this Prospectus of its name and the IMR Report, in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not been subsequently withdrawn.

15.5 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:

(i) Constitution;

(ii) Audited financial statements of Siab, Siab (M), Siab Construction, Siab Development, Siab Engineering and Siab Network for FYE 2018, FYE 2019 and FYE 2020 (where applicable);

(iii) Audited financial statements of Siab for FPE 2021;

(iv) Accountants' Report as set out in Section 13;

(v) Reporting Accountants' report relating to our pro forma combined statements of financial position as set out in Section 14;

(vi) IMR Report as set out in Section 8;

(vii) Material contracts as set out in Section 6.4; and

(viii) Letters of consent as set out in Section 15.4.

15.6 RESPONSIBILITY STATEMENTS

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

M&A Securities acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

16.1 OPENING AND CLOSING OF APPLICATION PERIOD

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 28 January 2022

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 16 February 2022

In the event of any changes to the date or time for closing, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

Late Applications will not be accepted.

16.2 METHODS OF APPLICATIONS

16.2.1 Retail Offering

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and category of investors	Application Method
Applications by our eligible Directors, employees and persons who have contributed to the success of our Group	Pink Application Form only
Applications by the Malaysian Public:	
(i) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(ii) Non-Individuals	White Application Form only

16.2.2 Placement

Types of Application	Application Method
Applications by selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.
Applications by Bumiputera investors approved by MITI	MITI will contact the Bumiputera investors directly. They should follow MITI's instructions.

Selected investors and Bumiputera Investors approved by MITI may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

16.3 ELIGIBILITY

16.3.1 General

You must have a CDS Account and a correspondence address in Malaysia. If you do not have a CDS Account, you may open a CDS Account by contacting any of the ADAs set out in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities. **The CDS Account must be in your own name. Invalid, nominee or third party CDS Accounts will not be accepted for the Application.**

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA. AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

16.3.2 Application by Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

(i) You must be one of the following:

(a) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or

(b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

(c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(ii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and

(iii) You must submit Applications by using only one of the following methods:

(a) White Application Form; or

(b) Electronic Share Application; or

(c) Internet Share Application.

16.3.3 Application by eligible Directors, employees and persons who have contributed to the success of our Group

The eligible Directors, employees and persons (including any entities, wherever established) who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocation.

16.4 APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.30 for each IPO Share.

Payment must be made out in favour of **"TIIH SHARE ISSUE ACCOUNT NO. 714"** and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(i) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
[Registration No.: 197101000970 (11324-H)]
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

(ii) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

so as to arrive not later than 5.00 p.m. on 16 February 2022 or by such other time and date specified in any change to the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

16.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

16.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CIMB Bank Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

16.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

(i) reject Applications which:

(a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

(b) are illegible, incomplete or inaccurate; or

(c) are accompanied by an improperly drawn up or improper form of remittance; or

(ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(iii) bank in all Application monies (including those from unsuccessful/partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 16.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16.8 OVER/UNDER SUBSCRIPTION

In the event of over-subscription, the Issuing House, will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our Issue Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by the issuing house to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the issuing house's website at https://tiih.online within 1 business day after the balloting date.

Under the Listing Requirements, at least 25.00% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the ACE Market. In such an event, we will return in full, without interest, all monies paid in respect of all Applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

In the event of an under-subscription of our Issue Shares by the Malaysian Public and/or Eligible Persons, subject to the underwriting arrangements and reallocation as set out in Section 4.3.4 of our Prospectus, any of the abovementioned Issue Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

16.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/partially successful in your Application, your Application Monies (without interest) will be refunded to you in the following manner.

16.9.1 For applications by way of Application Forms

(i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

(ii) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).

(iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or by issuance of banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

16.9.2 For applications by way of Electronic Share Application and Internet Share Application

(i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.

(ii) You may check your account on the 5th Market Day from the balloting date.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10th Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

16.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

(i) Our IPO Shares allotted to you will be credited into your CDS Account.

(ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(iii) In accordance with Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued/offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the Central Depositories Act and Depository Rules.

(iv) In accordance with Section 29 of the Central Depositories Act, all dealings in our Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

16.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	**Parties to direct the enquiries**
Application Form	Issuing House Enquiry Services at telephone no. 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at https://tiih.online, **one Market Day** after the balloting date.

You may also check the status of your Application at the above website, **5 Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.