



SUNMOW HOLDING BERHAD
(Registration No. 202001024626 (1380946-V))
(Incorporated in Malaysia under the Companies Act 2016)

**UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR ENDED
31 DECEMBER 2021**

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”).

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY SUNMOW HOLDING BERHAD (“SUNMOW” OR THE “COMPANY”). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

This Half Yearly Report is dated 26 February 2022



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021⁽¹⁾**

	Unaudited as at 31.12.2021 RM	Audited as at 31.12.2020 RM
ASSETS		
NON-CURRENT ASSETS		
Property and equipment	5,643,420	6,713,416
Investment properties	23,053,445	25,862,584
Deferred tax assets	219,687	251,383
Property development costs	689,092	602,250
	<u>29,605,644</u>	<u>33,429,633</u>
CURRENT ASSETS		
Inventories	325,292	101,858
Trade receivables	31,567,967	20,767,967
Contract assets	31,667,477	28,953,101
Other receivables and deposits	1,479,558	2,844,530
Fixed deposits with licensed banks	8,583,799	3,362,809
Cash and bank balances	316,783	792,397
Current tax assets	22,613	32,630
	<u>73,963,489</u>	<u>56,855,292</u>
TOTAL ASSETS	<u>103,569,133</u> =====	<u>90,284,925</u> =====



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2021⁽¹⁾ (CONT'D)**

	Unaudited as at 31.12.2021 RM	Audited as at 31.12.2020 RM
EQUITY		
Share capital	38,250,000	1,250,000
Share application reserve	-	25,000,000
Merger deficit	(24,539,800)	(24,539,800)
Equity reserves	2,000,000	999,500
Retained profits	27,027,865	25,559,993
	42,738,065	28,269,693
LIABILITIES		
NON-CURRENT LIABILITIES		
Lease liabilities	1,566,839	2,703,900
Term loans	5,500,328	5,900,767
Deferred tax liabilities	-	115
	7,067,167	8,604,782
CURRENT LIABILITIES		
Trade payables	38,032,903	40,987,153
Other payables, deposit and accruals	1,176,332	2,721,931
Lease liabilities	1,848,493	1,612,900
Term loans	1,245,353	1,188,734
Amount owing to bankers	8,057,207	3,751,073
Amount owing to directors	2,683,444	2,692,123
Current tax liabilities	720,169	456,536
	53,763,901	53,410,450
TOTAL LIABILITIES	60,831,068	62,015,232
TOTAL EQUITY AND LIABILITIES	103,569,133	90,284,925
	=====	=====
Net assets per ordinary share ⁽²⁾	0.18	0.12



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Notes:

1. *The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position is disclosed in Note A1 and should be read in conjunction with the Auditors' Report and Combined Financial Statements for the financial year ended ("**FYE**") 31 December 2020 as disclosed in the Information Memorandum of the Company dated 6 October 2021 in relation to the listing by way of introduction of the entire issued share capital of RM38,250,000 comprising of 233,940,000 ordinary shares on the LEAP Market of Bursa Malaysia Securities Berhad ("**Listing**") ("**Information Memorandum**") and the accompanying explanatory notes attached to this interim financial report.*
2. *Net assets per ordinary share is calculated based on the Company's number of ordinary shares at the end of the reporting period of 233,940,000 shares.*

N/A – Not applicable

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
 OTHER COMPREHENSIVE INCOME FOR THE SECOND HALF-YEAR ENDED
 31 DECEMBER 2021⁽¹⁾**

	Individual 6 months ended		Cumulative 12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM	RM	RM	RM
Revenue	34,902,380	37,250,105	65,008,631	62,612,557
Cost of sales	(29,478,431)	(33,446,414)	(54,902,394)	(54,998,061)
Gross profit	5,423,949	3,810,805	10,106,237	7,614,496
Other income	906,660	3,055,467	1,974,900	3,295,212
Administrative expenses	(3,403,038)	(4,263,096)	(8,255,456)	(6,632,541)
Finance costs	(369,108)	(242,942)	(664,691)	(488,389)
Net impairment (losses)/gain on financial assets	(187,086)	(14,489)	(187,086)	3,010
Profit before taxation	2,371,377	2,338,631	2,973,904	3,791,788
Income tax expense	(1,080,287)	(850,729)	(1,506,032)	(1,229,247)
Profit after taxation for the financial period	1,291,090	1,487,902	1,467,872	2,562,541
Attributable to equity holders of the Company:				
- Basic earnings per share (sen) ⁽²⁾	0.55	0.64	0.63	1.10
- Diluted earnings per share (sen) ⁽³⁾	0.55	0.64	0.63	1.10



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Notes:

1. *The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income is disclosed in Note A1 and should be read in conjunction with the audited combined financial statements of the Company for the FYE 31 December 2020 as disclosed in the Information Memorandum and the accompanying explanatory notes attached to this interim financial report.*
2. *Basic earnings per share is calculated based on the Company's share capital of 233,940,000 ordinary shares as at 31 December 2021.*
3. *Diluted earnings per share of the Company is equivalent to the basic earnings per share as the Company does not have convertible instruments as at 31 December 2021.*

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 FOR THE SECOND HALF-YEAR ENDED 31 DECEMBER 2021⁽¹⁾**

	Share Capital RM	Share Application Reserve RM	Merger Deficit RM	Equity Reserves RM	Retained Profits RM	Total Equity RM
At 1.1.2021	1,250,000	25,000,000	(24,539,800)	999,500	25,559,993	28,269,693
Profit after taxation for the financial period	-	-	-	-	1,467,872	1,467,872
Contributions by and distributions to owners of the Company:						
- Issuance of shares	12,000,000	-	-	-	-	12,000,000
- Issuance of shares pursuant to acquisition of a subsidiary	25,000,000	(25,000,000)	-	-	-	-
- Share gift to employees	-	-	-	1,000,500	-	1,000,500
At 31.12.2021	38,250,000	-	(24,539,800)	2,000,000	27,027,865	42,738,065



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Note:

1. *The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the audited combined financial statements of the Company for the FYE 31 December 2020 as disclosed in the Information Memorandum and the accompanying explanatory notes attached to this interim financial report.*

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE SECOND HALF-YEAR ENDED 31 DECEMBER 2021⁽¹⁾**

	Unaudited 31.12.2021 RM	Audited 31.12.2020 RM
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
Profit before taxation	2,973,904	3,791,788
Adjustments for:		
Depreciation for:		
- property and equipment	245,730	213,689
- investment properties	527,862	281,037
- right-of-use assets	1,705,681	1,417,843
Impairment losses on:		
- contract assets	128,441	30,280
- trade receivables	78,938	46,710
Impairment losses on trade receivables no longer required	-	(80,000)
Interest expense	664,691	488,389
Share gift to employees	1,000,500	999,500
Reversal of impairment losses on trade receivables	(20,293)	-
Property and equipment written off	-	1
Gain on disposal of property and equipment and investment properties	(399,315)	(118,020)
Property development costs	-	17,470
Interest income	(215,837)	(75,811)
Operating profit before working capital changes	<u>6,690,302</u>	<u>7,012,876</u>
(Increase)/Decrease in inventories	(223,434)	5,800,544
Increase in trade and other receivables	(2,929,658)	(9,941,647)
(Decrease)/Increase in contract assets	(9,495,107)	10,439,973
Decrease in trade and other payables	(4,497,882)	(8,755,123)
Cash (for)/from operations	<u>(10,455,779)</u>	<u>4,556,623</u>
Interest expense paid	(664,691)	(486,471)
Interest income received	217,271	81,958
Income tax paid	(1,441,311)	(821,390)
Income tax refunded	240,510	-
NET CASH (FOR)/FROM OPERATING ACTIVITIES	<u>(12,104,000)</u>	<u>3,330,720</u>



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE SECOND HALF-YEAR ENDED 31 DECEMBER 2021⁽¹⁾ (CONT'D)**

	Unaudited 31.12.2021 RM	Audited 31.12.2020 RM
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Purchase of property and equipment	(216,142)	(352,522)
Purchase of investment properties	(1,071,390)	(3,892,324)
Addition to right-of-use assets	-	(769,538)
Proceeds from disposal of property and equipment	55,527	60,550
Proceeds from disposal of investment properties	3,704,380	2,480,000
Decrease/(Increase) in fixed deposits pledged to licensed banks	1,878,459	(431,634)
	4,350,834	(2,905,468)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment to)/Advance from directors	(8,679)	2,453,072
Drawdown of term loans	741,184	2,965,709
Proceeds from issuance of shares	12,000,000	10,000
Increase/(Decrease) in bankers' acceptance	2,852,000	(172,000)
Repayment of lease liabilities	(1,574,667)	(979,341)
Repayment of term loans	(1,086,972)	(2,438,268)
Decrease in U-factoring facility	-	(1,000,000)
	12,922,866	839,172
NET CASH FROM FINANCING ACTIVITIES	12,922,866	839,172
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,169,700	1,264,424
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	(706,676)	(1,971,100)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	4,463,024	(706,676)
	=====	=====



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Note:

1. *The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows is disclosed in Note A1 and should be read in conjunction with the audited combined financial statements of the Company for the FYE 31 December 2020 as disclosed in the Information Memorandum and the accompanying explanatory notes attached to this interim financial report.*
2. *The cash and cash equivalents comprise the following:*

	Unaudited 31.12.2021 RM	Audited 31.12.2020 RM
<i>Fixed deposits with licensed banks</i>	8,583,799	3,362,809
<i>Cash and bank balances</i>	316,783	792,397
<i>Bank overdrafts</i>	(2,953,207)	(1,499,073)
	<hr/>	<hr/>
	5,947,375	2,656,133
<i>Less: Fixed deposits pledged to licensed banks</i>	(1,484,351)	(3,362,809)
	<hr/>	<hr/>
	4,463,024	(706,676)
	=====	=====

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND HALF- YEAR ENDED 31 DECEMBER 2021

A. NOTES TO THE FINANCIAL REPORT

A1. BASIS OF PREPARATION

The interim financial report of Sunmow Holding Berhad (“**Sunmow**” or “**Company**”) and its subsidiaries (the “**Group**”) are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“**MFRS**”) 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“**MASB**”) and Rule 6.12 and Appendix 6A of the LEAP Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Listing Requirements**”).

These unaudited interim consolidated financial statements should be read in conjunction with the audited combined financial statements of the Company for the FYE 31 December 2020 as disclosed in the Information Memorandum and the accompanying explanatory notes attached to this interim financial report. The explanatory notes contained herein provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2021.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of this financial report are consistent with those adopted in the audited combined financial statements as disclosed in the Information Memorandum.

As at 1 January 2021, the Group has adopted the following amendments to MFRSs which are effective for annual years beginning on or after 1 January 2021.

MFRSs and/or IC Interpretations

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.



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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND HALF-
YEAR ENDED 31 DECEMBER 2021 (CONT'D)**

A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by MASB but are not yet effective:

MFRSs and/or IC Interpretations	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022



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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND HALF-YEAR ENDED 31 DECEMBER 2021 (CONT'D)

A3. SEASONAL AND CYCLICAL FACTORS

The nature of the Group's businesses were not subject to any significant seasonal and cyclical factors.

A4. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

The board of directors of Sunmow ("**Board**") is not aware of any items or incidence of an unusual nature not otherwise dealt with us in this report which may or has substantially affected the value of assets, liabilities, equity, net income or cash flows of the Group for the current financial period under review.

A5. MATERIAL CHANGES IN ACCOUNTING ESTIMATES

There were no changes in accounting estimate that had a material effect in the current financial period under review.

A6. DEBT AND EQUITY SECURITIES

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period under review.

A7. SEGMENTAL INFORMATION

Sunmow is an investment holding company. The principal activities of the subsidiaries are as follows:

- (i) Sunmow Construction Sdn Bhd ("**SMC**") is principally involved in construction contract works and provision of construction support services;
- (ii) Sunmow Development Sdn Bhd ("**SMD**") is principally involved in property development; and
- (iii) Sunmow Trading Sdn Bhd ("**SMT**") is principally involved in trading of building materials and tools.



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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND HALF-
 YEAR ENDED 31 DECEMBER 2021 (CONT'D)**

A7. SEGMENTAL INFORMATION (CONT'D)

	Individual 6 months ended		Cumulative 12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM	RM	RM	RM
Construction segment ⁽¹⁾	34,815,358	37,244,080	64,908,341	62,603,232
Trading segment ⁽²⁾	87,022	6,025	100,290	9,325
Property development segment ⁽³⁾	-	-	-	-
Total	34,902,380	37,250,105	65,008,631	62,612,557

All of our Group's revenue are generated in Malaysia.

Note:

1. *Construction segment comprises of services in relation to construction contract works and provision of construction support.*
2. *Trading segment comprises of trading of building materials and tools.*
3. *Property development segment comprises of services in relation to property development works.*

A8. CHANGES IN THE COMPOSITION OF THE GROUP

In conjunction with, and as an integral part of the Listing, on 15 December 2020, the Company had entered into conditional share sale agreements with the vendors of SMC, vendors of SMD and vendors of SMT to acquire the entire equity interest in SMC, SMD and SMT, respectively. The acquisition of SMC was completed on 14 January 2021 while the acquisition of SMD and SMT were completed on 30 December 2020.

Save as disclosed above, there were no changes in the composition of the Group during the financial period under review.



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A9. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent assets and contingent liabilities as at the end of the financial period under review.

A10. CAPITAL COMMITMENTS

There were no material capital commitments as at the end of the financial period under review.

A11. DIVIDENDS

There is no dividend declared or proposed as at the date of this report.

A12. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There were no material events subsequent to the end of the financial period under review.



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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND HALF-YEAR ENDED 31 DECEMBER 2021

B. ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

Second Half-Year Ended 31 December 2021 (“2nd Half FYE 2021”) vs Second Half-Year Ended 31 December 2020 (“2nd Half FYE 2020”)

The Group recorded revenue of RM34.90 million for 2nd Half FYE 2021 which represents an decrease of RM2.35 million or 6.30% compared to RM37.25 million for 2nd Half FYE 2020. The decrease is mainly contributed by the completion of BEO5 and BEM projects within the construction segment during 1st Half FYE 2021. Besides that, a nationwide lockdown to curb the spread of COVID-19 was implemented on 1 June 2021, affecting the Group’s operation especially in relation to KKHO project in Sabah. There were no revenue generated from the property development segment for 2nd Half FYE 2021 and 2nd Half FYE 2020 as there were no activities held for this segment.

Gross profit (“GP”) increased by 42.33% from RM3.81 million to RM5.42million for the 2nd Half FYE 2021 mainly contributed by the additional services provided in terms of machine support rental for SSGP project.

The additional services provided in terms of construction support for SSGP project has also resulted in the increase of profit before taxation (“PBT”) by 1.40% from RM2.34 million to RM2.37 million in 2nd Half FYE 2021. This increase is mitigated by the increase in staff costs due to an increase in headcount for the management team.

Financial Year Ended 31 December 2021 (“FYE 2021”) vs Financial Year Ended 31 December 2020 (“FYE 2020”)

The Group recorded revenue of RM65.01million for the FYE 2021 which represents an increase of RM2.4 million or 3.83% compared to RM62.61million for the FYE 2020. The increase is mainly from the construction segment of the Group, due to provision of additional construction support for SSGP project which commenced during 2nd Half FYE 2020.

GP increased by 32.72% from RM7.61million to RM10.11million for FYE 2021 as compared to FYE 2020 mainly contributed by the additional services provided in terms of machine support rental for the SSGP project.

PBT decrease by 21.64% from RM3.79 million to RM2.97 million in FYE 2021 as compared to FYE 2020 due to additional expenses incurred in relation to the listing of Sunmow on the LEAP Market of Bursa Securities as well as increase in staff costs due to an increase in headcount of management team.



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EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND HALF- YEAR ENDED 31 DECEMBER 2021

B2. PROSPECTS

The Board is pleased to announce that the Group has recorded RM1.47 million profit after taxation for FYE 2021 after netting off one-off expenses into account, namely, Listing-related expenses and the share-gift amounted to RM1.68 million.

FYE 2021 has been a challenging year for the Group as the Covid-19 pandemic has caused territorial lockdown and workforce shortage which hampered the Group's business operations and financial performance. Nonetheless, with the encouraging national vaccination policy and imminent border reopening plans by the Government, the Group is cautiously optimistic for the prospects of FYE 2022.

The launching of the expected maiden project with a gross development value (“**GDV**”) of RM58.93 million in Bintulu, My Residence 2, has brought a great success to SMD. Approximately 85.00% of the products were sold within February 2022. SMD also plans to launch two other property development projects within FYE 2022, namely Lot 262 Project and Lot 403 Project, with expected GDV of RM70.00 million and RM40.00 million, respectively. Management expects these projects to contribute positively to the profitability of the Group.

SMC continues to secure new contracts through direct negotiation with private project owners and open tenders. Challenges facing SMC are the volatile construction material prices and workers shortage. Management will continue to steer the business in a prudent manner.

The industrial wide surge in construction material prices is bringing great challenges to the Group management. We are adopting a conservative management approach toward such a highly volatile raw material prices environment without compromising our product quality.

Barring unforeseen circumstances, the Board is cautiously optimistic for the Group's financial performance for the Year 2022.



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C. OTHER INFORMATION

C1. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but pending completion as at the date of this report.

C2. UTILISATION OF PROCEEDS

The status of the utilisation of proceeds from the subscription of Sunmow shares by pre-Listing investors of RM12.00 million is as follows:

Details of utilisation	Proposed utilisation RM'000	Actual utilisation RM'000	Balance RM'000	Estimated timeframe for utilisation upon Listing
Purchase of new construction machineries and equipment	3,026	-	3,026	Within 24 months
Working capital for construction projects	4,000	-	4,000	Within 24 months
Working capital for the Group	4,274	4,000	274	Within 12 months
Listing expenses	700	700	-	Immediate
Total	12,000	4,700	7,300	

C3. MATERIAL LITIGATION

There are no material litigations pending as at the date of this report.