



KIMLUN CORPORATION BERHAD



KIMLUN CORPORATION BERHAD

(Company No. 867077-X)
(Incorporated in Malaysia under the Companies Act, 1965)

PROSPECTUS

THIS PROSPECTUS IS DATED
14 JUNE 2010



PROSPECTUS

PUBLIC ISSUE OF 64,000,000 NEW ORDINARY SHARES OF RM0.50 EACH COMPRISING:-

- 11,450,000 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 1,500,000 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR APPLICATION BY THE ELIGIBLE EMPLOYEES AND/OR BUSINESS ASSOCIATES OF KIMLUN CORPORATION BERHAD AND ITS SUBSIDIARIES;
- 33,050,000 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR PRIVATE PLACEMENT TO SELECTED INVESTORS; AND
- 18,000,000 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

OFFER FOR SALE OF 11,300,000 ORDINARY SHARES OF RM0.50 EACH COMPRISING:-

- 380,000 ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR APPLICATION BY THE ELIGIBLE DIRECTORS OF KIMLUN CORPORATION BERHAD;
- 5,460,000 ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR PRIVATE PLACEMENT TO SELECTED INVESTORS; AND
- 5,460,000 ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

AT AN ISSUE/OFFER PRICE OF RM0.97 PER ORDINARY SHARE PAYABLE IN FULL ON APPLICATION IN CONJUNCTION WITH THE LISTING OF KIMLUN CORPORATION BERHAD ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD.

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

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. TURN TO SECTION 3 FOR "RISK FACTORS".

Adviser, Sole Underwriter and Sole Placement Agent

AmInvestment Bank Berhad

(Company No.: 23742-V)
A member of



AmInvestment Bank

Group

(A Participating Organisation of Bursa Malaysia Securities Berhad)



This prospectus contains certain photographs and illustrations of assets which do not belong to Kimlun Corporation Berhad and its subsidiaries and are included herein for illustration purposes only.

RESPONSIBILITY STATEMENTS

OUR DIRECTORS, PROMOTERS AND/OR THE OFFEROR HAVE SEEN AND APPROVED THIS PROSPECTUS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THERE ARE NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE OR MISLEADING.

AMINVESTMENT BANK BERHAD, A MEMBER OF AMINVESTMENT BANK GROUP, BEING THE PRINCIPAL ADVISER, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE INITIAL PUBLIC OFFERING.

STATEMENTS OF DISCLAIMER

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE INITIAL PUBLIC OFFERING AND A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE APPROVAL, AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE INITIAL PUBLIC OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

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

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

APPROVAL HAS BEEN OBTAINED FROM BURSA MALAYSIA SECURITIES BERHAD ("**BURSA SECURITIES**") FOR THE LISTING OF AND QUOTATION FOR THE SECURITIES BEING OFFERED. ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE INITIAL PUBLIC OFFERING, OUR COMPANY OR OUR SECURITIES.

BURSA SECURITIES IS NOT LIABLE FOR ANY NON-DISCLOSURE HEREIN BY US AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS. BURSA SECURITIES MAKES NO REPRESENTATION AS TO THE ACCURACY OR COMPLETENESS OF THIS PROSPECTUS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THIS PROSPECTUS.

THE VALUATION UTILISED FOR THE PURPOSE OF THE INITIAL PUBLIC OFFERING SHOULD NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE SUBJECT ASSET.

THE SECURITIES OF THIS COMPANY IS CLASSIFIED AS SHARIAH COMPLIANT BY THE SHARIAH ADVISORY COUNCIL OF THE SC BASED ON THE PROFORMA FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008. THIS CLASSIFICATION REMAINS VALID FROM THE DATE OF ISSUE OF THIS PROSPECTUS UNTIL THE NEXT SHARIAH COMPLIANCE REVIEW UNDERTAKEN BY THE SHARIAH ADVISORY COUNCIL OF THE SC. THE NEW STATUS IS RELEASED IN THE UPDATED LIST OF SHARIAH-COMPLIANT SECURITIES, ON THE LAST FRIDAY OF MAY AND NOVEMBER.

A COPY OF THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORM, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES, WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THE PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE INITIAL PUBLIC OFFERING FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CAPITAL MARKETS AND SERVICES ACT 2007, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT www.bursamalaysia.com. THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC ARE THE SAME.

YOU MAY OBTAIN A COPY OF THE ELECTRONIC PROSPECTUS FROM THE WEBSITE OF CIMB INVESTMENT BANK BERHAD AT www.eipocimb.com, THE WEBSITE OF CIMB BANK BERHAD AT www.cimbclicks.com.my, THE WEBSITE OF MALAYAN BANKING BERHAD AT www.maybank2u.com.my, THE WEBSITE OF RHB BANK BERHAD AT www.rhbbank.com.my AND THE WEBSITE OF AFFIN BANK BERHAD AT www.affinOnline.com.

THE INTERNET IS NOT A FULLY SECURED MEDIUM. INTERNET APPLICATION MAY BE SUBJECT TO RISKS IN DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTION.

IF YOU ARE IN DOUBT ABOUT THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US OR MIDF CONSULTANCY AND CORPORATE SERVICES SENDIRIAN BERHAD OR OUR ADVISER, A PAPER / PRINTED COPY OF THIS PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE PAPER / PRINTED COPY OF THIS PROSPECTUS, THE CONTENTS OF THE PAPER / PRINTED COPY OF THIS PROSPECTUS, WHICH IS IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC, SHALL PREVAIL. THE ELECTRONIC PROSPECTUS SUBMITTED TO THE SC AND BURSA SECURITIES IS THE SAME AS THE REGISTERED PAPER / PRINTED COPY.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (REFERRED TO AS "**THIRD PARTY INTERNET SITES**") WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:-

- (I) WE DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY TO THE THIRD PARTY INTERNET SITES. ACCORDINGLY, WE ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, OR THE CONTENT OR ANY DATA, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. YOU BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;
- (II) WE ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY OF THE TERMS OF ANY OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, FILES OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND

- (III) ANY DATA, FILE OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR DISCRETION AND RISK. WE ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEMS OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, YOU ARE ADVISED THAT:-

- (I) THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS, I.E. TO THE EXTENT THAT THE CONTENT OF THE ELECTRONIC PROSPECTUS ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION MAY BE VIEWED VIA WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT RESPONSIBLE FOR THE INTEGRITY OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS WHICH HAS BEEN OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, AND SUBSEQUENTLY COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES; AND
- (II) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN THE ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF THE ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURED MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COSTS. YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN THE ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT ON YOUR OR ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OF OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, AND/OR PROBLEMS OCCURRING DURING DATA TRANSMISSION WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON YOUR PERSONAL COMPUTER.

THE DISTRIBUTION OF THIS PROSPECTUS AND THE INITIAL PUBLIC OFFERING ARE SUBJECT TO THE LAWS OF MALAYSIA. THIS PROSPECTUS WILL NOT BE DISTRIBUTED OUTSIDE MALAYSIA. OUR COMPANY, THE PROMOTERS, THE OFFEROR AND THE ADVISER HAVE NOT AUTHORISED AND ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THIS PROSPECTUS OUTSIDE MALAYSIA. OUR COMPANY, THE PROMOTERS, THE OFFEROR AND THE ADVISER HAVE NOT TAKEN ANY ACTION TO PERMIT A PUBLIC OFFERING OF THE SECURITIES IN ANY JURISDICTION OTHER THAN MALAYSIA BASED ON THIS PROSPECTUS. ACCORDINGLY, THIS PROSPECTUS MAY NOT BE USED FOR THE PURPOSE OF AND DOES NOT CONSTITUTE AN OFFER FOR PURCHASE OR INVITATION TO BUY THE SECURITIES OFFERED UNDER THE INITIAL PUBLIC OFFERING IN ANY JURISDICTION OR IN ANY CIRCUMSTANCE IN WHICH AN OFFER IS NOT AUTHORISED OR LAWFUL OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THIS PROSPECTUS AND THE SALE OF THE SECURITIES OFFERED UNDER THE INITIAL PUBLIC OFFERING IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. OUR COMPANY, THE PROMOTERS, THE OFFEROR AND THE ADVISER REQUIRE INVESTORS TO INFORM THEMSELVES OF AND TO OBSERVE SUCH RESTRICTIONS.

THIS PROSPECTUS IS PUBLISHED SOLELY IN CONNECTION WITH THE INITIAL PUBLIC OFFERING. THE SECURITIES BEING OFFERED IN THE INITIAL PUBLIC OFFERING ARE OFFERED SOLELY ON THE BASIS OF THE INFORMATION CONTAINED AND

REPRESENTATIONS MADE IN THIS PROSPECTUS. NEITHER OUR COMPANY NOR THE PROMOTERS/OFFEROR HAS AUTHORISED ANYONE TO PROVIDE INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS.

THIS PROSPECTUS HAS NOT BEEN AND WILL NOT BE MADE TO COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA. THIS PROSPECTUS HAS NOT BEEN AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR WITH OR BY ANY REGULATORY AUTHORITY OR OTHER RELEVANT BODY OF ANY JURISDICTION OTHER THAN MALAYSIA.

WE WILL NOT, PRIOR TO ACTING ON ANY ACCEPTANCE IN RESPECT OF THE OFFERING, MAKE OR BE BOUND TO MAKE ANY ENQUIRY AS TO WHETHER YOU HAVE A REGISTERED ADDRESS IN MALAYSIA AND WILL NOT ACCEPT OR BE DEEMED TO ACCEPT ANY LIABILITY IN RELATION THERETO WHETHER OR NOT ANY ENQUIRY OR INVESTIGATION IS MADE IN CONNECTION THEREWITH.

IT SHALL BE YOUR SOLE RESPONSIBILITY IF YOU ARE OR MAY BE SUBJECT TO THE LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER THE OFFERING WOULD RESULT IN THE CONTRAVENTION OF ANY LAWS OF SUCH COUNTRIES OR JURISDICTIONS.

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

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

NO ACTION HAS BEEN OR WILL BE TAKEN TO ENSURE THAT THIS PROSPECTUS COMPLIES WITH THE LAWS OF ANY COUNTRIES OR JURISDICTION OTHER THAN THE LAWS OF MALAYSIA. IT SHALL BE YOUR SOLE RESPONSIBILITY TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS ON THE LAWS TO WHICH THE OFFERING OR YOU ARE OR MIGHT BE SUBJECTED. NEITHER WE NOR THE ADVISER NOR ANY OTHER ADVISERS IN RELATION TO THE OFFERING SHALL ACCEPT ANY RESPONSIBILITY OR LIABILITY IN THE EVENT THAT ANY APPLICATION MADE BY YOU SHALL BECOME ILLEGAL, UNENFORCEABLE, VOIDABLE OR VOID IN ANY COUNTRY OR JURISDICTION.

THE CIRCULATION OF THIS PROSPECTUS AND THE ISSUE, OFFER OR INVITATION OF THE SECURITIES MAY BE RESTRICTED IN CERTAIN JURISDICTIONS OUTSIDE MALAYSIA AND THEREFORE PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES SHALL SEEK ADVICE ON AND OBSERVE ANY SUCH RESTRICTIONS. THIS PROSPECTUS DOES NOT CONSTITUTE AN ISSUE, OFFER OR INVITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH ISSUE, OFFER OR INVITATION IS NOT AUTHORISED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH ISSUE, OFFER OR INVITATION.

TABLE OF CONTENTS

	Page
Indicative Timetable	i
Definitions	ii
Glossary of Technical Terms	vii
Presentation of Information	viii
Corporate Directory	ix-xii
1. Information Summary	1
1.1 Background Information on Our Group	1
1.2 Competitive Strengths and Advantages	2
1.3 Promoters, Substantial Shareholders, Directors and Key Management	3
1.4 Principal Statistics Relating to the Listing Scheme	5
1.5 Utilisation of Proceeds	5
1.6 Risk Factors	6
1.7 Financial Highlights	7
1.8 Auditors' Qualification	10
2. Particulars of the IPO	11
2.1 Purposes of the Listing	13
2.2 Public Issue and Offer for Sale	13
2.3 Listing of and Quotation for Our Shares	15
2.4 Dilution	16
2.5 Basis of Arriving at the IPO Price	17
2.6 Share Capital	17
2.7 Market Capitalisation Upon Listing	18
2.8 Proceeds from the Listing Exercise	19
2.9 Financial Impact from Utilisation of Proceeds	23
2.10 Underwriting Commission, Placement Fee and Brokerage	24
2.11 Salient Terms of the Underwriting Agreement	24
3. Risk Factors	29
3.1 Risks Relating to Our Business and Operations	29
3.2 Risks Relating to the Industry in which Our Group Operates	34
3.3 Risks Relating to Investment in Our Shares	35
4. Information on Our Group	39
4.1 Group Overview	39
4.2 Listing Scheme	44
4.3 Overview of Our Group's Business Activities and Services Provided	47
4.4 Key Achievements, Awards, Accreditation and Recognition	48
4.5 Products, Services and Operations	52
4.6 Other Business Aspects	70
4.7 Competitive Strengths and Advantages	85
4.8 Business Strategies and Future Plans	88
4.9 Industry Overview	94
4.10 Our Group's Future Prospects	103

TABLE OF CONTENTS (Cont'd)

5.	Information on Promoters, Substantial Shareholders, Directors, and Key Management	105
5.1	Promoter and Substantial Shareholders	105
5.2	Directors	107
5.3	Board Practices	117
5.4	Key Management	119
5.5	Declaration of Promoters, Directors and Key Management.....	121
5.6	Family Relationships	122
5.7	Existing or Proposed Service Agreements.....	122
5.8	Employees.....	122
5.9	Promoters, Directors and/or Substantial Shareholders' Benefit	124
6.	Approvals and Conditions.....	125
6.1	Approvals and Conditions	125
6.2	Moratorium on Shares.....	128
7.	Related Party Transactions and Conflicts of Interest	129
7.1	Existing and Proposed Related Party Transactions and Conflict of Interest	129
7.2	Transactions That are Unusual in Their Nature or Conditions.....	132
7.3	Outstanding Loans Made to / for the Benefit of Related Parties.....	132
7.4	Interest in Similar Business	132
7.5	Interest in Other Businesses or Corporations Which are Customers or Suppliers of Our Group	134
7.6	Recurrent Related Party Transactions of a Revenue or Trading Nature.....	137
7.7	Declaration by Advisers.....	138
8.	Financial Information	139
8.1	Historical Financial Information	139
8.2	Capitalisation and Indebtedness	141
8.3	Management's Discussion and Analysis of Financial Condition, Results of Operations and Prospects.....	142
8.4	Liquidity and Capital Resources.....	156
8.5	Trend Information	165
8.6	Dividend Policy.....	166
8.7	Proforma Consolidated Financial Information.....	167
9.	Accountants' Report.....	180
10.	Valuation Certificate.....	237
11.	Directors' Report.....	240
12.	Further Statutory and Other General Information	241
12.1	Share Capital.....	241
12.2	Articles of Association	241
12.3	Limitation on Rights.....	245
12.4	Material Contracts	245
12.5	Material Litigation or Arbitration	246
12.6	Repatriation of Capital and Profits	246
12.7	General Information.....	246
12.8	Consents	246
12.9	Documents for Inspection	247
12.10	Responsibility Statements.....	247

TABLE OF CONTENTS (Cont'd)

13.	Procedures for Applications and Acceptance	249
13.1	Opening and Closing of Applications	249
13.2	Methods of Application	249
13.3	Procedures for Applications	249
13.4	General Conditions for Applications	250
13.5	Applications Using Application Forms	252
13.6	Applications Using Electronic Share Application	255
13.7	Applications Using Internet Share Application	259
13.8	Application and Acceptance	268
13.9	CDS Accounts	269
13.10	Notice of Allotment	270
13.11	List of Authorised Depository Agents	271

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for our entire enlarged issued and fully paid-up share capital on the Main Market of Bursa Malaysia Securities Berhad is set out below:-

<u>Date</u>	<u>Event</u>
14 June 2010	: Issue of Prospectus/Opening date of the IPO
21 June 2010	: Closing date of the IPO
23 June 2010	: Tentative date for balloting of applications
28 June 2010	: Tentative date for allotment of IPO shares
29 June 2010	: Tentative listing date

THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO CHANGES WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES.

THE APPLICATION PERIOD WILL REMAIN OPEN UNTIL 5.00 P.M. ON 21 JUNE 2010 OR FOR SUCH FURTHER PERIOD OR PERIODS AS OUR DIRECTORS, OFFEROR AND PROMOTERS TOGETHER WITH OUR SOLE UNDERWRITER IN THEIR ABSOLUTE DISCRETION MAY MUTUALLY DECIDE.

IN THE EVENT THAT THE CLOSING DATE OF THE IPO IS EXTENDED, THE DATES FOR THE BALLOTING, ALLOTMENT AND ALLOCATION OF THE IPO SHARES AND THE LISTING OF KIMLUN WILL BE EXTENDED ACCORDINGLY. ANY EXTENSION OF THE ABOVEMENTIONED DATES WILL BE ANNOUNCED BY WAY OF ADVERTISEMENT IN A WIDELY CIRCULATED BAHASA MALAYSIA AND ENGLISH DAILY NEWSPAPER IN MALAYSIA.

DEFINITIONS

In this Prospectus, unless where the context requires otherwise, the following words and abbreviations shall have the following meanings -

Acquisitions	:	Acquisition of KLSB, Acquisition of SPC and Acquisition of IBT, collectively
Acquisition of IBT	:	The acquisition by KIMLUN of the entire issued and paid-up share capital of IBT comprising 80 ordinary shares for a purchase consideration of RM340,000, which was wholly satisfied by the issuance of 680,000 new Shares, credited as fully paid-up at an issue price of RM0.50 per Share
Acquisition of KLSB	:	The acquisition by KIMLUN of the entire issued and paid-up share capital of KLSB comprising 1,000,000 ordinary shares of RM1.00 each in KLSB for a purchase consideration of RM66,164,000, which was wholly satisfied by the issuance of 132,328,000 new Shares, credited as fully paid-up at an issue price of RM0.50 per Share
Acquisition of SPC	:	The acquisition by KIMLUN of the entire issued and paid-up share capital of SPC comprising 2,000,000 ordinary shares of RM1.00 each in SPC for a purchase consideration of RM15,995,999, which was wholly satisfied by the issuance of 31,991,998 new Shares, credited as fully paid-up at an issue price of RM0.50 per Share
Act	:	The Companies Act, 1965 of Malaysia or any statutory modification, amendment or re-enactment thereof for the time being in force
ADA	:	Authorised Depository Agent
Admission	:	Admission of our Shares to the Official List of the Main Market of Bursa Securities
AmlInvestment Bank	:	AmlInvestment Bank Berhad (23742-V), a member of AmlInvestment Bank Group
Application	:	The application for the IPO Shares by way of Application Forms or by way of Electronic Share Application or Internet Share Application
Application Form(s)	:	The printed application form(s) for the application for the IPO Shares
ATM	:	Automated Teller Machine
Board or Directors	:	Board of Directors of KIMLUN
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W), a subsidiary of Bursa Securities
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
CDS	:	Central Depository System

DEFINITIONS (Cont'd)

Central Depositories Act	:	The Securities Industry (Central Depositories) Act, 1991 of Malaysia or any statutory modification, amendment or re-enactment thereof for the time being in force
CMSA	:	The Capital Markets and Services Act 2007 of Malaysia or any statutory modification, amendment or re-enactment thereof for the time being in force
Depositor	:	A holder of a Securities Account
Dividend Payment	:	Payment by KLSB and SPC to their shareholders on 8 May 2010 of a dividend of RM8.50 million and RM1.00 million, respectively
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
Electronic Prospectus	:	A copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/or an electronic storage medium, including but not limited to CD-ROMs or floppy disks
Electronic Share Application or ESA	:	An application for subscription or purchase of the IPO Shares through Participating Financial Institutions' ATM
EPS	:	Earnings per Share
FPE	:	Financial period ended
FRS	:	Financial Reporting Standards
FYE	:	Financial year ended / ending
GDP	:	Gross domestic product
IBT	:	I-Buildtech Solutions Pte Ltd (Co. No: 200809211G), a company incorporated in Singapore
IBT SSA	:	Share sale agreement dated 6 November 2009 between Chin Lian Hing, Pang Khang Hau, Sim Tian Liang, Yam Tai Fong and Pang Tin @ Pang Yon Tin and our Company for the acquisition by our Company of the entire issued and fully paid-up share capital of IBT comprising 80 ordinary shares, for a purchase consideration of RM340,000 satisfied by the issuance of 680,000 new Shares as fully paid-up
Internet Participating Financial Institution(s)	:	Participating financial institution(s) in the Internet Share Application, as listed in Section 13.7 of this Prospectus
Internet Share Application	:	Application for the IPO Shares through an Internet Participating Financial Institution
IPO	:	Initial public offering in Malaysia comprising the Public Issue and Offer for Sale, collectively
IPO Price	:	RM0.97 per IPO Share, being the price payable by investors under the Public Issue/Offer for Sale
IPO Share(s)	:	The Public Issue Shares and Offer Shares, collectively
KIMLUN or Company	:	Kimlun Corporation Berhad (Co. No: 867077-X)

DEFINITIONS (Cont'd)

KLSB	:	Kimlun Sdn Bhd (Co. No: 35618-A)
KLSB SSA	:	Share sale agreement dated 6 November 2009 between Pang Tin @ Pang Yon Tin, Phang Piow @ Pang Choo Ing, Pang Khang Hau, Chin Lian Hing, Sim Tian Liang, Yam Tai Fong, Leong Choon Thye and Lew Kim Bock and our Company for the acquisition by our Company of the entire issued and fully paid-up share capital of KLSB comprising 1,000,000 ordinary shares of RM1.00 each, for a purchase consideration of RM66,164,000 satisfied by the issuance of 132,328,000 new Shares as fully paid-up
Listing	:	Admission and the listing of and quotation for our entire issued and paid-up share capital of RM114,500,000 comprising 229,000,000 Shares on the Main Market of Bursa Securities
Listing Requirements	:	The Main Market Listing Requirements of Bursa Securities, as amended, supplemented or modified from time to time
Listing Scheme	:	The Dividend Payment, the Acquisitions, the Public Issue and the Offer for Sale, collectively
LPD	:	Last practicable date, being 30 April 2010
Market Day	:	A day on which the stock market of Bursa Securities is open for trading in securities
MI	:	Minority interest
MIDFCCS	:	MIDF Consultancy and Corporate Services Sendirian Berhad (11324-H)
MITI	:	Ministry of International Trade and Industry, Malaysia
NA	:	Net assets
NBV	:	Net book value
NTA	:	Net tangible assets
Offeror	:	Phang Piow @ Pang Choo Ing
Offer for Sale	:	The invitation by the Offeror to eligible Directors and selected investors (including Bumiputera investors approved by the MITI) to purchase the Offer Shares at the IPO Price, payable in full upon application, subject to the terms and conditions of this Prospectus
Offer Shares	:	The 11,300,000 Shares, which are the subject of the Offer for Sale
Official List	:	The official list on the Main Market of Bursa Securities
PAT	:	Profit after taxation
Participating Financial Institution(s)	:	Participating financial institution(s) for Electronic Share Application as listed in Section 13.6 of this Prospectus
PBT	:	Profit before taxation
PE Multiple	:	Price earnings multiple

DEFINITIONS (Cont'd)

PERS	:	Private Entity Reporting Standards
Prescribed Security	:	Shares of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the Central Depositories Act and the Rules
Promoters	:	Pang Tin @ Pang Yon Tin, Phang Piow @ Pang Choo Ing, Pang Khang Hau and Pang Chew Ngo, collectively
Prospectus	:	This Prospectus dated 14 June 2010 issued by our Company in respect of the IPO
Public Issue	:	The invitation by our Company to the public, eligible employees and/or business associates and selected investors (including Bumiputera investors approved by the MITI) to subscribe for the Public Issue Shares at the IPO Price, payable in full upon application, subject to the terms and conditions of this Prospectus
Public Issue Shares	:	The 64,000,000 new Shares, which are the subject of the Public Issue
R&D	:	Research and development
Record of Depositors	:	A record provided by Bursa Depository to our Company under Chapter 24.0 of the Rules
RM and sen	:	Ringgit Malaysia and sen respectively
ROC	:	Registrar of Companies, Malaysia
Rules	:	The Rules of Bursa Depository
SC	:	Securities Commission, Malaysia
SC Guidelines	:	Equity Guidelines issued by the SC
Securities Account	:	An account established by Bursa Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor
SGD	:	Singapore dollars
Share(s)	:	Ordinary share(s) of RM0.50 each in KIMLUN
Sole Placement Agent	:	AmInvestment Bank
Sole Underwriter	:	AmInvestment Bank
SPC	:	SPC Industries Sdn Bhd (Co. No: 260954-W)
SPC SSA	:	Share sale agreement dated 6 November 2009 between Pang Tin @ Pang Yon Tin, Phang Piow @ Pang Choo Ing, Loh Chew Lon, Pang Chew Ngo and Pang Koi Moy and our Company for the acquisition by our Company of the entire issued and fully paid-up share capital of SPC comprising 2,000,000 ordinary shares of RM1.00 each, for a purchase consideration of RM15,995,999 satisfied by the issuance of 31,991,998 new Shares as fully paid-up

DEFINITIONS (Cont'd)

sq. ft.	:	Square feet
Supplemental SPC SSA	:	Supplemental agreement to SPC SSA dated 10 May 2010 between Pang Tin @ Pang Yon Tin, Phang Piow @ Pang Choo Ing, Loh Chew Lon, Pang Chew Ngo and Pang Koi Moy and our Company
Underwriting Agreement	:	The underwriting agreement dated 31 May 2010 made between our Company, the Offeror and the Sole Underwriter for the underwriting of 13,330,000 IPO Shares upon the terms and subject to the conditions contained therein
UK	:	The United Kingdom of Great Britain and Northern Ireland
US	:	The United States of America
USD	:	US dollars
9MP	:	Ninth Malaysian Plan, a 5-year development plan covering a period from 2006 to 2010

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

GLOSSARY OF TECHNICAL TERMS

To facilitate better understanding of our business, the following glossary provides a description of some of the technical terms and abbreviations commonly found in our industry. The terms and their assigned meanings may not correspond to standard industry or common meanings, or usage of these terms, as the case may be:-

BCA	:	Building and Construction Authority, Singapore
CIDB	:	The Construction Industry Development Board of Malaysia, a regulatory body in Malaysia that is constituted under the CIDB Act
CIDB Act	:	The Construction Industry Development Board Act, 1994 of Malaysia
FQC	:	Final quality check
HDB	:	Housing Development Board, Singapore
IBS	:	Industrial building systems, a system of construction that uses industrial production techniques either in the production of components or assembly of buildings, or both. One of these techniques is the utilisation of standardised forms of pre-cast and prefabricated steel structures in construction works. The system also involves offsite, and to a lesser extent, on-site, mass production of building components
IPQC	:	In-process quality check
IQC	:	In-coming quality check
Iskandar Malaysia	:	A development corridor of approximately 2,217 sq. km. in Johor which is designated by the Malaysian Government to be a prime hub for the 9 economic clusters which will be given special focus and offer excellent investment opportunities. These include creative, education, financial advisory and consulting, healthcare, logistics, tourism, electrical and electronics, petrochemical and oleochemical, and food and agro processing
ISO	:	International Organisation for Standardisation, a developer and publisher of international standards
JKR	:	Jabatan Kerja Raya, Malaysia
MRT	:	Mass rapid transit
PKK	:	Pusat Khidmat Kontraktor, Malaysia
QC	:	Quality control
SIRIM	:	Standard and Industrial Research Institute of Malaysia
SPAN	:	Suruhanjaya Perkhidmatan Air Negara, Malaysia
Spun Pile(s)	:	Cylindrical pretensioned concrete pile used for foundation of building and infrastructure works like bridges and flyovers

PRESENTATION OF INFORMATION

All references to “KIMLUN” and “Company” in this Prospectus are to Kimlun Corporation Berhad. References to “our Group” are to our Company and our subsidiaries i.e. KLSB, SPC and IBT, and references to “we”, “us”, “our” and “ourselves” are to our Company, and where the context requires, includes our subsidiaries.

Unless the context otherwise requires, references to “management” are to our Directors and key management personnel as at the date of this Prospectus. Statements as to our beliefs, expectations, estimates and opinions are those of our Directors.

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

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

The word “approximately” used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest tenth/ hundredth or one / two decimal places. Any numeric discrepancies in the tables included in this Prospectus between the listed amounts and the totals thereof are due to rounding differences.

This Prospectus contains forward-looking statements, which are statements other than statements of historical facts, and are based on assumptions that are subject to known and unknown risks, uncertainties and contingencies. The words, such as “believe”, “plan”, “expect”, “intend”, “estimate” and similar expressions are used to identify such forward-looking statements. These forward-looking statements represent our Directors’ views and beliefs with respect to the future of our Group, and do not constitute a guarantee of the future performance of our Group.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Designation	Occupation	Nationality
Pang Tin @ Pang Yon Tin	19, Jalan Wisata 80200 Johor Bahru Johor Darul Takzim	Executive Chairman	Director	Malaysian
Sim Tian Liang	30, Jalan Benang 1 Taman Sentosa 80150 Johor Bahru Johor Darul Takzim	Chief Executive Officer and Executive Director	Director	Malaysian
Chin Lian Hing	1, Jalan Lawa 19 Taman Pelangi Indah 81800 Ulu Tiram Johor Darul Takzim	Executive Director	Director	Malaysian
Yam Tai Fong	104, Jalan Athinahapan Taman Tun Dr Ismail 60000 Kuala Lumpur	Executive Director	Director	Malaysian
Pang Khang Hau	19, Jalan Wisata 80200 Johor Bahru Johor Darul Takzim	Executive Director	Director	Malaysian
Phang Piow @ Pang Choo Ing	17, Jalan Wisata 80200 Johor Bahru Johor Darul Takzim	Non-Independent Non-Executive Director	Director	Malaysian
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	12A, Jalan Kenyalang 11/7 Bayu Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Independent Non- Executive Director	Director	Malaysian
Kek Chin Wu	704, Block D Kelana D'Putera Condo 19, Jalan SS7/26 Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan	Independent Non- Executive Director	Director	Malaysian
Chua Kee Yat @ Koo Kee Yat	37, Crane Road Singapore 429380	Independent Non- Executive Director	Director	Singaporean

AUDIT COMMITTEE

Name	Designation	Directorship
Kek Chin Wu	Chairman	Independent Non-Executive Director
Chua Kee Yat @ Koo Kee Yat	Member	Independent Non-Executive Director
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	Member	Independent Non-Executive Director

CORPORATE DIRECTORY (Cont'd)

- COMPANY SECRETARIES** : Ng Yen Hoong (LS 008016)
42A, Jalan PJU 3/18H
Tropicana Indah
47410 Petaling Jaya
Selangor Darul Ehsan
- Wong Peir Chyun (MAICSA 7018710)
15, Solok Nona
Off Jalan Meru
41050 Klang
Selangor Darul Ehsan
- REGISTERED OFFICE** : Level 18, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone No. : (03) 2264 8888
Facsimile No. : (03) 2282 2733
- HEAD OFFICE** : Suite 19.06, Level 19
Johor Bahru City Square
106-108, Jalan Wong Ah Fook
80000 Johor Bahru
Johor Darul Takzim
Telephone No. : (07) 222 8080
Facsimile No. : (07) 223 8282
E-mail : kimlun@streamyx.com
Web-site : www.kimlun.com
- REGISTRAR AND TRANSFER OFFICE** : Tricor Investor Services Sdn Bhd (formerly known as Tenaga Koperat Sdn Bhd)
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone No. : (03) 2264 3883
Facsimile No. : (03) 2282 1886
- AUDITORS AND REPORTING ACCOUNTANTS** : Ernst & Young (AF: 0039)
Suite 11.2, Level 11
Menara Pelangi
2, Jalan Kuning
Taman Pelangi
80400 Johor Bahru
Johor Darul Takzim
Telephone No. : (07) 334 1740
Facsimile No. : (07) 334 1749
- SOLICITORS FOR THE IPO** : Zaid Ibrahim & Co
Level 19, Menara Milenium
Pusat Bandar Damansara
50490 Kuala Lumpur
Telephone No. : (03) 2087 9999
Facsimile No. : (03) 2094 4888

CORPORATE DIRECTORY (Cont'd)

PRINCIPAL BANKERS

: EON Bank Bhd
12th Floor, Menara EON Bank
No. 288, Jalan Raja Laut
50350 Kuala Lumpur
Telephone No. : (03) 2694 1188
Facsimile No. : (03) 2694 9588

CIMB Bank Bhd
18, Jalan Belimbing
81400 Senai
Johor Darul Takzim
Telephone No. : (07) 599 2155
Facsimile No. : (07) 599 4855

AmBank (M) Bhd
Level 31, Selesa Tower
Jalan Dato' Abdullah Tahir
80300 Johor Bahru
Johor Darul Takzim
Telephone No. : (07) 334 8766
Facsimile No. : (07) 334 3899

AmIslamic Bank Bhd
Level 45, Menara AmBank
No. 8, Jalan Yap Kwan Seng
50450 Kuala Lumpur
P.O.Box 12540
50782 Kuala Lumpur
Telephone No. : (03) 2178 8888
Facsimile No. : (03) 2166 5664

RHB Bank Bhd
1st Floor, No. 35 & 37 Jalan Permas 10/2
Bandar Baru Permas Jaya
81750 Masai
Johor Darul Takzim
Telephone No. : (07) 388 4941
Facsimile No. : (07) 386 4577

ISSUING HOUSE

: MIDF Consultancy and Corporate Services Sendirian Berhad
Level 8, Menara MIDF
82, Jalan Raja Chulan
50200 Kuala Lumpur
Telephone No. : (03) 2173 8888
Facsimile No. : (03) 2173 8677

VALUER

: KGV-Lambert Smith Hampton
Unit 9-01, Level 9
Johor Bahru City Square (Office Tower)
106-108, Jalan Wong Ah Fook
80000 Johor Bahru
Johor Darul Takzim
Telephone No. : (07) 224 2022
Facsimile No. : (07) 223 1366

CORPORATE DIRECTORY (Cont'd)

- ADVISER, SOLE UNDERWRITER
AND SOLE PLACEMENT AGENT** : AmInvestment Bank Berhad (23742-V)
(A member of AmInvestment Bank Group)
22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Telephone No. : (03) 2036 2633
Facsimile No. : (03) 2070 8596
- LISTING SOUGHT** : Main Market of Bursa Securities
- SHARIAH STATUS** : Approved by the Shariah Advisory Council of the SC

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

1. INFORMATION SUMMARY

THE FOLLOWING INFORMATION IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT OUR GROUP. YOU SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER OR NOT TO INVEST IN OUR SHARES.

1.1 BACKGROUND INFORMATION ON OUR GROUP

Our Company was incorporated in Malaysia under the Act on 4 August 2009 under the name of Kimlun Corporation Sdn Bhd. Subsequently, on 21 August 2009, our Company was converted to a public limited company and assumed its present name.

We are an investment holding company with 3 wholly owned subsidiaries namely, KLSB, SPC and IBT. We are an engineering and construction services provider specialising in infrastructure and building construction, construction management, provision of IBS and manufacture of concrete products. Ancillary to our core business, we also trade in construction and building materials.

We have the ability to act as a one-stop engineering and construction services provider, capable of providing a comprehensive and integrated range of concrete products and engineering and construction services to our customers.

KLSB was founded by Pang Tin @ Pang Yon Tin and Phang Piow @ Pang Choo Ing, in Johor Bahru in 1977. Between 1977 and 2002, KLSB was involved in the carrying out of building construction and infrastructure projects with contract value of less than RM20 million each. KLSB has, since 2003, expanded its construction services to larger scale building and infrastructure construction, and heavy engineering work such as flyovers and interchanges. To illustrate the growth in the size of the projects undertaken by KLSB, in 2003, KLSB secured a building construction project at a contract value exceeding RM22 million, in 2006, KLSB secured a specialised infrastructure construction project at a total contract value exceeding RM70 million and, in 2008, KLSB secured another specialized infrastructure project at a contract value exceeding RM100 million. In 2009, KLSB secured a building construction project at a contract value exceeding RM140 million. Further details on our completed and on-going projects are set out in Section 4.5.1.1 of this Prospectus.

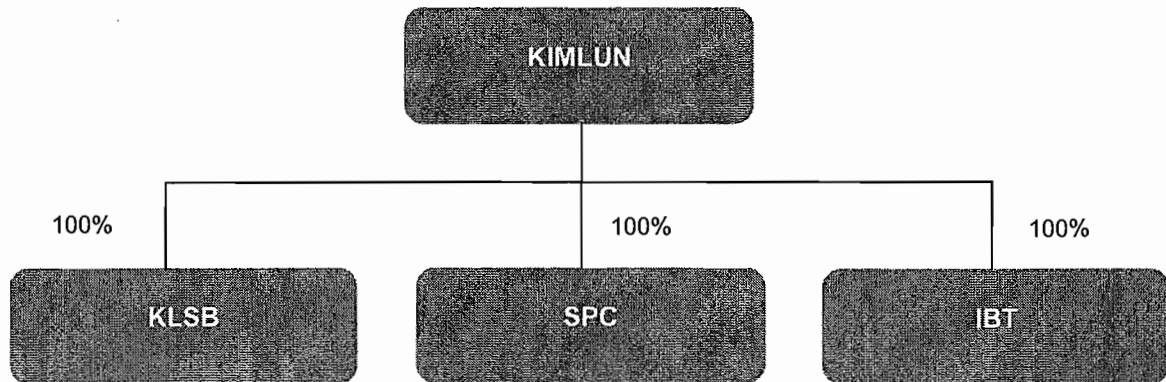
SPC was incorporated as an investment holding company by Pang Tin @ Pang Yon Tin and Phang Piow @ Pang Choo Ing, in 1993. SPC remained dormant until it commenced business operations in Johor in 2002 by acquiring the plant and machinery and stocks of the concrete business of Sri Pulai Granite Quarry Sdn Bhd for a purchase consideration of RM3.77 million. The purchase consideration, which was wholly satisfied by cash, was arrived at based on the unaudited net book value of the assets of RM3.77 million. SPC has since expanded its product range, ranging from ready-mixed concrete to pre-cast concrete products, to meet the demand of the infrastructure and building construction sector in Malaysia and Singapore.

IBT, which is principally involved in the provision of IBS and trading of construction and building materials, was incorporated in Singapore in 2008 to capitalise on the growing building and construction market in Singapore.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

1. INFORMATION SUMMARY (Cont'd)

Our Group's corporate structure is depicted below:-



Further details on our history and business are set out in Section 4 of this Prospectus.

1.2 COMPETITIVE STRENGTHS AND ADVANTAGES

Our Directors believe that we have the following significant competitive advantages over our competitors that ensure our business sustainability and growth:-

- (i) We are capable of providing a wide range of IBS services and products;
- (ii) We are able to provide engineering and construction services to both building and infrastructure segments of the construction industry;
- (iii) We are supported by a concrete products division that supplies to our needs and to the construction industry in Malaysia and Singapore;
- (iv) We are well positioned to respond to opportunities that the construction industry in Malaysia and Singapore may present, in particular Iskandar Malaysia where our Group has a significant presence;
- (v) We have a committed and experienced management team and support staff;
- (vi) We have an established and proven track record and reputation in the construction and concrete products industries;
- (vii) We have built long term relationships with our customers from whom we have been able to secure repeat contracts;
- (viii) We are committed to maintaining our standards of quality and services; and
- (ix) We operate in the construction and concrete products industries where there are barriers to entry.

Further details on our competitive strengths and advantages are set out in Section 4.7 of this Prospectus.

1. INFORMATION SUMMARY (Cont'd)**1.3 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT**

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

Name	Designation
<u>Promoters</u>	
Pang Tin @ Pang Yon Tin	Promoter, substantial shareholder and Executive Chairman
Phang Piow @ Pang Choo Ing	Promoter, substantial shareholder and Non-Independent Non-Executive Director
Pang Khang Hau	Promoter, substantial shareholder and Executive Director
Pang Chew Ngo	Promoter and Executive Director of SPC
<u>Substantial shareholders</u>	
Pang Tin @ Pang Yon Tin	Promoter, substantial shareholder and Executive Chairman
Phang Piow @ Pang Choo Ing	Promoter, substantial shareholder and Non-Independent Non-Executive Director
Pang Khang Hau	Promoter, substantial shareholder and Executive Director
<u>Directors</u>	
Pang Tin @ Pang Yon Tin	Executive Chairman
Sim Tian Liang	Chief Executive Officer and Executive Director
Chin Lian Hing	Executive Director
Yam Tai Fong	Executive Director
Pang Khang Hau	Executive Director
Phang Piow @ Pang Choo Ing	Non-Independent Non-Executive Director
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	Independent Non-Executive Director
Kek Chin Wu	Independent Non-Executive Director
Chua Kee Yat @ Koo Kee Yat	Independent Non-Executive Director

1. INFORMATION SUMMARY (Cont'd)

Name	Designation
<u>Key management</u>	
Pang Tin @ Pang Yon Tin	Executive Chairman of KIMLUN
Sim Tian Liang	Chief Executive Officer and Executive Director of KIMLUN
Chin Lian Hing	Executive Director of KIMLUN
Yam Tai Fong	Executive Director of KIMLUN
Pang Khang Hau	Executive Director of KIMLUN
Loh Chew Lon	Chief Executive Officer and Executive Director of SPC
Leong Choon Thye	Executive Director of KLSB
Pang Chew Ngo	Executive Director of SPC

Further details of our Promoters, substantial shareholders, Directors and key management are set out in Section 5 of this Prospectus.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

1. INFORMATION SUMMARY (Cont'd)**1.4 PRINCIPAL STATISTICS RELATING TO THE LISTING SCHEME**

	Number of Shares	Share Capital (RM)
Authorised Share Capital	1,000,000,000	500,000,000
Existing Issued and Fully Paid-Up Share Capital	165,000,000	82,500,000
New Shares to be issued:-		
• Pursuant to the Public Issue	64,000,000	32,000,000
Enlarged issued and paid-up share capital upon Listing	229,000,000	114,500,000
ISSUE PRICE PER SHARE (RM)		0.97
PROFORMA CONSOLIDATED NA		
• Proforma consolidated NA as at 31 December 2009 (based on the enlarged issued and paid-up share capital after the IPO and after deducting the estimated listing expenses of RM4.0 million) (RM)		153,533,800
• Proforma consolidated NA per Share (based on the enlarged issued and paid-up share capital of 229,000,000 Shares) (RM)		0.67
MARKET CAPITALISATION OF OUR COMPANY (based on the IPO price and enlarged share capital after the IPO) (RM)		222,130,000

Further details on the Listing Scheme are set out in Section 2.2 and Section 4.2 of this Prospectus.

1.5 UTILISATION OF PROCEEDS

As further detailed in Section 2.8 of this Prospectus, we will use the total gross proceeds of RM62.08 million arising from the Public Issue in the following manner:-

Description	Estimated timeframe for utilisation upon Listing	Amount (RM)
Construction of factories and purchase of plant and machinery	Within 24 months	35,900,000
Purchase of a parcel of industrial land	Within 12 months	*5,200,000
Working capital	Within 24 months	16,980,000
Estimated listing expenses	Immediate	4,000,000
Total gross proceeds		62,080,000

Note:-

* Inclusive of estimated incidental cost of RM200,000.

1. INFORMATION SUMMARY (Cont'd)

The Offer for Sale is expected to raise gross proceeds of RM10.96 million. The entire proceeds of the Offer for Sale, net of the relevant fee, will accrue to the Offeror.

Further information on the IPO is set out in Section 2 of this Prospectus.

1.6 RISK FACTORS

In evaluating an investment in the IPO Shares, you should carefully consider all information contained in this Prospectus including but not limited to the general and specific risks set out below.

(i) Risks relating to our business and operations:-

- (a) Business risks
- (b) Delay in completion of construction projects
- (c) Defects liability
- (d) Supply and cost of raw materials
- (e) Services of our sub-contractors
- (f) Cost overruns
- (g) Dependence on supply of foreign workers
- (h) Credit risk of our customers
- (i) Related party transactions
- (j) Dependence on key management personnel
- (k) Financial risks

(ii) Risks relating to the industry in which our Group operates:-

- (a) Political and economic risks
- (b) Regulatory framework
- (c) Competition
- (d) Foreign exchange fluctuations

(iii) Risks relating to investment in our Shares:-

- (a) No prior market for our Shares
- (b) Capital market risks and share price volatility
- (c) Control by Promoters
- (d) Payment of dividends
- (e) Future fund raisings may dilute shareholders' equity and/or restrict our operations
- (f) Failure or delay in our Listing
- (g) Delay between Admission and trading of the IPO Shares
- (h) Disclosure regarding forward-looking statements

Further details of these risk factors are set out in Section 3 of this Prospectus.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

1. INFORMATION SUMMARY (Cont'd)**1.7 FINANCIAL HIGHLIGHTS****1.7.1 Proforma Historical Consolidated Financial Information**

The following table sets out a summary of our proforma consolidated income statements for the past 3 financial years up to FYE 31 December 2009. The proforma consolidated income statements were prepared on the assumption that our Group has been in existence throughout the financial years under review.

The proforma consolidated income statements were prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the proforma consolidated financial information set out in Section 8.7 of this Prospectus.

	<----- FYE 31 December ----->		
	2007	2008	2009
	RM'000	RM'000	RM'000
Revenue	366,276	413,255	435,413
Cost of sales	(318,897)	(366,428)	(374,307)
Gross profit	47,379	46,827	61,106
Other operating income	1,164	1,139	1,430
Selling and administrative expenses	(12,551)	(15,921)	(17,336)
	35,992	32,045	45,200
Finance costs	(2,150)	(2,816)	(2,354)
PBT	33,842	29,229	42,846
Taxation	(8,036)	(7,029)	(11,319)
PAT	25,806	22,200	31,527
Attributable to:			
- Equity holders of our Company	25,806	22,200	31,527
- MI	-	-	-
	25,806	22,200	31,527
Number of Shares had our Group been in existence ('000) ⁽¹⁾	165,000	165,000	165,000
EBITDA	39,601	36,066	49,088
Gross profit margin (%)	12.94	11.33	14.03
PBT margin (%)	9.24	7.07	9.84
PAT margin (%)	7.05	5.37	7.24
Gross EPS (sen) ⁽²⁾	20.51	17.71	25.97
Net EPS (sen) ⁽³⁾	15.64	13.45	19.11
Fully diluted EPS (sen) ⁽⁴⁾	15.64	13.45	19.11

Notes:-

- (1) Based on the issued and paid-up share capital of 165,000,000 Shares immediately prior to the Public Issue.
- (2) Calculated based on PBT attributable to equity holders of our Company for the respective financial years divided by the number of Shares had our Group been in existence.
- (3) Calculated based on PAT attributable to equity holders of our Company for the respective financial years divided by the number of Shares had our Group been in existence.
- (4) Calculated based on PAT attributable to equity holders of our Company for the respective financial years divided by the number of Shares had our Group been in existence.

1. INFORMATION SUMMARY (Cont'd)

For the purpose of this Prospectus, the balance sheet items and income statement items of IBT were translated using the closing exchange rates and average exchange rates for the respective financial years as summarised below:-

	SGD : RM rate	
	Average	Closing
FPE 31 December 2008	2.4010	2.4067
FYE 31 December 2009	2.4237	2.4408

Further details on our financial information are set out in Section 8 of this Prospectus.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

1. INFORMATION SUMMARY (Cont'd)**1.7.2 Proforma Consolidated Balance Sheets of Our Group**

Our proforma consolidated balance sheets as at 31 December 2009 set out below had been prepared solely for illustrative purposes, to show the effects of the Listing Scheme had the Listing Scheme been implemented and completed on 31 December 2009. The proforma consolidated balance sheets should be read in conjunction with the accompanying notes and assumptions included in the Reporting Accountants' letter on the Proforma Consolidated Financial Information set out in Section 8.7 of this Prospectus.

	Audited as at 31.12.2009 (RM'000)	(I) After Acquisitions ⁽²⁾ (RM'000)	(II) After (I) and IPO and utilisation of IPO proceeds (RM'000)
ASSETS			
Non-current assets			
Property, plant and equipment	-	17,798	58,898
Investment properties	-	567	567
Other investments	-	40	40
	-	18,405	59,505
Current assets			
Properties held for sale	-	1,338	1,338
Inventories	-	12,959	12,959
Trade receivables	-	191,198	191,198
Other receivables	-	5,211	5,211
Cash and bank balances	*	58,513	75,493
	*	269,219	286,199
TOTAL ASSETS	*	287,624	345,704
Equity			
Share capital	*	82,500	114,500
Share premium	-	-	26,740
Translation reserves	-	2	2
Merger deficit	-	(79,500)	(79,500)
Retained earnings	(10)	92,452	91,792
	(10)	95,454	153,534
Non-current liabilities			
Borrowings	-	5,488	5,488
Deferred tax liabilities	-	955	955
	-	6,443	6,443
Current liabilities			
Borrowings	-	40,390	40,390
Trade payables	-	105,623	105,623
Other payables	10	34,190	34,190
Tax payable	-	5,524	5,524
	10	185,727	185,727
Total liabilities	10	192,170	192,170
TOTAL EQUITY AND LIABILITIES	*	287,624	345,704
Number of ordinary shares in issue ('000)	*	165,000	229,000
Net assets/(liabilities) (RM'000)	(10)	95,454	153,534
Net assets/(liabilities) per share (RM) ⁽¹⁾	(5,047)	0.58	0.67

Notes:-

* Denotes 2 ordinary shares of RM0.50 each

(1) Net assets/(liabilities) over total number of ordinary shares in issue.

(2) After the Dividend Payment.

1. INFORMATION SUMMARY (Cont'd)

1.8 AUDITORS' QUALIFICATION

As set out in the Accountants' Report in Section 9 of this Prospectus, the financial statements of the companies within our Group for the financial years/periods under review were not subject to any audit qualification.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2. PARTICULARS OF THE IPO

This Prospectus is dated 14 June 2010.

A copy of this Prospectus has been registered with the SC. A copy of this Prospectus, together with the Application Forms, has also been lodged with the ROC who takes no responsibility for its contents.

The SC's approval for the listing of our Company as set out in Section 6.1 of this Prospectus, shall not be taken to indicate that the SC recommends the IPO. You should rely on your own evaluation to assess the merits and risks of the IPO.

We have obtained Bursa Securities' approval for Admission and Listing via its letter dated 26 April 2010. Listing of and quotation for our Shares will commence after, amongst others, receipt of confirmation from Bursa Depository of the receipt of allotment information for the crediting of our Shares, and receipt of an under-taking that all notices of allotment will be issued and despatched to all successful applications prior to the date of listing of and quotation for our Shares, failing which any allotment and allocation made on an application to subscribe for and/or purchase of our Shares pursuant to this Prospectus is required under Malaysian law to be void.

Acceptance of Application for the IPO will be conditional upon permission being granted by Bursa Securities for the quotation of the entire enlarged issued and fully paid-up share capital of our Company on the Main Market of Bursa Securities. Accordingly, monies paid in respect of any Application accepted from the IPO will be returned without interest if the aforesaid permission is not granted within 6 weeks from the date of issue of this Prospectus (or such longer period as may be specified by the SC) provided that our Company is notified by or on behalf of Bursa Securities within the aforesaid time frame. If such monies are not repaid within 14 days after we become liable to repay it, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

The SC and Bursa Securities assume no responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. Admission to the Official List of the Main Market of Bursa Securities is not to be taken as an indication of the merits of our Group or merits of our Shares.

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed our Shares as a Prescribed Security. In consequence thereof, the IPO Shares allotted through this Prospectus will be deposited with Bursa Depository directly, and any dealings in these Shares will be carried out in accordance with the Central Depositories Act and the Rules.

Persons submitting applications by way of Application Forms or by way of Electronic Share Application or Internet Share Application must have a CDS Account. If you do not have a CDS account, you may open one (1) by contacting any of the ADAs listed in Section 13.11 of this Prospectus. In the case of an application by way of Application Form, an applicant should state his/her CDS Account number in the space provided in the Application Form. In the case of an application by way of Electronic Share Application or Internet Share Application, only an applicant who is an individual and has a CDS Account can make an Electronic Share Application or Internet Share Application. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application or Internet Share Application.

Pursuant to the Listing Requirements, we must have at least 25% of the total number of Shares for which listing is sought in the hands of a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing on the Main Market of Bursa Securities. In the event thereof, monies paid in respect of all Applications will be returned if the said permission is not granted.

2. PARTICULARS OF THE IPO (Cont'd)

No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by our Company. Neither the delivery of this Prospectus nor any IPO made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of our Company since the date hereof. Nonetheless, should our Company become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of the Listing, our Company shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

The distribution of this Prospectus and the making of the IPO in certain other jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of the IPO Shares are subject to Malaysian laws and our Company, together with the Adviser, takes no responsibility for the distribution of this Prospectus and the offer of any part of the IPO Shares outside Malaysia, which may be restricted by law in certain other jurisdictions. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for, or an offer to sell the IPO Shares, in any jurisdiction in which such invitation or offer is not authorised or lawful or to any person to whom it is unlawful to make such invitation or offer.

If you are in doubt of any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional advisers.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2. PARTICULARS OF THE IPO (Cont'd)

2.1 PURPOSES OF THE LISTING

The purposes of the IPO are as follows:-

- (i) To enable us to gain access to the capital market in future to raise funds for future expansion, diversification and continued growth of our Group;
- (ii) To provide additional funds to meet our working capital requirements;
- (iii) To enable us to gain recognition and enhance our profile through listing status and further augment our corporate reputation and assist us in expanding our customer base locally and overseas; and
- (iv) To provide the opportunity for our eligible Directors, employees and/or business associates and the Malaysian investing public and institutions to participate in the equity and continuing growth of our Group.

2.2 PUBLIC ISSUE AND OFFER FOR SALE

We (for ourselves and on behalf of the Offeror) will undertake the Public Issue and Offer for Sale in conjunction with, and as part of our Listing, as follows:-

2.2.1 Public Issue

The Public Issue of 64,000,000 Public Issue Shares, representing 27.95% of our enlarged issued and paid-up share capital, is offered at the IPO Price, payable in full on application upon the terms and conditions as set out in this Prospectus, and will be allocated and allotted in the following manner:-

(i) Malaysian Public via Balloting

11,450,000 Public Issue Shares, representing 5.00% of our enlarged issued and paid-up share capital, will be made available for application by the Malaysian public, to be allocated via ballot.

(ii) Eligible Employees and/or Business Associates

1,500,000 Public Issue Shares, representing 0.66% of our enlarged issued and paid-up share capital, will be reserved for employees and business associates of our Group.

The Public Issue Shares will be allocated to our employees based on the following criteria as approved by our Board:-

- (a) at least 18 years old;
- (b) designation and position; and
- (c) length of service.

The same Public Issue Shares will also be allocated to our business associates based on the following criteria as approved by our Board:-

- (a) length of business relationship; and
- (b) contribution and support to our growth.

2. PARTICULARS OF THE IPO (Cont'd)**(iii) Selected Investors via Placement**

33,050,000 Public Issue Shares, representing 14.43% of our enlarged issued and paid-up share capital, will be made available for private placement to selected investors.

(iv) Bumiputera Investors via Placement

18,000,000 Public Issue Shares, representing 7.86% of our enlarged issued and paid-up share capital, will be made available for private placement to Bumiputera investors approved by the MITI.

2.2.2 Offer for Sale

The Offer for Sale of 11,300,000 Shares, representing 4.93% of our enlarged issued and paid-up share capital, is offered at the IPO Price, payable in full on application upon the terms and conditions as set out in this Prospectus, and will be allocated and allotted in the following manner:-

(i) Eligible Directors

380,000 Offer Shares, representing 0.17% of our enlarged issued and paid-up share capital, will be reserved for 3 eligible Directors of our Group.

The Offer Shares to be allocated to our Directors have been allocated based on the deliberation between the Directors. Pink form allocations to our eligible Directors are as follows:-

Name	Designation	No. of Shares
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	Independent Non-Executive Director	50,000
Kek Chin Wu	Independent Non-Executive Director	300,000
Chua Kee Yat @ Koo Kee Yat	Independent Non-Executive Director	30,000

(ii) Selected Investors via Placement

5,460,000 Offer Shares, representing 2.38% of our enlarged issued and paid-up share capital, will be made available for private placement to selected investors.

(iii) Bumiputera Investors via Placement

5,460,000 Offer Shares, representing 2.38% of our enlarged issued and paid-up share capital, will be made available for private placement to Bumiputera investors approved by the MITI.

2. PARTICULARS OF THE IPO (Cont'd)

Details of the Offeror are set out below:-

Offeror	Designation	Address	Offer Shares
Phang Piow @ Pang Choo Ing	Promoter, substantial shareholder and Non- Independent Non-Executive Director	17, Jalan Wisata 80200 Johor Bahru Johor Darul Takzim	11,300,000

Further information on Phang Piow @ Pang Choo Ing, including his shareholdings in our Company before and after the IPO, is set out in Section 5.1 of this Prospectus.

In the event of an under-subscription of the 23,460,000 IPO Shares made available for application by Bumiputera investors under Section 2.2.1(iv) and Section 2.2.2(iii) of this Prospectus, the unsubscribed IPO Shares shall be made available for application by the Bumiputera public as part of the balloting process. Subsequently, any of the unsubscribed Shares which are not taken up by the Bumiputera public will be made available for application by the Malaysian public and/or private placement to selected investors.

In the event of an under-subscription of the 11,450,000 IPO Shares made available for application by the Malaysian public under Section 2.2.1(i) of this Prospectus, the unsubscribed IPO Shares will be made available to the selected investors. In the event that any of the 1,880,000 IPO Shares made available for application by our eligible Directors, employees and/or business associates under Section 2.2.1(ii) and Section 2.2.2(i) of this Prospectus are not taken up, the unsubscribed IPO Shares will be re-offered to other eligible Directors, employees and/or business associates. Subsequently, any of the unsubscribed IPO Shares re-offered which are not taken up will be made available for application by the Malaysian public and/or private placement to selected investors.

The 13,330,000 IPO Shares made available for application by the Malaysian public, and our eligible Directors, employees and/or business associates under Section 2.2.1(i), Section 2.2.2(i) and Section 2.2.1(ii) of this Prospectus are fully underwritten by the Sole Underwriter.

The 38,510,000 IPO Shares made available for application by selected investors under Section 2.2.1(iii) and Section 2.2.2(ii) of this Prospectus and the 23,460,000 IPO Shares made available for application by Bumiputera investors under Section 2.2.1(iv) and Section 2.2.2(iii) of this Prospectus are to be placed out by the Sole Placement Agent and are not underwritten.

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

2.3 LISTING OF AND QUOTATION FOR OUR SHARES

We have also applied to Bursa Securities for the Admission and Listing. As further set out in Section 6.1 of this Prospectus, the approval from Bursa Securities has been obtained via its letter dated 26 April 2010.

2. PARTICULARS OF THE IPO (Cont'd)

2.4 DILUTION

Dilution is the amount by which the IPO price to be paid by the applicants for our Shares under the IPO exceeds our proforma consolidated NA per Share after the IPO. The proforma consolidated NA per Share as at 31 December 2009 (after adjusting for the effects of the Dividend Payment and the Acquisitions) based on the issued and paid-up share capital of 165,000,000 Shares before the IPO is RM0.58.

Pursuant to the Public Issue of 64,000,000 new Shares at the IPO price and after adjusting for the effects of the utilisation of proceeds, the proforma consolidated NA per Share of our Group as at 31 December 2009 will increase to RM0.67 based on the enlarged issued and paid-up capital of 229,000,000 Shares after the IPO. This represents an immediate increase in adjusted NA of RM0.09 per Share to our existing shareholders and an immediate dilution in NA of RM0.30 per Share to our new investors. The following table illustrates such dilution on a per Share basis:-

	RM
IPO Price	0.97
Proforma consolidated NA per Share as at 31 December 2009 (after adjusting for the effects of the Dividend Payment and Acquisitions)	0.58
Increase in proforma consolidated NA per Share contributed by new investors	0.09
Proforma consolidated NA per Share after the IPO	0.67
Dilution in NA per Share to new investors	0.30
Dilution in NA per Share to new investors as a percentage of the IPO Price	30.93%

The following table summarises the total number of Shares acquired by our Directors or senior management, substantial shareholders or persons connected to them, the total consideration paid by them and the average effective cash cost per Share to our Directors or senior management, substantial shareholders or persons connected to them of Shares acquired by them since the date of incorporation of our Company, and to the new investors who subscribe for and/or purchase the Public Issue Shares and the Offer Shares pursuant to the Public Issue and the Offer for Sale:-

	Before the IPO No. of Shares	After the IPO No. of Shares	Total consideration* RM	Average effective cash cost per Share RM
Directors and substantial shareholders				
Pang Tin @ Pang Yon Tin	92,421,200	92,421,200	46,210,600	0.50
Phang Piow @ Pang Choo Ing	22,830,400	11,530,400	5,765,200	0.50
Pang Khang Hau	13,317,800	13,317,800	6,658,900	0.50
Sim Tian Liang	6,658,900	6,658,900	3,329,450	0.50
Chin Lian Hing	6,658,900	6,658,900	3,329,450	0.50
Yam Tai Fong	6,658,900	6,658,900	3,329,450	0.50
Kek Chin Wu	-	300,000	291,000	0.97
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	-	50,000	48,500	0.97
Chua Kee Yat @ Koo Kee Yat	-	30,000	29,100	0.97
Other key management				
Loh Chew Lon	6,638,300	6,638,300	3,319,150	0.50
Leong Choon Thye	3,308,200	3,308,200	1,654,100	0.50
Pang Chew Ngo	1,599,600	1,599,600	799,800	0.50
New investors				
- from Public Issue	-	64,000,000	62,080,000	0.97
- from Offer for Sale	-	10,920,000	10,592,400	0.97

2. PARTICULARS OF THE IPO (Cont'd)

Note:-

* Calculated based on the number of shares held after the IPO.

2.5 BASIS OF ARRIVING AT THE IPO PRICE

The IPO Price was determined and agreed upon by our Company and AmlInvestment Bank as the Adviser, Sole Underwriter and Sole Placement Agent after taking into consideration, amongst others, the following factors:-

- (i) our operating and financial history and position as outlined in Section 4 and Section 8 respectively of this Prospectus;
- (ii) our business strategies and future plans as set out in Section 4.8 of this Prospectus;
- (iii) the PE Multiple of approximately 7.0 times based on our net EPS of 13.77 sen per Share for FYE 31 December 2009 and our enlarged issued and paid-up share capital of 229,000,000 Shares upon Listing;
- (iv) our proforma consolidated NA as at 31 December 2009 of RM0.67 per Share, based on our enlarged issued and paid-up share capital of 229,000,000 Shares after Listing and after the utilisation of proceeds as set out in Section 2.8 of this Prospectus;
- (v) the potential of the construction industry as set out in the Section 4.9 of this Prospectus and our promising prospects as elaborated in Section 4.10 of this Prospectus; and
- (vi) our competitive strengths and advantages as listed in Section 4.7 of this Prospectus.

Our Directors and AmlInvestment Bank are of the opinion that the IPO Price is fair and reasonable after careful consideration of the abovementioned factors.

However, you should note that the market price of our Shares upon listing on Bursa Securities is subject to the vagaries of market forces and other uncertainties that may affect the price of the Shares when they are traded.

You should form your own views on the valuation of the securities and the reasonableness of the bases used.

2.6 SHARE CAPITAL

	No. of Shares	Share Capital (RM)
Authorised share capital	1,000,000,000	500,000,000
Issued and fully paid-up share capital		
Existing as at the LPD	165,000,000	82,500,000
New Shares to be issued pursuant to the Public Issue	64,000,000	32,000,000
Share capital upon Listing	229,000,000	114,500,000
Existing Shares to be offered pursuant to the Offer For Sale	11,300,000	5,650,000

2. PARTICULARS OF THE IPO (Cont'd)

We have only 1 class of shares, namely ordinary shares of RM0.50 each, all of which rank *pari passu* with one another. The Public Issue Shares will rank *pari passu* in all respects with the other existing Shares, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment thereof.

Subject to any special rights attached to any shares which we may issue in the future, the holders of our Shares shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by our Company as dividends and other distributions, and in respect of any surplus in the event of our liquidation, in accordance with our Articles of Association.

At every general meeting, each member entitled to vote may vote in person or by proxy or by attorney or by duly authorised representative (in the case of a member who is a corporation). On a show of hands, every person who is a member or proxy or attorney or representative of a member shall have 1 vote; and on a poll, every member present in person or by proxy or attorney or representative shall have 1 vote for each share he holds. A member shall not be entitled to appoint more than 2 proxies to attend and vote at the same meeting.

2.7 MARKET CAPITALISATION UPON LISTING

Based on the IPO Price, and our enlarged issued and paid-up share capital of 229,000,000 Shares upon listing, our market capitalisation will be RM222,130,000.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2. PARTICULARS OF THE IPO (Cont'd)

2.8 PROCEEDS FROM THE LISTING EXERCISE

The gross proceeds of RM62,080,000 which will accrue to our Company from the Public Issue are proposed to be utilised in the following manner:-

Description	Estimated timeframe for utilisation upon Listing	Amount (RM)	% of total gross proceeds
Construction of factories and purchase of plant and machinery	Within 24 months	35,900,000	57.83
Purchase of a parcel of industrial land	Within 12 months	* 5,200,000	8.38
Working capital	Within 24 months	16,980,000	27.35
Estimated listing expenses	Immediate	4,000,000	6.44
Total gross proceeds		62,080,000	100.00

Note:-

* Inclusive of estimated incidental cost of RM200,000.

The gross proceeds arising from the Offer for Sale, net of the relevant fee, shall accrue entirely to the Offeror and no part of the proceeds will be received by our Company.

Brief details on the utilisation of the gross proceeds from the Public Issue are as follows:-

(i) Construction of Factories and Purchase of Plant and Machinery

In line with our business diversification and expansion plans, we have budgeted RM35.90 million for the construction of new factories and purchase of plant and machinery over the next 24 months to produce tunnel lining segments, Spun Piles of various sizes and IBS components (i.e. hollow core slabs and lightweight concrete wall panels).

Details of the proposed new factories and plant and machinery are as follows:-

Factory	Estimated size of factory	Estimated cost of construction (RM million)	Estimated number of production lines	Estimated commencement date/completion date	Estimated production capacity per annum ⁽¹⁾	Estimated cost of plant and machinery (RM million)
1 factory complete with overhead cranes for the fabrication of tunnel lining segments	210 meters x 57 meters	6.00	3 lines of production	Third quarter of 2010 / Third quarter of 2011	Not available ⁽²⁾	Not applicable
1 factory complete with overhead cranes for the fabrication of Spun Piles	120 meters x 80 meters	4.50	4 lines of production	First quarter of 2011 / First quarter of 2012	20,160 cubic meters (based on 12 meter length piles)	6.55

2. PARTICULARS OF THE IPO (Cont'd)

Factory	Estimated size of factory	Estimated cost of construction (RM million)	Estimated number of production lines	Estimated commencement date/completion date	Estimated production capacity per annum ⁽¹⁾	Estimated cost of plant and machinery (RM million)
1 factory complete with overhead cranes for the fabrication of both hollow core slabs ("HCS") and lightweight concrete wall panels ("LWWP")	40 meters x 150 meters	5.50	3 lines of production each	First quarter of 2011 / First quarter of 2012	HCS: 142,560 square meters LWWP: 120,000 square meters	13.30
Contingency	-	-	-	-	-	0.05
TOTAL	-	16.00	-	-	-	19.90

Notes:-

- (1) Based on 8 hours of production per day and 21 days per month.
(2) The production capacity of this new factory will depend on the moulds to be supplied by our customers or purchased by SPC as and when the need arises.

Further details on the type, quantity and unit cost of machinery proposed to be acquired are set out below:-

Spun Piles

Particulars	Unit	Estimated quantity	Estimated cost per unit (RM 000)	Estimated cost (RM million)
Concrete batching plant	set	1	850	0.85
Spinning machine	set	4	265	1.06
Steel strand high speed auto-feeding and cutting machine	set	2	98	0.20
Steel strand head machine	set	4	82	0.33
Steel cage auto-welding and net making machine	set	1	372	0.37
Strand pre-stressing machine	set	1	59	0.06
Concrete hopper	set	2	58	0.11
Wagon	set	5	42	0.21
Steel mould hoisting equipment	set	3	39	0.12
Compressor and demoulding device	set	1	300	0.30
Steam curing system	lump sum	1	400	0.40
Spun pile steel mould	set	100	16	1.61
Anchor block	set	100	3.3	0.33
Gantry crane	set	2	300	0.60
Total				6.55

2. PARTICULARS OF THE IPO (Cont'd)Hollow core slabs

Particulars	Unit	Estimated quantity	Estimated cost per unit (RM 000)	Estimated cost (RM million)
Hollow core slab machine	set	2	2,250	4.50
Saw cut machine	set	1	351	0.35
Casting bed	set	3	1,000	3.00
Gantry crane	set	2	300	0.60
Batching plant	set	1	700	0.70
Reinforcement bending and cutting yard	unit	1	150	0.15
Trucking system	set	2	400	0.80
Total				10.10

Lightweight concrete wall panels

Particulars	Unit	Estimated quantity	Estimated cost per unit (RM 000)	Estimated cost (RM million)
Weighing, batching and mixer	set	1	2,250	2.25
Steel moulds	set	1	750	0.75
Gantry crane	set	1	200	0.20
Total				3.20

We intend to construct the new factory for tunnel lining segments in SPC's current premises in Ulu Choh, Johor.

As at the LPD, we are evaluating Ulu Choh, Johor, as a potential site for the new factories for Spun Piles and IBS components. We anticipate that we will require at least 15 acres of land for the construction of the new factories for Spun Piles and IBS components and thus, the number of pieces of land required will depend on the sizes of available land in the area.

We are also evaluating the options of either an outright purchase or to enter into a long term lease for the land for the construction of the new factories.

The setting up of plants for the production of IBS components, which forms an integral part of IBS, is to complement our future plan of positioning ourselves as a full fledged IBS builder and to gear towards technology based construction method which uses less labour compared to the conventional construction method which is labour intensive. The IBS components to be produced represent an expansion of our current range of products.

As a one-stop engineering and construction services provider, we have to continuously enhance our IBS construction abilities by strengthening our pre-cast concrete manufacturing division. Furthermore, as we anticipate the demand for more diversified IBS building services and components, we have to continuously develop our construction and pre-cast concrete manufacturing expertise in order to secure more contracts.

The manufacturing processes for hollow core slabs, light weight concrete wall panels and Spun Piles, which comprise the production of concrete, pre-stressing and prefabrication of mould, are principally similar to the manufacturing processes of the other concrete products currently produced by us. The technical know-how on operating the machines will be provided by the vendors of the machines, which is a normal condition for the purchase of machinery. Hence, we do not foresee any problems in manufacturing the new products.

2. PARTICULARS OF THE IPO (Cont'd)

We are able to accept orders for the new products or to propose the use of the new products in our construction projects when the production plants/facilities are in place. Nevertheless, we believe that there will be an increase in demand for IBS construction method and accordingly, the new IBS components. Based on the information on the CIDB website at www.cidb.gov.my, the Malaysian Government has stipulated that the content of IBS components in every new government project is to be increased to no less than 70% with effect from 31 October 2008, save for certain exceptions. The exceptions are as follows:-

- Projects which are valued at less than RM10 million each except for projects which have been identified by JKR to be implemented using IBS;
- Projects which are implemented in remote or interior areas not accessible by transportation for IBS projects; or
- Renovation work on existing buildings and it does not involve the construction of new buildings.

As comparison, it was recommended in Budget 2005 that the utilisation of IBS components in affordable homes, including the construction of government buildings, shall be increased from 30% to 50% effective from 2005. In addition, the Malaysian Government aims to reduce the reliance of the construction industry on foreign workers to 15% by 2010. This will lead to changes in the landscape of construction industry from labour intensive construction method to industrialised and technology based construction method. Further, housing developers who utilise IBS components exceeding 50%, will be given full exemption on levy imposed by CIDB.

For further details on our business strategies and future plans, please refer to Section 4.8 of this Prospectus.

(ii) Purchase of a Parcel of Industrial Land

SPC's present manufacturing plant is erected on a parcel of industrial land, which we currently rent for an annual rental of RM216,000. As the current rental agreement will expire on 31 August 2010, we intend to utilise part of the proceeds from the Public Issue to acquire the said industrial land. The owner for the said industrial land is Sri Pulai Realty Sdn Bhd, a company in which our substantial shareholder and Director, Phang Piow @ Pang Choo Ing, has substantial interests.

The parcel of industrial land, which is located at Ulu Choh, Johor, measures approximately 13.9 acres. It is erected with a double-storey detached administrative office, an open-sided detached factory and 2 units of detached factories. The legal owner of the said buildings is SPC.

We have, on 16 October 2009, entered into a sale and purchase agreement with Sri Pulai Realty Sdn Bhd to purchase the said industrial land for a purchase consideration of RM5 million. The purchase consideration of RM5 million was arrived at on a willing buyer-willing seller basis based on the valuation on the said parcel of industrial land (excluding the buildings) of RM5 million carried out by an independent valuer namely, Messrs. KGV-Lambert Smith Hampton on 23 July 2009. Further details on the valuation certificate are set out in Section 10 of this Prospectus.

There is no further development on the purchase of the said industrial land since the execution of the sale and purchase agreement as we intend to complete the purchase using part of the proceeds from the IPO.

For further details on our business strategies and future plans, please refer to Section 4.8 of this Prospectus.

2. PARTICULARS OF THE IPO (Cont'd)

(iii) Working Capital

An aggregate of RM16.98 million of the proceeds from the Public Issue will be utilised to meet part of our working capital requirements which include placing fixed deposits with the banks as collateral for performance bonds and payments for the purchases of raw materials, sub-contracting charges, and personnel and other expenses to ensure that we have the resources to undertake additional construction projects and to carry out our geographical and services diversification plan.

(iv) Estimated Listing Expenses

The estimated listing expenses for the listing of and quotation for our enlarged issued and fully paid-up share capital on the Main Market of Bursa Securities are as follows:-

	Amount (RM'000)
Fees to authorities	177
Estimated professional fees ⁽¹⁾	2,033
Placement, underwriting and brokerage fees	1,400
Other miscellaneous expenses ⁽²⁾	390
	<u>4,000</u>

Notes:-

- (1) *Include fees for, amongst others, the Adviser, Solicitors, Reporting Accountants, Valuer and Issuing House.*
- (2) *Other incidental or related expenses in connection with the IPO.*

If the actual amount of listing expenses is higher than the estimated amount as set out above, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than the estimated amount, the excess will be utilised for working capital purposes.

Pending utilisation, the proceeds from the Public Issue will be placed in short-term deposits with licensed financial institution(s) or in short-term money market instrument(s).

2.9 FINANCIAL IMPACT FROM UTILISATION OF PROCEEDS

Our utilisation of the proceeds from the Public Issue is expected to have a financial impact on us as follows:-

(i) Enhancement of Working Capital

We will utilise RM16.98 million of the IPO proceeds for our working capital requirements, which include placing fixed deposits with the banks as collateral for performance bonds, and payments for the purchases of raw materials, sub-contracting charges, and personnel and other expenses. Our cash and bank balances will be increased to approximately RM75.49 million after the Listing. This will allow us to reduce the use of external funding to finance our daily operational activities.

(ii) Interest Savings

Without the IPO proceeds, we are expected to incur incremental borrowings of approximately RM28.77 million to fund our plans for construction of factories and purchase of plant and machinery and the parcel of industrial land. As such, with the IPO proceeds and based on an assumed interest rate of 8.00% per annum (which is derived based on the interest rates charged by financial institutions on credit facilities

2. PARTICULARS OF THE IPO (Cont'd)

granted to us), we expect to effect interest savings of approximately RM2.30 million per annum.

(iii) Increase in Production Capacity

The utilisation of RM35.90 million for the construction of factory and purchase of plant and machinery is expected to increase our production capacity in order for our Group to meet the demand from the construction sector in Malaysia and Singapore.

Please refer to Section 2.8(i) of this Prospectus for details on the increase of our production capacity.

2.10 UNDERWRITING COMMISSION, PLACEMENT FEE AND BROKERAGE

Placement Fee

We will pay the Sole Placement Agent a placement fee at the rate of 1% and 2% of the value of the 51,050,000 Public Issue Shares reserved for private placement under Section 2.2.1(iii) and Section 2.2.1(iv) of this Prospectus (being the number of Public Issue Shares reserved for private placement multiplied by the IPO Price) to placees identified by our Group and the Sole Placement Agent, respectively.

The Offeror will pay the Sole Placement Agent a placement fee at the rate of 1% and 2% of the value of the 10,920,000 Offer Shares reserved for private placement under Section 2.2.2(ii) and Section 2.2.2(iii) of this Prospectus (being the number of Offer Shares reserved for private placement multiplied by the IPO Price) to placees identified by the Offeror and the Sole Placement Agent, respectively.

Underwriting Commission

We will pay the Sole Underwriter an underwriting commission at the rate of 2% of the value of the total underwritten 12,950,000 Public Issue Shares made available for application by the Malaysian public, and our eligible employees and/or business associates under Section 2.2.1(i) and Section 2.2.1(ii) of this Prospectus (being the number of Public Issue Shares made available for application by the Malaysian public and our eligible employees and/or business associates multiplied by the IPO price).

The Offeror will pay the underwriting commission to be incurred on the sale of the 380,000 Offer Shares under Section 2.2.2(i) of this Prospectus, to the eligible Directors, at the rate of 2% of the IPO Price per Share in respect of the Offer Shares.

Brokerage Fee

We will pay the brokerage to be incurred on the sale of 11,450,000 Public Issue Shares under Section 2.2.1(i) of this Prospectus at the rate of 1% of the IPO Price per Share in respect of successful applications that bear the stamp of member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or MIDFCCS.

2.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

The salient terms of the Underwriting Agreement dated 31 May 2010 entered into between our Company and the Sole Underwriter, which may allow the Sole Underwriter to withdraw from its obligations under the Underwriting Agreement after the IPO as extracted from the Underwriting Agreement, are set out below.

2. PARTICULARS OF THE IPO (Cont'd)

Unless otherwise stated, all capitalised terms herein shall bear the same meanings as prescribed in the Underwriting Agreement.

3.1 Conditions Precedent

The obligations of the Sole Underwriter under this Agreement are conditional upon:-

- (a) Bursa Securities having approved in principle, the Listing;
- (b) the lodging with the ROC of a copy of the Final Prospectus for lodgement in accordance with the requirements of Section 234 of the CMSA together with copies of all documents required under the CMSA;
- (c) the registration with the SC of the Final Prospectus and the submission to the SC of accompanying documents on or before their issue, circulation or distribution to the public;
- (d) the issue, offering and subscription of the Shares in accordance with the provisions of this Agreement are not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including the SC and Bursa Securities);
- (e) all necessary approvals and consents required in relation to the Initial Public Offering including but not limited to governmental approvals (but excluding the approval of Bursa Securities referred to in Clause 3.1(a) having been obtained and are in full force and effect by the Closing Date;
- (f) the delivery to the Sole Underwriter prior to the date of registration of the Final Prospectus with the SC of a copy certified as true copy by an authorised director or officer of the Company of all resolutions of the Directors approving this Agreement, the Final Prospectus, the Initial Public Offering and all transactions and matters contemplated thereunder, and authorising the execution of this Agreement and the issuance of the Final Prospectus;
- (g) there not having been any adverse and material change or any development reasonably likely to involve a prospective adverse, material and sustained change in the condition (financial or otherwise) of the Company or any of its subsidiaries from that set forth in the Prospectus which is material in the context of the Initial Public Offering, nor the occurrence of any event rendering untrue or incorrect to an extent which is material as aforesaid any representations or warranties contained in this Agreement as though they had been given or made on such date;
- (h) the issue and offer of the Shares under the Initial Public Offering having been approved by the shareholders of the Company;
- (i) the Sole Underwriter having been satisfied that the Company has, in relation to the issue and offer of the Shares complied with and is in compliance with all policies guidelines and requirements of the relevant authorities of Malaysia and any jurisdiction within which such Shares are offered and all revisions, amendments and/or supplements thereto and have complied with all conditions imposed by the relevant authorities of Malaysia in respect of their approvals for the Initial Public Offering; and
- (j) the Prospectus having been issued no later than two (2) months from the date of this Agreement or such date as the Company and the Sole Underwriter may agree in writing.

2. PARTICULARS OF THE IPO (Cont'd)

3.2 Non fulfilment of any of the conditions precedent

If any of the conditions set forth in Clause 3.1 are not satisfied within five (5) Market Days after the Closing Date, the Sole Underwriter shall thereupon be entitled to terminate this Agreement by written notice given to the Company. Upon such termination, the consequences as set out in Clause 7.2 shall be applicable.

3.3 Waiver

To the extent permitted by law, the Sole Underwriter may at its discretion, waive compliance with any provision of Clause 3 without prejudice to its powers, rights and remedies under this Agreement. Any condition so waived shall be deemed to have been satisfied in relation to it.

No waiver by any party of any term or provision shall be deemed to have been made unless expressed in writing and signed by such party.

7.1 Termination

Notwithstanding anything contained in this Agreement, but subject to Clause 7.1A, the Sole Underwriter may, after prior consultation with the Company, by notice in writing to the Company, terminate, cancel and withdraw the Underwriting Commitment if any of the following shall occur:-

- (a) the Company or the Offeror withholds any material information from the Sole Underwriter, which will have a material adverse effect on the financial condition or prospects of the Company or its Group or the success of the Initial Public Offering;*
- (b) there shall have occurred, happened or come into effect any change in law, regulation, directive policy or ruling or event or series of events beyond the reasonable control of the Sole Underwriter by reason of force majeure which would have, a material adverse effect on the financial condition or prospects of the Company or its Group or the success of the Initial Public Offering or which is likely to have the effect of making any material obligation under this Agreement incapable of performance in accordance with its terms. "force majeure" means causes which are unpredictable and beyond the reasonable control of the party claiming force majeure which could not have been avoided or prevented by reasonable foresight, planning and implementation including war, acts of warfare, hostilities, invasion, , civil war terrorism, riot, uprising against constituted authority,natural catastrophe or other Acts of God;*
- (c) any government requisition or other occurrence of any nature whatsoever which is likely to have a material adverse effect on the financial condition or prospects of the Company or the Group or the success of the Initial Public Offering;*
- (d) trading of all securities on Bursa Securities have been suspended or other material form of general restriction in trading for three (3) consecutive Market Days or more;*
- (e) the Listing does not take place by 31 August 2010 or such other extended date as may be agreed by the Sole Underwriter and the Company;*
- (f) there is any material breach by the Company or the Offeror of any term (including, representations, warranties or undertakings) of this Agreement which is not capable of remedy or, if capable of remedy, is not remedied*

2. PARTICULARS OF THE IPO (Cont'd)

*within such number of days as stipulated in any notice given to the Company;
or*

- (g) *any material adverse change in the stock market conditions which would have a material adverse effect on and/or materially prejudice the business or operations of the Company or the Group or which has or is likely to have the effect of making any material obligation under this Agreement incapable of performance in accordance with its term. For the avoidance of doubt, if the FTSE Bursa Malaysia KLCI Index ("Index") at the close of normal trading on Bursa Securities, on any Market Day,:*

- (i) on or after the date of this Agreement; and
(ii) prior to the Closing Date,*

falls below 1,000 points and remains below 1,000 points for at least three (3) Market Days consecutively, it shall be deemed a material adverse change in the stock market condition.

7.1A Deferment of Termination

Notwithstanding the occurrence of events under sub-Clause 7.1(d) or 7.1(g), the Sole Underwriter shall not be entitled, under sub-Clause 7.1(d) or 7.1(g), to terminate, cancel and withdraw the Underwriting Commitment if the Company is able to provide sufficient documentary evidence to the Sole Underwriter within ten (10) Market Days from the date of receiving a notification from the Sole Underwriter of its intention to terminate, cancel and withdraw the Underwriting Commitment that the Underwritten Shares would be fully taken up.

7.2 Consequences of Termination

7.2.1 *Upon such notice of termination under Clause 7.1 or Clause 3.2 being given:-*

- (a) *the Sole Underwriter will be released and discharged from its obligations without prejudice to its rights under this Agreement;*
- (b) *this Agreement will be of no further force or effect and no party will be under any liability to any other in respect of this Agreement;*
- (c) *the Company shall refund to the Sole Underwriter the subscription monies, if any, paid by the Sole Underwriter pursuant to its subscription of the Unsubscribed Underwritten Shares pursuant to Clause 2.4. Such payment shall be made by the Company within ten (10) Market Days of the date of the notice stating that this Agreement is terminated and subject to the application of Clause 2.5.6 (where relevant); and*
- (d) *subject to Clause 7.2.2, the Sole Underwriter shall be entitled to recover from the Company and the Offeror, the Company Underwriting Commission and Management Fee and the Offeror Underwriting Commission and Management Fee respectively, together with all costs and expenses (subject to documentary evidence) incurred by the Sole Underwriter up to the date of such notice. Such payment shall be made by the Company within ten (10) Market Days of the date of the notice stating that this Agreement is terminated.*

2. PARTICULARS OF THE IPO (Cont'd)

7.2.2 *Where this Agreement or the Underwriting Commitment is terminated pursuant to any other reasons or circumstances other than as set out in Clause 7.1, Clause 7.1A, Clause 4.4 or Clause 3.2, the Sole Underwriter shall not be entitled to any Underwriting Commission and Management Fee except for costs and expenses (subject to documentary evidence) incurred by the Sole Underwriter for the period commencing from the date of this Agreement up to the date of termination.*

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

3. RISK FACTORS

IN EVALUATING AN INVESTMENT IN THE IPO SHARES, YOU SHOULD CAREFULLY CONSIDER ALL INFORMATION CONTAINED IN THIS PROSPECTUS INCLUDING BUT NOT LIMITED TO THE FOLLOWING GENERAL AND SPECIFIC RISKS.

3.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

3.1.1 Business Risks

We are subject to business risks inherent in the construction sector in Malaysia and Singapore. This may include, amongst others, shortages in skilled workforce, entry of new competitors, changes in economic, business and credit conditions, changes in governmental and international policies and regulations, non-performance or unsatisfactory performance of sub-contractors, cancellation, deferral or rescheduling of projects and other business risks common to going concerns.

Although we seek to limit these risks through, amongst others, a careful identification of the type of construction projects to be undertaken, prudent financial policy, endeavours to continuously replenish our order book with projects from existing and new customers, maintenance of a large pool of sub-contractors and suppliers with whom we have long term relationships and close supervision on our construction projects, no assurance can be given that any change to these factors will not have a material adverse effect on our business and financial conditions.

3.1.2 Delay in Completion of Construction Projects

Completion of construction projects is dependent on external factors, which include, amongst others, obtaining the necessary permits or approvals from the relevant government agencies or authorities, adequacy of supply of raw materials and availability of workers. Delays in completion of construction projects within time frame mutually agreed with our customers could result in legal uncertainties, liabilities, reduced efficiency and lower returns. As such, delays may have a direct impact on our future earnings.

To mitigate the risk of delays in completion of projects, we have in place, effective cost and operational monitoring procedures to ensure that our projects are completed on time. We also appoint reliable sub-contractors and suppliers of materials in order to complete a construction project within the agreed schedule and budget.

3.1.3 Defects Liability

In relation to our construction projects, there is generally a defect liability period of 12 to 24 months commencing upon the official handing over of the completed projects to the project principal. During this period, we are required to rectify defects in our construction projects at no additional fee. Further, in respect of certain specialist works, we provide joint warranty together with our sub-contractors for such works for a period ranging from 3 to 10 years depending on the components and the type of works. If we are required to rectify defects during the defect liability period or the warranty period, which results in substantial additional costs being borne by us, the profitability of that particular project will be reduced.

In relation to our supply of concrete products, some of our supply contracts in relation to customised concrete products stipulate a defect liability period for components supplied ranging from 3 to 12 months from the installation of last component delivered under the contract. We are liable for any repair and rectification work of any fault and defects of our concrete products, which may surface or be identified during the defects liability period.

3. RISK FACTORS (Cont'd)

There is no assurance that any disputes arising during this defects liability period or warranty period will not have a material impact on us. However, our Directors believe that with our experience and expertise and by working closely with our clients to ensure that all work specifications are met, the defects of our projects or products shall be reduced to a minimal level.

3.1.4 Supply and Cost of Raw Materials

The main raw materials used by us for our business include steel bars, copper wire, cement, aggregates, pre-mix and ready-mixed materials, which are sourced and procured mainly from Malaysia. We procure our raw materials from a varied base of suppliers and as such, there is no over-dependence on any single supplier. We do not foresee that there will be any difficulties in procuring raw materials at a competitive price as we source our raw materials from a large base of suppliers. However, there can be no assurance that any shortage and increase to the cost of raw materials will not have any adverse impact on our financial performance.

3.1.5 Services of Our Sub-Contractors

We engage sub-contractors to provide various labour-intensive or specialised services to our construction projects and concrete products manufacturing. Examples of these services would be those for the supply of labour, piling works and mechanical and electrical installation works. Our criteria for the appointment of sub-contractors include a satisfactory prior working experience with them and the competitiveness of their terms of engagement. Once appointed, the sub-contractor enters into a formal contractual relationship with us in respect of the construction project and production assignment. Notwithstanding this formal contractual relationship, any failure by a sub-contractor to provide its contracted services may result in damages and penalties against us in favour of the customer who awarded us the construction or customised concrete product supply contract. In the event that we are unable to claim such penalties from our sub-contractors, we may have to fully bear such costs and this may result in an adverse effect on our financial performance and business operations.

We seek to limit these risks through, *inter alia*, periodic assessment of our sub-contractors as to their ability to deliver their services timely and satisfactorily, assessment of their financial strength and other assessment yardsticks, and sourcing for sub-contracting services from a large base of sub-contractors to avoid over-dependence on any single sub-contractor. However, there can be no assurance that any failure by our sub-contractor to provide its contracted services will not have any adverse impact on our financial performance.

3.1.6 Cost Overruns

In preparing for tenders for construction projects and quotation for the supply of concrete products, we will carry out internal costing and budgeting estimates of raw material and sub-contracting costs and overheads based on the indicative pricing or quotations given by our suppliers and sub-contractors, as well as our own estimate of costs.

However, where there are (i) incorrect estimations of costs made during the tender or quotation stage; (ii) unforeseen circumstances such as adverse soil conditions, unfavourable weather conditions or unanticipated construction constraints at the worksite which may arise during the course of construction; and/or (iii) fluctuations in non-contractually agreed prices of raw materials and sub-contractors services, additional costs not previously factored into the contract value may arise.

As most of our contracts and sales orders with our customers do not allow for any adjustments to the contract or order value consequent to the occurrence of the foregoing circumstances, such costs which are not previously factored into the contract or order value will lead to cost overruns and would have to be absorbed by us. Under such circumstances,

3. RISK FACTORS (Cont'd)

our profit margin for the project or order will be reduced or eroded and accordingly, our profitability and financial performance will be adversely affected.

We seek to mitigate the risk of cost overruns by promoting to our clients the use of IBS. IBS generally involves offsite, mass production of building components in an automated or controlled industrial manufacturing environment. Accordingly, our reliance on subcontracted labours will be reduced while consistency in quality of output is achieved. In addition, wastage is reduced and construction period shortened, thus reducing our exposure to price fluctuation. The risk of raw material price fluctuation in relation to our supply of concrete products business is mitigated by the arrangement whereby some of our customers will supply steel, the raw material used in the production of the products ordered by them, at a price which is mutually agreed upon at the point of finalisation of the order.

3.1.7 Dependence on Supply of Foreign Workers

The construction industry is generally labour intensive. Our business operations are dependent on foreign workers supplied by our sub-contractors or directly employed by us due to the shortage of local workers in the construction industry. As at the LPD, our Group has 369 employees, out of which 78 are foreign workers.

Currently, applications for foreign workers are allowed in the construction sector. These foreign workers can only be sourced from certain specific countries as determined by the Malaysian Government. In general, approval is granted based on the merits of each case and is subject to conditions determined by the relevant authorities from time to time. Generally, applications to employ foreign workers will only be considered when efforts to find qualified local citizens and permanent residents have failed. The conditions imposed include, amongst others, the following:-

- the foreign worker not being a prohibited immigrant under the Immigration Act 1959/63;
- the foreign worker being medically fit and free from any contagious diseases;
- the foreign worker and the employer being in compliance with the laws and regulations of Malaysia;
- changing of approved sectors and employers are not allowed;
- the duration of stay in Malaysia must be in accordance with the validity of the pass approved; and
- payment of deposit, visa, pass and levy by the employer to the Immigration Department of Malaysia.

The Malaysian Government may from time to time, impose additional conditions or revise its policy in relation to hiring of foreign workers in the construction sector.

In the event there is a shortage in supply of foreign workers, or increase in levy for foreign workers or any other costs to be paid to the Malaysian Government, or any restriction on the number of foreign workers that we can employ for a project, the completion of our construction projects may be delayed and our construction overheads may increase which could adversely affect our business operations and financial performance.

To mitigate the risk of possible disruptions to the operations due to a shortage of foreign labour, we maintain a large base of sub-contractors and we have formed a team to promote the use of IBS to our clients. It is our future plan to set up factories to produce IBS products such as lightweight concrete wall panels and hollow core slabs by year 2012. IBS is a system of construction, which uses industrial production techniques either in the production of components or assembly of buildings, or both. The system generally involves offsite, mass

3. RISK FACTORS (Cont'd)

production of building components in an automated or controlled industrial manufacturing environment. Thus, less onsite labour is required.

3.1.8 Credit Risk of Our Customers

Generally, we grant credit terms of between 30 and 90 days to our customers, although in practice, this may extend up to 120 days. Hence, we are exposed to the risk of default by customers. We may experience delays in payment for our services and products, or in more severe cases, we may not be able to collect payment. In the event of payment defaults, we would have to make provisions for doubtful debts or incur bad debts written off, which will have an adverse impact on our profitability. Generally, most of our customers make their payments on time and thus, the impact of delay in payment on our profitability has not been material. In addition, our Group's total bad debts written off and provision for doubtful debts for the financial years under review was less than 0.14% of our Group's revenue per annum.

To keep our credit risk under control, we assess the financial and credit position of potential customers by reviewing their audited financial statements, as well as carrying out checks on their reputation and credibility in the construction industry.

For existing customers, we continually assess and review their credit position and maintain close contact with these customers, thereby allowing us to be in a better position to notice any changes that may have an impact on their credit position and thus affect their ability to make payment for our services and products. We may also periodically review the audited financial statements of these customers to assess their financial position.

In situations where our customer is unable to adhere to the agreed credit terms, we will examine the reasons for the delay. If there are sufficient commercial justifications, we will negotiate for settlement which could include an extension of the time for payments or even accepting tangible assets such as residential houses in lieu of cash payment when recovery of debt in cash is remote. During the 3 financial years up to FYE 31 December 2009, we have accepted 36 units of single and double storey linked houses worth approximately RM6.44 million in total from 2 customers in lieu of cash payment. We have disposed of all the properties accepted as settlement of the debts, save for 2 remaining properties worth approximately RM0.40 million, of which we are still sourcing for buyers.

3.1.9 Related Party Transactions

We engage in some transactions with companies in which some of our Directors and major shareholders have an interest, as detailed in Section 7.1 of this Prospectus. Most of the related party transactions are construction contracts awarded by and procurement of raw materials from companies where some of our Directors and major shareholders have interest.

We have taken steps to resolve any conflicts of interest that may arise from related party transactions such as monitoring of all related party transactions by the audit committee comprising independent directors. A tender committee comprising some senior management who have no conflict of interest in the particular project is set up to ensure that the transactions are undertaken at arm's length and on normal business terms consistent with our usual business practices and policies. Please refer to Section 7.1.1 of this Prospectus for further details on steps taken by us to reduce the percentage contribution from related party transactions.

In the case of the procurement of raw materials from related parties, we will obtain at least two other comparative quotations from unrelated third party suppliers for similar or substantially similar products, for comparison purposes.

The Act and other relevant regulations provide certain protection to shareholders including but not limited to mandatory shareholder approvals for related party transactions and the abstention from voting by shareholders who have an interest in the transaction. Our Directors

3. RISK FACTORS (Cont'd)

believe that such transactions are contracted in the ordinary course of business, in the best interests of our Group and on arm's length basis.

3.1.10 Dependence on Key Management Personnel

We believe that our continued success will depend to a large extent on our management team's abilities and continued efforts. Having a team of experienced management staff is critical in maintaining the quality of our services and products and the relationship with our customers. A high turnover of such personnel would adversely affect our operations and competitiveness. Our success is also dependent on the continued efforts of our key personnel, especially our Executive Directors, the majority of whom have more than 15 years of experience in the construction or construction-related industries. The loss of these key personnel without suitable and timely replacements and an inability to attract or retain qualified and suitable personnel would have an unfavourable and material impact on our Group's business and operating results.

As part of our management succession plan, we have in place human resources development strategies, which include, amongst others, competitive remuneration packages, provision of on-going external and in-house training programmes and exposure of our senior and middle management to various aspects of our business activities to enable him/her to gain greater understanding of our entire business operations and decision making process. Further, in recognition of their contributions to our Group, we have reserved a certain number of IPO Shares for allocation to our eligible employees to participate in the IPO, as a measure to instil a sense of ownership in our Company.

Notwithstanding our efforts to create a conducive working environment and providing motivation to our employees, there is no assurance that the above measures would be successful in retaining our key management and technical personnel.

3.1.11 Financial Risks

Our working capital requirements are funded by internally generated funds and external financing. Given that we have borrowings and the payment of interest thereon is dependent on the prevailing interest rates, future fluctuations of interest rates could have material effects on our Group's interest and principal repayment. Presently, we enjoy good credit standing with our bankers and have adequate credit facilities.

As disclosed in Section 8.4.3 of this Prospectus, our total borrowings as at the LPD amounted to approximately RM42.0 million.

Notwithstanding the above, our Directors are confident of our ability to meet our financial obligations when they become due and payable, with internally generated funds and/or external borrowings. In addition, our Listing will enable us to tap the capital markets in the future to meet long-term funding requirements when the need arises. The effective use of the capital markets will result in relatively cheaper sources of funds, which may enhance our profitability due to interest savings, and enable us to further expand our operations and lessen our exposure to fluctuations in interest rate. However, there is no assurance that future fluctuations of interest rates will not adversely impact our ability to meet financial obligations when they become due and payable.

3. RISK FACTORS (Cont'd)

3.2 RISKS RELATING TO THE INDUSTRY IN WHICH OUR GROUP OPERATES

3.2.1 Political and Economic Risks

Any adverse development in the political situation and economic uncertainties in Malaysia and Singapore could materially and adversely affect the financial performance of our Group given that we conduct our business in these countries.

We may be affected by changes in the political leadership and/or government policies in these countries. Such political or regulatory changes include (but are not limited to) the introduction of new laws and regulations which impose and/or increase restrictions on imports, the conduct of business, the employment of foreign workers, the repatriation of profits, the imposition of capital controls and changes in interest rates. Other political uncertainties include the risks of wars, terrorism, nationalisation and expropriation.

In terms of economic risks, a slowdown in the Malaysian and/or Singaporean economy could affect our business operations and financial performance. During an economic slowdown, the property, construction and construction-related industries are likely to be affected and projects from the private sector may slow down. However, this risk is mitigated by the likely expansionary fiscal policies and government spending implemented via public sector projects to stimulate the economy. Our Group stands to benefit from these public sector projects given our business in infrastructure and building construction.

Whilst we have not in the past experienced any severe restrictions on the conduct of our business in Malaysia and Singapore and we will take steps to comply with any new laws and regulations imposed, there is no assurance that any adverse development or change in the economic and political environment in Malaysia and Singapore would not have an adverse impact on our ability to conduct our business operations in these countries.

3.2.2 Regulatory Framework

KLSB's operations are governed by the terms of the licences awarded by PKK, CIDB and SPAN, which set out the types and nature of activities which a construction company in Malaysia can undertake. We are also subject to, amongst others, the CIDB Act, the Occupational Safety and Health Act, 1994, the Environment Quality Act, 1974, and the Factories and Machinery Act, 1967, in Malaysia. Further to the above, construction work carried out at the sites is often subject to directives and terms imposed by utilities companies and Malaysian government agencies. In Singapore, as IBT is only a supplier to the main contractors for private sector projects, IBT is not required to be a registered contractor under the BCA regulations. In respect of SPC's branch in Singapore, as it is a specialist builder for pre-cast concrete work licensed by BCA, it is subject to the Building Control (Amendment) Act, 2007, of Singapore.

Whilst we have not in the past experienced any severe restrictions on the conduct of our business in Malaysia and Singapore and we will take steps to comply with any new laws and regulations imposed, there is no assurance that any adverse development or change in the regulatory environment in Malaysia and Singapore would not have an adverse impact on our ability to conduct business in these countries.

3. RISK FACTORS (Cont'd)

3.2.3 Competition

The construction and concrete product industries in which we operate are competitive in nature. We face competition from various construction and concrete products companies, which include listed and non-listed companies. Intense competition may result in highly competitive pricing in order to secure a contract, which may subsequently affect our financial performance.

However, KLSB is a class "A" contractor registered with PKK, a grade G7 contractor with CIDB and a IPA C1 (sewerage) contractor with SPAN. The registrations with PKK, CIDB and SPAN enable us to tender for government and private sector projects (including sewerage projects) of any size and amount within the categories of works which we are licensed to carry out.

Most of SPC's range of products are certified by SIRIM QAS International Sdn Bhd and/or TÜV SÜD PSB Pte Ltd for conformity with prescribed product specification and quality.

We seek to stay competitive by actively participating in competitive bidding and negotiation to secure contracts and continuing our efforts in maintaining our competitive edge in terms of cost efficiency, service quality, reliability and innovation in construction. However, no assurance can be given that we will be able to compete effectively with current and new entrants into the construction and concrete products sectors in the future.

3.2.4 Foreign Exchange Fluctuations

We are affected by fluctuations in foreign exchange. For FYE 31 December 2009, 7.42% of our revenue was transacted in SGD. Any appreciation or depreciation of SGD against the RM will result in us incurring foreign currency exchange gains or losses.

Some of our raw materials are sourced from Singapore suppliers and payments are denominated in SGD. This forms a natural hedge that mitigates the risk of foreign exchange fluctuation. In addition, as at the LPD, we have secured credit lines for foreign exchange forward contracts with a few financial institutions, which allow us to enter into forward contracts of up to RM7.0 million. Should the need arise, our management can readily utilise such forward contracts to hedge the fluctuations in exchange rates between RM and SGD, after taking into account the exposure period and the related transaction costs.

Notwithstanding the above, there is no assurance that any adverse fluctuations in foreign exchange rates would not have a material impact on our financial performance.

3.3 RISKS RELATING TO INVESTMENT IN OUR SHARES

3.3.1 No Prior Market for Our Shares

There has been no prior public market for our Shares. There can be no assurance that an active public market will develop or be sustained after our Listing or that the market price of our Shares will not decline below the IPO Price. We believe that a variety of factors could cause our Share price to fluctuate and such fluctuations may adversely affect the market price of our Shares.

The IPO Price for our Shares is determined after taking into consideration a number of factors, including but not limited to, our financial and operating history and condition, the prospects of the industries we operate in, and the potential of the construction industry, and may not be indicative of the market price of our Shares after our Listing.

There can be no assurance that the IPO Price will correspond to the price at which our Shares will trade on the Main Market of Bursa Securities upon or subsequent to our Listing.

3. RISK FACTORS (Cont'd)

3.3.2 Capital Market Risks and Share Price Volatility

The performance of the local bourse is very much dependent on external factors such as the performance of the regional and world bourses and the flows of foreign funds. Sentiments are also largely driven by internal factors such as the economic and political conditions in Malaysia 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 risk to the market price of the listed securities.

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

- (i) variations in our results of operations;
- (ii) success or failure of our management team in implementing business and growth strategies;
- (iii) gain or loss of an important business relationship;
- (iv) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (v) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors;
- (vi) changes in market valuations and share prices of companies with similar businesses to our Company that may be listed on Bursa Securities;
- (vii) additions or departures of key personnel;
- (viii) fluctuations in stock market prices and volume; or
- (ix) involvement in litigation.

Although we are committed to the sound management of our business, there is no assurance that our Share price will not be subject to volatility, due to market sentiments.

Nevertheless, our profitability is not dependent on the performance of Bursa Securities, as our business activities have no direct correlation with the performance of securities listed on Bursa Securities.

3.3.3 Control by Promoters

Upon our Listing, our Promoters, as set out in Section 5.1 of this Prospectus, will hold approximately 51.91% of our enlarged issued and paid-up share capital. As a result, they will still be able to, in the foreseeable future, effectively control our business direction and management as well as influence the outcome of certain matters requiring the vote of our shareholders unless our Promoters are required to abstain from voting by law and/or by the relevant guidelines or regulations.

Nevertheless, as a step towards good corporate governance, we have appointed 3 Independent Directors and set up an Audit Committee to ensure that, *inter alia*, all future transactions involving related parties, if any, are entered into on an arms'-length basis, or normal commercial terms that are not more favourable to the related parties than those generally available to third parties and are not to the detriment of our minority shareholders.

3. RISK FACTORS (Cont'd)

3.3.4 Payment of Dividends

We are principally an investment holding company and our core operations are carried out through our subsidiaries. Therefore, our major source of income comprises dividends and other distributions received from our subsidiaries. Our ability to pay dividends or make other distributions to our shareholders is dependent on several factors such as the future financial performance and cashflow position of our subsidiaries and potential covenants in our future loan agreements.

3.3.5 Future Fund Raisings May Dilute Shareholders' Equity and/or Restrict Our Operations

We may require additional funding for our future growth. This may result in dilution of our shareholders' equity, or restrictions imposed by additional debt funding.

Our capital requirements are dependent on, amongst others, our business, the availability of our resources for attracting, maintaining and enlarging our customer base and the need to maintain and expand our production facilities. Thus, we may need additional capital expenditure for mergers and acquisitions or investments. Any issue of Shares or other securities to raise funds will dilute shareholders' equity interests and may, in the case of a rights issue, require additional investments by shareholders.

Further, an issue of Shares below the then prevailing market price will also affect the value of Shares then held by investors. Dilution in shareholders' equity interests may occur even if the issue of Shares is at a premium to the market price. In addition, any additional debt funding would increase our gearing ratio and may restrict our freedom to operate our business as it may have conditions that:-

- (i) limit our ability to pay dividends or require us to seek consents for the payment of dividends;
- (ii) increase our vulnerability to general adverse economic and industry conditions;
- (iii) require us to dedicate a portion of our cash flow from operations to repayments of our debt, thereby reducing the availability of our cash flow for capital expenditures, working capital and other general corporate purposes; and
- (iv) limit our flexibility in planning for, or reacting to, changes in our businesses and our industry.

If we fail in obtaining more funds to meet requirements for our business, merger and acquisition plans or investments, we may not be able to implement future plans that are essential to our growth.

3.3.6 Failure or Delay in Our Listing

The occurrence of any one or more of the following events, which is not exhaustive, may cause a delay in or cancellation of our Listing on the Main Market of Bursa Securities:-

- (i) the identified investors fail to subscribe to the portion of IPO Shares intended to be placed to them although they have furnished their irrevocable undertaking letters to subscribe for such Shares;
- (ii) the Sole Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligations thereunder;
- (iii) we are unable to meet the public spread requirement as determined by Bursa Securities i.e. at least 25% of our enlarged issued and paid-up share capital must be

3. RISK FACTORS (Cont'd)

held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing; or

- (iv) we are unable to obtain permission from Bursa Securities for our Admission to the Official List and for the quotation of our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities.

In such an event, subject to restrictions set out in Section 3.3.7 of this Prospectus, we will return in full without interest, all monies paid in respect of any applications accepted. Nevertheless, our Directors will endeavour to ensure compliance with the various requirements for our successful Listing.

3.3.7 Delay Between Admission and Trading of the IPO Shares

Delays in the Admission and the commencement of trading in shares on Bursa Securities have occurred in the past. In respect of the Public Issue Shares comprised in the IPO Shares, following their allotment and issue to investors, a return of monies to such investors may be effected by way of either a repurchase by the Company of those shares at the IPO Price, or by way of a reduction of our share capital. A capital reduction would require the approval by special resolution of our shareholders and approval of the Court.

Further, such capital reduction shall not be effected if on the date the reduction is to be effected, there are reasonable grounds for believing that we are, or after the reduction would be, unable to pay our liabilities as they become due.

There can be no assurance that monies can be recovered within a short period of time. If Bursa Securities does not admit our Shares for Listing, the market for our Shares will be illiquid and it may not be possible to trade our Shares. This may also have a materially adverse effect on the value of our Shares.

3.3.8 Disclosure Regarding Forward-Looking Statements

Certain statements in this Prospectus are based on historical data that may not be reflective of the future results, whilst others are forward looking in nature and are subject to uncertainties and contingencies. All forward looking statements are based on expectations and assumptions made by our Board, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements expressed or implied in such forward looking statements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

The inclusion of such forward-looking statements in this Prospectus should not be regarded as a representation or warranty by us, the Offeror or our Adviser, that our plans and objectives will be achieved.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

4. INFORMATION ON OUR GROUP

4.1 GROUP OVERVIEW

4.1.1 Incorporation and Share Capital

Our Company was incorporated in Malaysia under the Act on 4 August 2009 under the name of Kimlun Corporation Sdn Bhd. Subsequently, on 21 August 2009, our Company was converted to a public limited company and assumed its present name.

We are an investment holding company with 3 wholly owned subsidiaries namely, KLSB, SPC and IBT. We are an engineering and construction services provider specialising in infrastructure and building construction, construction management, provision of IBS and manufacture of concrete products. Ancillary to our core business, we also trade in construction and building materials.

We have the ability to act as a one-stop engineering and construction services provider, capable of providing a comprehensive and integrated range of concrete products and engineering and construction services to our customers.

KLSB was founded by Pang Tin @ Pang Yon Tin and Phang Piow @ Pang Choo Ing, in Johor Bahru in 1977. Between 1977 and 2002, KLSB was involved in the carrying out of building construction and infrastructure projects with contract value of less than RM20 million each. KLSB has, since 2003, expanded its construction services to larger scale building and infrastructure construction, and heavy engineering work such as flyovers and interchanges.

SPC was incorporated as an investment holding company by Pang Tin @ Pang Yon Tin and Phang Piow @ Pang Choo Ing, in 1993. SPC remained dormant until it commenced business operations in Johor in 2002 by acquiring the plant and machinery and stocks of the concrete business of Sri Pulau Granite Quarry Sdn Bhd for a purchase consideration of RM3.77 million, which was wholly satisfied by cash. The purchase consideration was arrived at based on the unaudited net book value of the assets of RM3.77 million. It has since expanded its product range, ranging from ready-mixed concrete to pre-cast concrete products, to meet the demand of the infrastructure and building construction sector in the Malaysia and Singapore.

IBT, which is principally involved in the provision of IBS and trading of construction and building materials, was incorporated in Singapore in 2008 to capitalise on the growing building and construction market in Singapore.

Our Company's authorised share capital is RM500,000,000 comprising 1,000,000,000 ordinary shares of RM0.50 each, of which RM82,500,000 comprising of 165,000,000 Shares have been issued and fully paid-up.

The changes in our Company's issued and fully paid-up share capital since incorporation were as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value (RM)	Consideration	Cumulative Issued and Fully Paid-Up Ordinary Share Capital (RM)
04.08.2009	2	0.50	Subscribers' shares	1
10.05.2010	132,328,000	0.50	Acquisition of KLSB	66,164,001
10.05.2010	31,991,998	0.50	Acquisition of SPC	82,160,000
10.05.2010	680,000	0.50	Acquisition of IBT	82,500,000

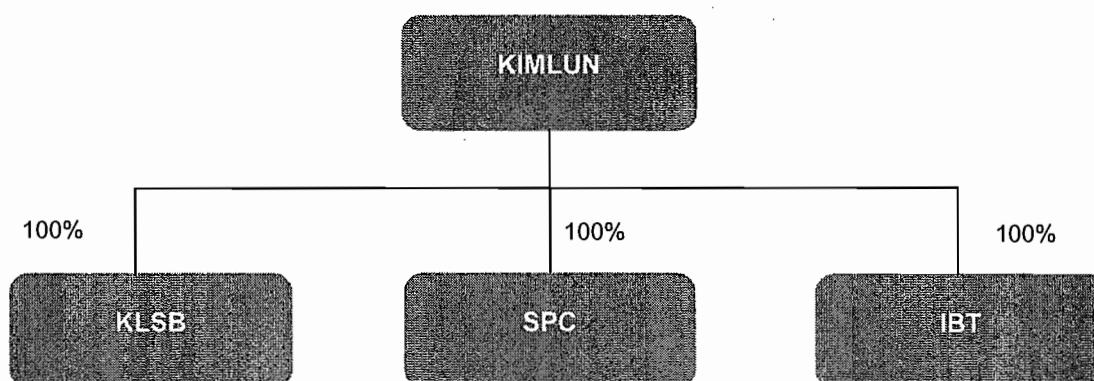
4. INFORMATION ON OUR GROUP (Cont'd)

Upon completion of the Public Issue, our issued and paid-up share capital will increase to RM114,500,000 comprising 229,000,000 Shares.

We do not have any warrant, option or convertible securities in issue or any uncalled capital.

4.1.2 Corporate Structure

Our Group's corporate structure is depicted below:-



The details of our subsidiaries are as follows:-

Company (Registration No.)	Date And Place of Incorporation	Issued and Fully Paid-Up Share Capital	Effective Equity Interest (%)	Principal Activity
KLSB (35618-A)	21.10.1977 Malaysia	RM1,000,000	100	Building and infrastructure construction
SPC (260954-W)	09.04.1993 Malaysia	RM2,000,000	100	Manufacturing and supply of concrete products
IBT (200809211G)	12.05.2008 Singapore	SGD80	100	Provision of IBS and trading of construction and building materials

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

4. INFORMATION ON OUR GROUP (Cont'd)

4.1.3 Our Subsidiaries

(i) **KLSB**

(a) **Background and Principal Activities and Products / Services**

KLSB was incorporated in Malaysia on 21 October 1977 as a private limited company under the name of Kimlun Earthworks Sdn Bhd. Subsequently, on 22 October 1994, the company changed its name to Kimlun Sdn Bhd.

Between 1977 and 2002, KLSB was involved in building construction and infrastructure projects with contract value of less than RM20 million each in Johor.

In 2003, KLSB secured its first contract with a value exceeding RM20 million. The contract was for the construction of apartments and townhouses in Johor Bahru at a contract value of approximately RM22.50 million. In the same year, KLSB secured its first design and build contract for a bridge in Johor Bahru and its first industrial building contract for the construction of a factory building, also in Johor Bahru.

In 2005, KLSB branched into specialised infrastructure construction by undertaking the construction of the new Tanjung Puteri flyover, part of the access to the new Custom Inspection and Quarantine (CIQ), in Johor Bahru. In the same year, KLSB also expanded its operations into the Klang Valley by securing a contract for the construction of 70 units of semi-detached houses.

In 2006, KLSB secured another specialised infrastructure construction project for the upgrading works of the Perling Interchange in Johor Bahru at a total contract value of RM71.03 million.

With continuous focus on providing construction services for building and civil engineering works, KLSB has gradually established its name in the construction industry. In 2007, in recognition of the quality of its services, KLSB was accredited the "ISO 9001:2000, Quality Management System" certification. During the same year, KLSB secured its first contract to construct a shopping complex in Taman Bukit Indah, Nusajaya, Johor.

In 2008, on the back of its experience, resources and network built up in the construction industry, KLSB secured its first contract with a value exceeding RM100 million for the construction of an interchange in Johor Bahru.

In 2009, KLSB secured its first building project based on IBS concept from Iskandar Regional Development Authority at a contract value of RM142.81 million.

KLSB has evolved from being involved in building construction and infrastructure projects to an engineering and construction service provider. KLSB is currently involved in larger scale building and infrastructure construction projects in Johor Bahru and the Klang Valley, either as main contractor or sub-contractor, or by teaming up with public listed companies, government-linked corporations or other main contractors, to secure projects by participating in open tenders or invitations from our customers to tender for projects.

4. INFORMATION ON OUR GROUP (Cont'd)

(b) Share Capital

As at the LPD, KLSB's authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which 1,000,000 shares have been issued and fully paid-up. There were no changes in KLSB's issued and fully paid-up share capital for the past 3 years up to the LPD.

KLSB does not have any warrant, option or convertible securities in issue or any uncalled capital.

(c) Subsidiary or Associated Company

As at the LPD, KLSB does not have any subsidiary or associated company.

(ii) SPC**(a) Background and Principal Activities and Products / Services**

SPC was incorporated in Malaysia on 9 April 1993 under the Act as a private limited company under the name of Nasniaga Sdn Bhd. Subsequently, on 12 August 2002, the company changed its name to SPC Industries Sdn Bhd.

SPC commenced its operations in concrete business in 2002 by acquiring the plant and machinery and stocks of the concrete business of Sri Pulai Granite Quarry Sdn Bhd for a purchase consideration of RM3.77 million, which was wholly satisfied by cash. The purchase consideration was arrived at after taking into consideration the net book value of the assets. Sri Pulai Granite Quarry Sdn Bhd manufactures and supplies ready-mixed concrete, pipe culverts, box culverts, road kerbs and vihy pipes.

In 2004, SPC expanded its product range by supplying pre-cast tunnel lining segments to the Malaysia market. In 2006, SPC's product range is further expanded with the inclusion of concrete building components such as pre-cast concrete bathrooms. At present, the company has a comprehensive range of concrete products for use in the infrastructure and building sectors. In 2010, SPC set up a branch in Singapore to strengthen its presence there.

Since the commencement of its business operations, SPC has been accredited by various local and international accreditation bodies and authorities such as SGS United Kingdom Ltd together with UKAS Quality Management for ISO 9001:2000 Quality Management System, SIRIM QAS International Sdn Bhd (Malaysian Quality Mark) for Pre-cast Reinforced Box Culvert, Pre-cast Concrete Pipes and Pre-cast Reinforced Square Piles, and TÜV SÜD PSB Pte Ltd (Singapore Quality Mark) for Cylindrical Reinforced Pipes (SS183:1978). These accreditations underscore SPC's ongoing commitment to product quality.

(b) Share Capital

As at the LPD, SPC's authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which 2,000,000 shares have been issued and fully paid-up. There were no changes in SPC's issued and fully paid-up share capital for the past 3 years up to the LPD.

SPC does not have any warrant, option or convertible securities in issue or any uncalled capital.

4. INFORMATION ON OUR GROUP (Cont'd)**(c) Subsidiary or Associated Company**

As at the LPD, SPC does not have any subsidiary or associated company.

(iii) IBT**(a) Background and Principal Activities and Products / Services**

IBT was incorporated under the laws of Singapore on 12 May 2008 as a private limited company under the name of I-Buildtech Solutions Pte Ltd.

IBT commenced operations in 2008, and is involved in the provision of IBS and trading of construction and building materials. In the same year, the company secured its first project for the design, supply, fabricate and delivery of pre-cast concrete bathrooms to 2 hotels in the Integrated Resort at Sentosa Island, Singapore, at a contract value of SGD2.19 million.

(b) Share Capital

As at the LPD, IBT's issued and paid-up share capital is SGD80 divided into 80 ordinary shares. The changes in IBT's issued and fully paid-up share capital for the past 3 years up to the LPD were as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Consideration	Cumulative Issued and Fully Paid-Up Ordinary Share Capital (SGD)
12.05.2008	1	SGD1.00 cash	1
04.06.2008	79	SGD1.00 cash each	80

IBT does not have any warrant, option or convertible securities in issue or any uncalled capital.

(c) Subsidiary or Associated Company

As at the LPD, IBT does not have any subsidiary or associated company.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

4. INFORMATION ON OUR GROUP (Cont'd)

4.2 LISTING SCHEME

In conjunction with, and as an integral part of our Listing, we undertook the Listing Scheme, which involves the following:-

(i) Dividend Payment

Prior to the Acquisitions, KLSB and SPC had, on 7 May 2010, declared to their shareholders a dividend of RM8.5 million and RM1.0 million, respectively.

The dividends were paid on 8 May 2010.

(ii) Acquisitions

(a) Acquisition of KLSB

Pursuant to the KLSB SSA entered into by our Company and the vendors of KLSB, our Company acquired the entire issued and paid-up share capital of KLSB, comprising 1,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM66,164,000, which was wholly satisfied by the issuance of 132,328,000 new Shares each credited as fully paid-up. The vendors and their respective equity interests acquired by our Company together with the number of new Shares issued as consideration are set out as follows:-

Name	Shareholding in KLSB		No. of new Shares issued as consideration
	No. of shares of RM1.00 held	% held	
Pang Tin @ Pang Yon Tin	600,000	60.00	79,396,800
Phang Piow @ Pang Choo Ing	100,000	10.00	13,232,800
Pang Khang Hau	100,000	10.00	13,232,800
Chin Lian Hing	50,000	5.00	6,616,400
Sim Tian Liang	50,000	5.00	6,616,400
Yam Tai Fong	50,000	5.00	6,616,400
Leong Choon Thye	25,000	2.50	3,308,200
Lew Kim Bock	25,000	2.50	3,308,200
Total	1,000,000	100.00	132,328,000

The purchase consideration of RM66,164,000 for the Acquisition of KLSB was arrived at on a willing buyer-willing seller basis after taking into consideration the audited NTA of KLSB as at 31 May 2009 of RM66,083,298.

The 132,328,000 new Shares issued pursuant to the Acquisition of KLSB rank *pari passu* in all respects with the existing Shares and carry all rights to receive in full all dividends and other distributions declared and paid subsequent to the allotment thereof.

The Acquisition of KLSB was completed on 10 May 2010.

4. INFORMATION ON OUR GROUP (Cont'd)**(b) Acquisition of SPC**

Pursuant to the SPC SSA and the Supplemental SPC SSA entered into by our Company and the vendors of SPC, our Company acquired the entire issued and paid-up share capital of SPC, comprising 2,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM15,995,999, which was wholly satisfied by the issuance of 31,991,998 new Shares each credited as fully paid-up. The vendors and their respective equity interests acquired by our Company together with the number of new Shares issued as consideration are set out as follows:-

Name	Shareholding in SPC		No. of new Shares issued as consideration
	No. of shares of RM1.00 held	% held	
Pang Tin @ Pang Yon Tin	600,000	30.00	9,597,599*
Phang Piow @ Pang Choo Ing	600,000	30.00	9,597,599
Loh Chew Lon	600,000	30.00	9,597,600*
Pang Chew Ngo	100,000	5.00	1,599,600
Pang Koi Moy	100,000	5.00	1,599,600
Total	2,000,000	100.00	31,991,998

Note:-

* Upon completion of the Acquisition of SPC, Loh Chew Lon sold and transferred in total 2,959,300 new Shares issued to him as consideration pursuant to the Acquisition of SPC to Pang Tin @ Pang Yon Tin for a purchase consideration of RM2,870,521 ("LCL-PT Sale"). The sale and transfer of Shares by Loh Chew Lon to Pang Tin @ Pang Yon Tin under the LCL-PT Sale was completed on 10 May 2010.

The purchase consideration of RM15,995,999 for the Acquisition of SPC was arrived at on a willing buyer-willing seller basis after taking into consideration the audited NTA of SPC as at 31 May 2009 of RM15,995,797.

The 31,991,998 new Shares issued pursuant to the Acquisition of SPC rank *pari passu* in all respects with the existing Shares and carry all rights to receive in full all dividends and other distributions declared and paid subsequent to the allotment thereof.

The Acquisition of SPC was completed on 10 May 2010.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

4. INFORMATION ON OUR GROUP (Cont'd)**(c) Acquisition of IBT**

Pursuant to the IBT SSA entered into by our Company and the vendors of IBT, our Company acquired the entire issued and paid-up share capital of IBT, comprising 80 ordinary shares for a total purchase consideration of RM340,000, which was wholly satisfied by the issuance of 680,000 new Shares each credited as fully paid-up. The vendors and their respective equity interests acquired by our Company together with the number of new Shares issued as consideration are set out as follows:-

Name	Shareholding in IBT		No. of new Shares issued as consideration
	No. of shares held	% held	
Pang Tin @ Pang Yon Tin	55	68.75	467,500
Pang Khang Hau	10	12.50	85,000
Sim Tian Liang	5	6.25	42,500
Yam Tai Fong	5	6.25	42,500
Chin Lian Hing	5	6.25	42,500
Total	80	100.00	680,000

The purchase consideration of RM340,000 for the Acquisition of IBT was arrived at on a willing buyer-willing seller basis after taking into consideration the audited NTA of IBT as at 31 May 2009 of SGD140,180 (equivalent to RM339,011 based on the exchange rate of SGD1.00:RM2.4184 as at 31 May 2009).

The 680,000 new Shares issued pursuant to the Acquisition of IBT rank *pari passu* in all respects with the existing Shares and carry all rights to receive in full all dividends and other distributions declared and paid subsequent to the allotment thereof.

The Acquisition of IBT was completed on 10 May 2010.

(iii) IPO**(a) Public Issue**

We are undertaking the Public Issue, details of which are set out in Section 2.2.1 of this Prospectus.

(b) Offer for Sale

We are undertaking the Offer for Sale, details of which are set out in Section 2.2.2 of this Prospectus.

(iv) Listing

We have made an application to Bursa Securities for the admission of our Shares into the Official List, and the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities, of which the approval was obtained on 26 April 2010.

4. INFORMATION ON OUR GROUP (Cont'd)

4.3 OVERVIEW OF OUR GROUP'S BUSINESS ACTIVITIES AND SERVICES PROVIDED

Our Group is principally engaged in 2 main activities as follows:-

(i) Building and Infrastructure Construction

As a CIDB registered Grade 7 building and infrastructure construction service provider, we either act as the main contractor or sub-contractor, or team up with public listed companies, government-linked corporations or other main contractors, to secure projects by participating in open tenders or invitations from our customers to tender for project.

Our building construction services include the construction of shop houses, low and high-rise residential buildings, commercial and industrial buildings (and related structures) whilst our infrastructure construction services comprise the construction of roads, drainage, bridges, flyovers and interchanges. As a result of our building and infrastructure construction capabilities, we are able to undertake most, if not all, of the construction works required to develop a whole development scheme from the initial stage of site clearing up to the stage of completion of the building construction and supporting infrastructure. In addition, as part of our building and infrastructure construction services, we are in a position to provide design and build services when requested by our customers.

Our projects may originate from our customers in the private sector, some of which are listed companies on Bursa Securities, or government-linked corporations, or through joint ventures with other contractors for public sector projects.

For our private sector projects, we provide services primarily as the main contractor where we provide resources, labour and materials for the execution of the projects and act as the project manager for the project with the responsibility of, *inter alia*, ensuring the timely delivery of our services, as well as the services of our sub-contractors, and working closely with the customers and their appointed consultants to ensure that we meet their specifications for the projects.

For public sector projects, we often team up with public-listed companies, government-linked corporations or other main contractors to tender for larger scale projects. We will provide our building and infrastructure construction services as work contractors while our partners for the project will provide their project management expertise as management contractors or project managers. In fulfilling our role as the provider of construction services, we will, *inter alia*, procure the supply of materials, machinery and labour, as well as ensure that the construction work is undertaken in accordance with specifications and quality requirements of our customers. When the opportunity arises, we will also tender for certain public sector projects independently.

As a design and build contractor, we provide our services from the conceptual planning, design and engineering stage through to the construction of the project based on the customer's expectations and needs. In addition, we will also assist our customer to ensure that all applicable regulatory approvals and consents for the project are obtained. In order to ensure a project's construction viability and cost effectiveness, we will work together with the relevant consultants such as architects and engineers at the inception stages of the project to incorporate our practical experience, effective construction management techniques and value engineering propositions into the whole project design and implementation.

4. INFORMATION ON OUR GROUP (Cont'd)

Our current CIDB licence allows us to participate in tenders for works within categories of works for which we are licensed to carry out regardless of the contract value of such tenders and carry out works for successful tenders. For comparative purposes, presently a Grade 6 registration with CIDB will entitle an entity to participate in tenders of contracts with a value not exceeding RM10 million each.

(ii) Manufacturing and Supply of Concrete Products

Under our manufacturing activities, we manufacture concrete products for infrastructure and building sectors in Malaysia and Singapore. We manufacture standard and customised concrete products to meet large-scale infrastructure and building projects. Our products are produced after having gone through stringent quality control procedures laid down by the management and conform to the relevant authorities and approved standards issued by SIRIM and TÜV SÜD PSB Pte Ltd.

In addition to our abovementioned 2 main activities, our Group, through IBT, is involved in the provision of IBS since 2008 and trading of construction and building materials since 2009.

4.4 KEY ACHIEVEMENTS, AWARDS, ACCREDITATION AND RECOGNITION

4.4.1 Key Achievements

The table below sets out our key development and achievement milestones over the past years:-

Year	Event
2002	<ul style="list-style-type: none"> SPC commenced its operations in pre-cast concrete business by acquiring the pre-cast concrete plant of Sri Pulai Granite Quarry Sdn Bhd. At the point of acquisition, the plant was involved in the manufacture and supply of ready-mixed concrete, pipe culverts, box culverts, road kerbs and vihy pipes. SPC widened its range of products to include jacking pipes and penetrated into the Singapore concrete products market.
2003	<ul style="list-style-type: none"> KLSB secured its first design and build contract for a bridge in Johor Bahru. KLSB secured its first industrial building contract for the construction of a factory building in Johor Bahru. SPC's operations was accredited with ISO 9001:2000 Quality Management.
2004	<ul style="list-style-type: none"> KLSB was awarded a series of contracts for all the construction services required of a mixed development in Taman Skudai Indah. Total contract value of construction projects secured in relation to the aforesaid mixed development up to 31 December 2004 was RM29.05 million. SPC expanded its product range by supplying concrete sewerage tunnel segments to Pantai Trunk Sewerage Bored Tunnel project in Kuala Lumpur.
2005	<ul style="list-style-type: none"> KLSB branched into specialised infrastructure construction by undertaking the construction of the new Tanjung Puteri flyover in Johor Bahru. KLSB expanded its operations into the Klang Valley by securing a contract for the construction of 70 units of semi-detached houses. SPC secured its first order for the supply of concrete tunnel lining segments for a Singapore MRT project.

4. INFORMATION ON OUR GROUP (Cont'd)

Year	Event
2006	<ul style="list-style-type: none"> • SPC penetrated the concrete building components market by supplying selective concrete building components for building works. Its first order for these components was the supply of pre-cast concrete bathroom to a condominium project in Singapore with an order value of SGD1.49 million. • KLSB secured another specialised infrastructure construction public works project for the upgrading works of Perling Interchange in Johor Bahru.
2007	<ul style="list-style-type: none"> • KLSB was accredited ISO 9001:2000, Quality Management System for its quality management system in respect of its provision of construction services for building and civil engineering works. • KLSB secured its first contract for the construction of shopping complex. • SPC secured its first supply order of concrete building components for industrial building at an order value of SGD5.38 million.
2008	<ul style="list-style-type: none"> • KLSB secured its first contract exceeding RM100 million for the construction of an elevated interchange along Johor Bahru Inner Ring Road – Package 3B Jalan Abu Bakar Interchange. • KLSB formed a new IBS Department to promote the IBS construction methods to current and prospective customers and to offer such service on a design-and-build basis. • IBT commenced operations and secured its first project for the design, supply, fabricate and delivery of pre-cast concrete bathrooms to 2 hotels in the Integrated Resort at Sentosa Island in Singapore at a contract value of SGD2.19 million.
2009	<ul style="list-style-type: none"> • KLSB secured its first building project based on IBS concept from Iskandar Regional Development Authority at a contract value of RM142.81 million. • IBT commenced trading in aggregates.
2010	<ul style="list-style-type: none"> • SPC set up a branch in Singapore. • SPC entered into a sales representative agreement with Pentagon Pacific, an Australian-based sales agent, for the marketing and selling of SPC's products and after sales co-ordination within Australia, New Zealand and Oceania Islands.

4.4.2 Awards, Accreditation and Recognition

As a testimony to the quality of our products and technological and management capabilities, we have received various awards and certifications, as listed below:-

Year	Accreditation /Award	Awarding body	Brief description	Validity Period	Country(ies) in which we use the accreditation / award
1999	MS 881: PT.3: 1991	SIRIM QAS International Sdn Bhd	Licence granted to SPC to use the Certification Mark on Pre-cast Unreinforced and Reinforced Concrete Pipes with Ogee Joints under the brand "SP" used for land drainage and sewerage (Class L, M, H)	08.04.2010 - 08.04.2011	Malaysia

4. INFORMATION ON OUR GROUP (Cont'd)

Year	Accreditation /Award	Awarding body	Brief description	Validity Period	Country(ies) in which we use the accreditation / award
2000	MS 1293: PT.1: 1992	SIRIM QAS International Sdn Bhd	Licence granted to SPC to use the Certification Mark on Pre-cast Reinforced Concrete Small Box Culverts ("U" shape - with and without dry weather flow) under the brand "SP"	04.08.2009 - 21.07.2010	Malaysia
2003	Quality Management System Standard ISO 9001:2008	SGS United Kingdom Ltd (Systems & Services Certification) together with UKAS Quality Management	Certification that the management system of SPC met the requirements of ISO 9001:2008 Quality Management System for the manufacturing of Concrete Products (Pipe Culvert, Box Culvert, L-Shape, Reinforced Concrete Pile and Tunnel Lining Segment) and Ready-Mixed Concrete	11.11.2009 - 10.11.2012	Malaysia and Singapore
2003	Singapore Standard 183:1978	TüV Süd PSB Pte Ltd	<p>Certificate of Conformity granted to SPC to certify that the Cylindrical Reinforced Concrete Pipes under the brand "SP" for the following products have complied with the requirements of Product Listing Scheme Class 1A (Singapore Standard 183:1978):-</p> <ul style="list-style-type: none"> • Rebated Joint Pipes 450-1200 millimetre (Class L, M, H and Standard) • Manhole Chamber Ring 1800 millimetre (Class L) • Jacking Pipe 1000 millimetre -1800 millimetre (Class H) <p>Reinforced Concrete Ogee (Standard) 1050-1800 millimetre (Standard)</p>	29.06.2009 - 30.04.2012	Singapore
2003	PSB Test Mark of TüV Süd PSB Pte Ltd	TüV Süd PSB Pte Ltd	Right and licence granted to SPC to use the PSB Test Mark of TüV, Süd PSB Pte Ltd for the Cylindrical Reinforced Concrete Pipes	05.08.2009 - 30.04.2012	Singapore

4. INFORMATION ON OUR GROUP (Cont'd)

Year	Accreditation /Award	Awarding body	Brief description	Validity Period	Country(ies) in which we use the accreditation / award
2003	British Standard BS 5911: Part 120: 1989	TüV Süd PSB Pte Ltd	Certificate of Conformity granted to SPC to certify that Class H Reinforced Concrete Jacking Pipe with high density polyethylene lining under the brand "SP" have complied with the requirements of Product Listing Scheme Class 1A (British Standard BS 5911: Part 120: 1989)	05.08.2009 - 31.07.2012	Singapore
2004	MS 1314: PART 3: 2004	SIRIM QAS International Sdn Bhd	Licence granted to SPC to use the Certification Mark on Pre-cast Reinforced Concrete Square Piles under the brand "SP" (Class M, J and S)	08.01.2010 - 08.01.2011	Malaysia
2004	MS 1314: PART 6: 2004	SIRIM QAS International Sdn Bhd	Licence granted to SPC to use the Certification Mark on Small Pre-cast Reinforced Concrete Square Piles (RCS-1 and RCS-2) under the brand "SP"	08.01.2010 - 08.01.2011	Malaysia
2007	Quality Management Systems Standards:- <ul style="list-style-type: none"> • ISO 9001:2000 • EN ISO 9001:2000 • BS EN ISO 9001:2000 • MS ISO 9001:2000 	Lloyd's Register of Shipping (M) Bhd for and on behalf of Lloyd's Register Quality Assurance Ltd together with UKAS Quality Management	Certification that the Quality Management System of KLSB has been approved by Lloyd's Register Quality Assurance to the following Quality Management System Standards:- <ul style="list-style-type: none"> • ISO 9001:2000 • EN ISO 9001:2000 • BS EN ISO 9001:2000 • MS ISO 9001:2000 for the provision of construction services for building and civil engineering works	25.07.2007 - 24.07.2010	Malaysia and Singapore

The licences or certificates are subjected to periodic review and/or audit.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

4. INFORMATION ON OUR GROUP (Cont'd)

4.5 PRODUCTS, SERVICES AND OPERATIONS

4.5.1 Products and Services

4.5.1.1 Building and Infrastructure Construction Projects

From 2002 till the LPD, we have completed over 300 building and infrastructure construction projects of varying sizes, scope and contract value. To illustrate the diversity of the projects we have undertaken / are undertaking as well as our customer base, we set out below **some** of our completed and on-going building and infrastructure construction projects with a contract value exceeding RM12 million each as at the LPD:-

(i) Completed Projects

Project and Location	Name of Customer	Value of the contract awarded to us (RM)	Commencement Date / Completion Date	Main-Contractor / Sub-contractor
Building Projects				
Construction of a shopping complex on Lot PT 38263, Mukim Cheras, Daerah Ulu Langat, Selangor	Bayu Melati Sdn Bhd (a subsidiary of Melati Ehsan Holdings Bhd, which is listed on Bursa Securities)	39.30 million	29.12.2008 / 09.09.2009	Sub-contractor
Construction of a shopping complex on part of Section 11, Kota Damansara, Selangor	Bayu Melati Sdn Bhd (a subsidiary of Melati Ehsan Holdings Bhd, which is listed on Bursa Securities)	37.45 million	28.06.2008 / 13.10.2009	Sub-contractor
Design and build, testing and commissioning of a shopping complex with infrastructure works on Lot PTD 90606, Mukim Pulai, Johor Bahru, Johor	WCT Construction Sdn Bhd (a subsidiary of WCT Berhad, which is listed on Bursa Securities)	35.00 million	15.12.2007 / 29.06.2008	Sub-contractor
Construction of 438 units of double storey houses on Lots 11156 and 1570, Sierra Perdana, Mukim Plentong, Johor Bahru, Johor	Venice View Development Sdn Bhd (a subsidiary of Mah Sing Group Bhd, which is listed on Bursa Securities)	33.11 million	20.06.2007 / 31.12.2009	Main contractor
Construction of 398 units of apartments and townhouses on Lot PTD 127037 in Bandar Seri Alam, Mukim Plentong, Johor Bahru, Johor	Seri Alam Properties Sdn Bhd (a subsidiary of United Malayan Land Berhad, which is listed on Bursa Securities)	22.59 million	09.04.2003 / 31.05.2005	Main contractor
Construction of 70 units of semi-detached houses in Shah Alam, Selangor	Esquire Corner Sdn Bhd	22.35 million	15.07.2005 / 14.11.2006	Main contractor
Construction of 192 units of double storey terrace houses in Mukim Pulai, Johor Bahru, Johor *	Mutiara Rini Sdn Bhd (a subsidiary of Boustead Holdings Bhd, which is listed on Bursa Securities)	19.50 million	24.02.2005 / 23.05.2006	Main contractor

4. INFORMATION ON OUR GROUP (Cont'd)

Project and Location	Name of Customer	Value of the contract awarded to us (RM)	Commencement Date / Completion Date	Main-Contractor / Sub-contractor
Construction of 126 units of double storey terrace houses at Zone 36C, Indahpura, Mukim Senai-Kulai, Johor	Kien Huat Development Sdn Bhd	14.13 million	08.04.2005 / 07.04.2006	Sub-contractor
Construction of factory including training center, hostel and associated external works on Lots 42 and 43, Southern Industrial and Logistic Cluster, Bandar Nusajaya, Johor	Yongnam Engineering Sdn Bhd (a subsidiary of Yongnam Holdings Ltd, which is listed on the Singapore Exchange Securities Trading Limited)	13.35 million	26.01.2008 / 11.08.2008	Main contractor
Construction of 165 units of double storey terrace houses at Zone 2D Lot 5418, Bandar Putra, Mukim Senai-Kulai, Johor	Baycrest Sdn Bhd (a subsidiary of IOI Properties Bhd)	12.47 million	01.06.2004 / 31.08.2005	Sub-contractor
Construction of 371 units of link houses at Sierra Perdana, Johor Bahru, Johor	Venice View Development Sdn Bhd (a subsidiary of Mah Sing Group Bhd, which is listed on Bursa Securities)	22.40 million	06.04.2007 / 19.08.2008	Main contractor
Construction of 62 units of semi-detached houses at Seri Alam Park, Bandar Seri Alam, Johor Bahru, Johor	Scudai Development Sdn Bhd	13.02 million	01.03.2007 / 30.05.2008	Main contractor
Construction of 260 units of link houses at Bandar Seri Alam, Johor Bahru, Johor	Seri Alam Properties Sdn Bhd (a subsidiary of United Malayan Land Berhad, which is listed on Bursa Securities)	25.64 million	20.06.2006 / 19.09.2007	Main contractor
Construction of 116 units of shop offices at Taman Austin Perdana, Mukim Tebrau, Johor Bahru, Johor	Mah Sing Properties Sdn Bhd (a subsidiary of Mah Sing Group Bhd, which is listed on Bursa Securities)	19.36 million	05.05.2006 / 24.11.2008	Main contractor
Construction of 106 units of terrace houses in Bandar Dato' Onn, Johor	Johor Land Berhad	16.37 million	12.12.2007 / 30.08.2009	Main contractor
The construction of a commercial centre in East Ledang, Nusajaya, Johor Bahru, Johor	UEM Land Berhad (a subsidiary of UEM Land Holdings Bhd, which is listed on Bursa Securities)	15.41 million	27.11.2008 / 26.09.2009	Main contractor
Construction of 154 units of terrace houses on Lot 2970 and Lot 2972, Mukim Pulai, Johor Bahru, Johor	Mutiara Rini Sdn Bhd (a subsidiary of Boustead Holdings Bhd, which is listed on Bursa Securities)	23.87 million	29.05.2008 / 05.04.2010	Main contractor

4. INFORMATION ON OUR GROUP (Cont'd)

Project and Location	Name of Customer	Value of the contract awarded to us (RM)	Commencement Date / Completion Date	Main-Contractor / Sub-contractor
Infrastructure Projects				
Construction of 3 elevated U-turn bridges and 4 elevated pedestrian bridges for the road upgrading of the Johor Bahru-Pasir Gudang Highway (upgrading of Perling Interchange)	Setia Precast Sdn Bhd (a subsidiary of S P Setia Bhd, which is listed on Bursa Securities)	71.03 million	01.05.2006 / 24.02.2008	Sub-contractor
Development of the southern industrial and logistics clusters in Bandar Nusajaya, Mukim Pulai, Johor Bahru, Johor	UEM Land Berhad (a subsidiary of UEM Land Holdings Bhd, which is listed on Bursa Securities)	19.35 million	09.02.2007 / 31.03.2008	Main contractor
Design, construction, completion and commissioning of Gerbang Selatan Bersepadu "Integrated Southern Gateway" - Tanjung Puteri flyover	Gerbang Perdana Sdn Bhd	13.78 million	12.01.2007 / 30.09.2007	Sub-contractor

Note:-

* IBS system was used in this project.

(ii) On-Going Projects

Project and Location	Name of Customer	Value of the contract awarded to us (RM)	Date of Letter of Award	Commencement Date/ Expected Completion Date	Main-Contractor / Sub-contractor	Estimated % of Completion as at LPD
Building Projects						
Construction of 1,500 units of apartments on Lot PTD 124161 and part of Lot PTD 130253, Bandar Nusajaya, Mukim Pulai, Johor Bahru, Johor *	Iskandar Regional Development Authority	142.81 million	01.10.2009	15.10.2009 / 05.01.2011	Main contractor	31.78%

4. INFORMATION ON OUR GROUP (Cont'd)

Project and Location	Name of Customer	Value of the contract awarded to us (RM)	Date of Letter of Award	Commencement Date / Expected Completion Date	Main-Contractor / Sub-contractor	Estimated % of Completion as at LPD
Construction of 2,720 units of low cost apartments, 51 units of commercial properties and other ancillary buildings on Lot PTD 194789 and part of Lot PTD 148149, PTD 148146, PTD 148153 and PTD 194804, Mukim Plentong, Johor Bahru, Johor*	Tebrau Bay Constructions Sdn Bhd (a subsidiary of Tebrau Teguh Bhd, which is listed on Bursa Securities)					
- Package 3a (Plot 3)		43.14 million	08.02.2010	17.02.2010 / 16.04.2011	Sub-contractor	3.00%
- Package 3b (Plot 2A)		75.70 million	19.04.2010	12.05.2010 / 11.07.2011	Sub-contractor	0%
Construction of 172 units of apartments and other ancillary buildings on part of Lot PTD 153724 and Lot PTD 153725, East Ledang, Bandar Nusajaya, Mukim Pulau, Johor Bahru, Johor	UEM Land Berhad (a subsidiary of UEM Land Holdings Bhd, which is listed on Bursa Securities)	37.21 million	26.03.2010	13.04.2010 / 12.10.2012	Main contractor	0%
Construction of 309 units of single storey terrace houses in Mukim Pulau, Johor Bahru, Johor	Keck Seng (Malaysia) Bhd (a company listed on Bursa Securities)	18.35 million	23.02.2009	02.03.2009 / 01.06.2010	Main contractor	95.78%
Construction of 110 units of double storey terrace houses on Plot 1 to 110, Taman Sri Pulau Perdana 2, Mukim Senai-Kulai, Johor Bahru, Johor	Mah Sing Properties Sdn Bhd (a subsidiary of Mah Sing Group Bhd, which is listed on Bursa Securities)	17.30 million	20.04.2009	02.05.2009 / 02.08.2010	Main contractor	70.76%
Construction of 80 units of double storey terrace houses in Nusa Idaman, Nusajaya, Mukim Senai-Kulai, Johor Bahru, Johor	Nusajaya Development Sdn Bhd (a subsidiary of UEM Land Holdings Bhd, which is listed on Bursa Securities)	16.18 million	25.06.2009	03.07.2009 / 02.10.2010	Main contractor	42.58%

4. INFORMATION ON OUR GROUP (Cont'd)

Project and Location	Name of Customer	Value of the contract awarded to us (RM)	Date of Letter of Award	Commencement Date / Expected Completion Date	Main-Contractor / Sub-contractor	Estimated % of Completion as at LPD
Construction of 128 units of double storey houses in Mukim Plentong, Johor Bahru, Johor	Melati Ehsan Development Sdn Bhd	16.74 million	08.04.2009	15.04.2009 / 14.10.2010	Main contractor	60.50%

Infrastructure Projects

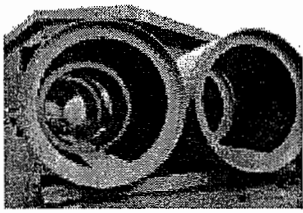
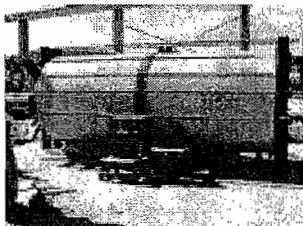
Construction of elevated interchanges along Johor Bahru Inner Ring Road – Package 3B Jalan Abu Bakar Interchange	SJIC Bina Sdn Bhd (a subsidiary of Iskandar Investment Bhd)	124.13 million	21.10.2008	01.11.2008 / 31.10.2010	Sub-contractor	41.91%
Site clearing, earthworks and main drainage works at Taman Adda, Mukim Tebrau, Johor Bahru, Johor	Southern Gateway (M) Sdn Bhd	13.87 million	12.01.2009	12.01.2009 / 11.07.2010	Main contractor	75.67%

Note:-

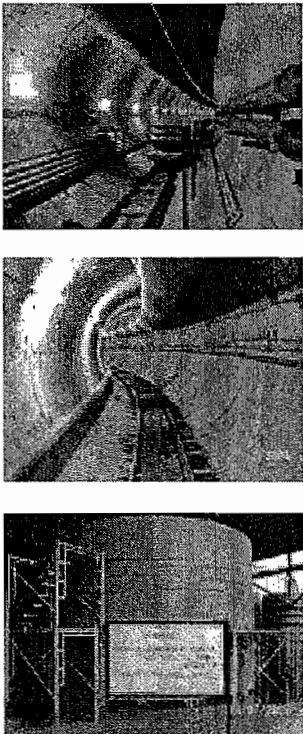
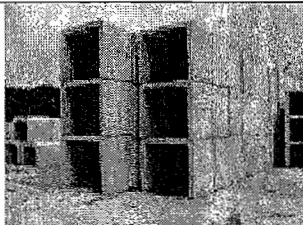
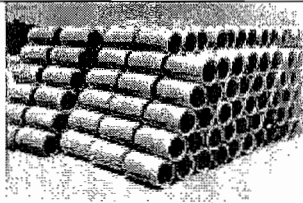
* IBS system was used in this project.

4.5.1.2 Concrete Products and Sales Orders**(i) Products Manufactured**

Some of our concrete products used in the infrastructure sector or as part of building components include the following:-

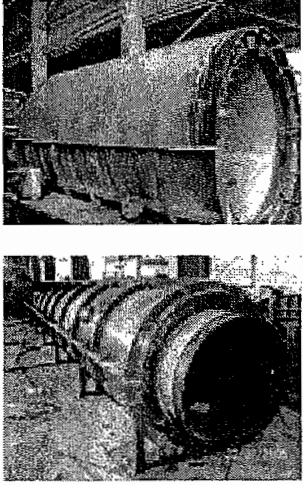
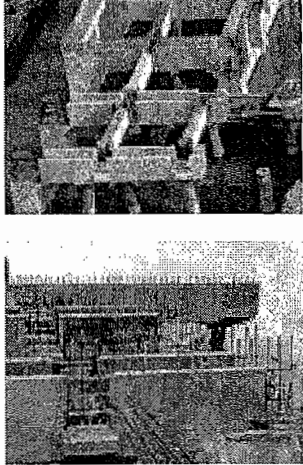
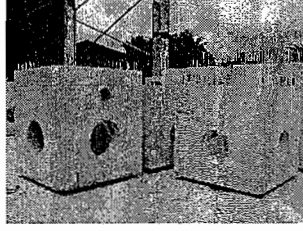
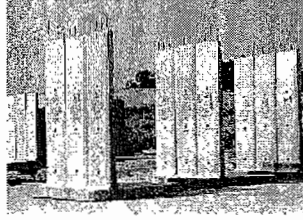
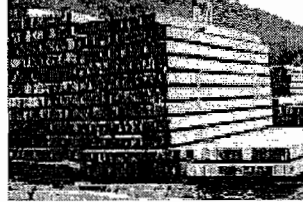
Products	Photo	Application
Reinforced concrete jacking pipes	 	Drainage and sewerage system installation using tunnelling technology

4. INFORMATION ON OUR GROUP (Cont'd)

Products	Photo	Application
<p>Reinforced pre-cast concrete tunnel lining segments</p>		<p>Underground train and sewerage tunnels</p>
<p>Reinforced pre-cast concrete box culverts and U-shape drains</p>		<p>Construction of tunnels, open drains and sumps and the products are designed for waterways where an open channel is necessary</p>
<p>Reinforced concrete pipes culverts</p>		<p>Conceal drainage and sewerage application</p>



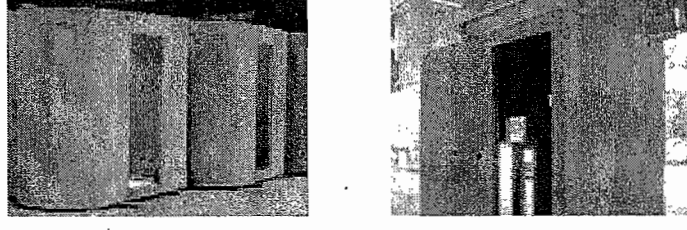

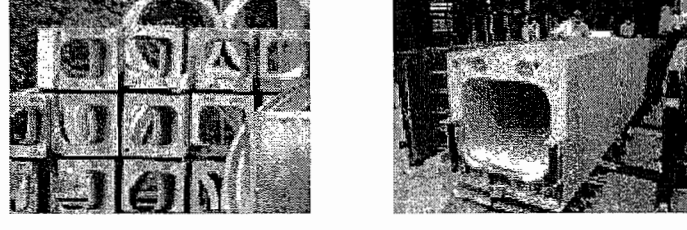
THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

4. INFORMATION ON OUR GROUP (Cont'd)

Products	Photo	Application
Reinforced pre-cast concrete cladding pipes		Steel pipes which are cladded with concrete to act as weight or protective layer to be submerged into the sea bed or using tunnel technology for the transfer of drinking water
Reinforced pre-cast concrete jetty component		Construction of jetties
Reinforced concrete manholes		Maintenance of underground sewerage and drainage systems
Reinforced concrete L-shape retaining walls		Construction of retaining walls, open drains and storage walls
Reinforced concrete square piles		Building foundation

4. INFORMATION ON OUR GROUP (Cont'd)

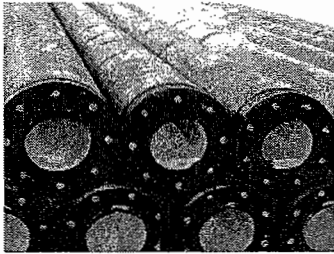
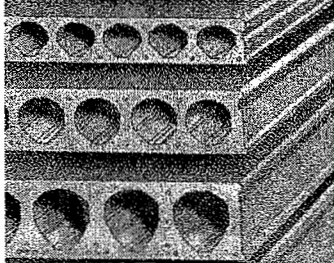
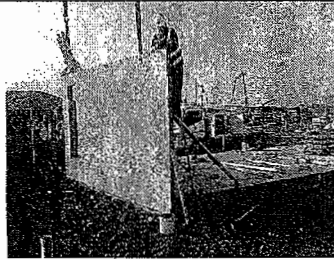
Some of our pre-cast concrete products used as part of building components include the following:-

Products	Photo	
Reinforced pre-cast concrete beams		
Reinforced pre-cast concrete columns		
Reinforced pre-cast concrete bathrooms		
Reinforced pre-cast concrete staircase		
Reinforced pre-cast concrete refuse chute		

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

4. INFORMATION ON OUR GROUP (Cont'd)

We also propose to manufacture the following products, as part of our future plans:-

Products	Photo	Application
Spun Piles		Foundation works
Hollow core slabs		For floor slabs of commercial complexes, schools, carparks, factories and hospitals
Lightweight concrete wall panels		For houses, apartments, hotels, schools, offices, condominiums, hospitals, shopping centres and other types of buildings

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

4. INFORMATION ON OUR GROUP (Cont'd)**(ii) Sales Orders**

Our concrete products are sold directly or through distributors to contractors who are engaged in infrastructure and building construction. **Some** of our completed and on-going sales orders involving the supply of concrete products with a contract value exceeding RM3 million each as at the LPD are set out below:-

(a) Completed Sales Orders

Project and Location	Name of Customer	Order Value
Supply of pre-cast concrete tunnel lining segments for Singapore MRT Circle Line Package C855	WH-STEC-AM-JV	SGD9.47 million
Supply of pre-cast components for an industrial building in Singapore	CES-Precast Pte Ltd	SGD8.32 million
Supply of pre-cast concrete tunnel lining segments for Singapore MRT Circle Line Package C856	Construction Technology Pte Ltd	SGD4.90 million
Supply of pre-cast concrete jacking pipes for Deep Tunnel Sewerage Scheme Seletar Link sewer Contract 1	Tiong Seng Contractors Pte Ltd	SGD3.76 million
Supply of pre-cast concrete cladding pipes for the laying of submarine pipes from Loji to Labuan	JAKS Sdn Bhd (a subsidiary of JAKS Resources Berhad, which is listed on Bursa Securities)	RM11.00 million

(b) Outstanding Sales Orders

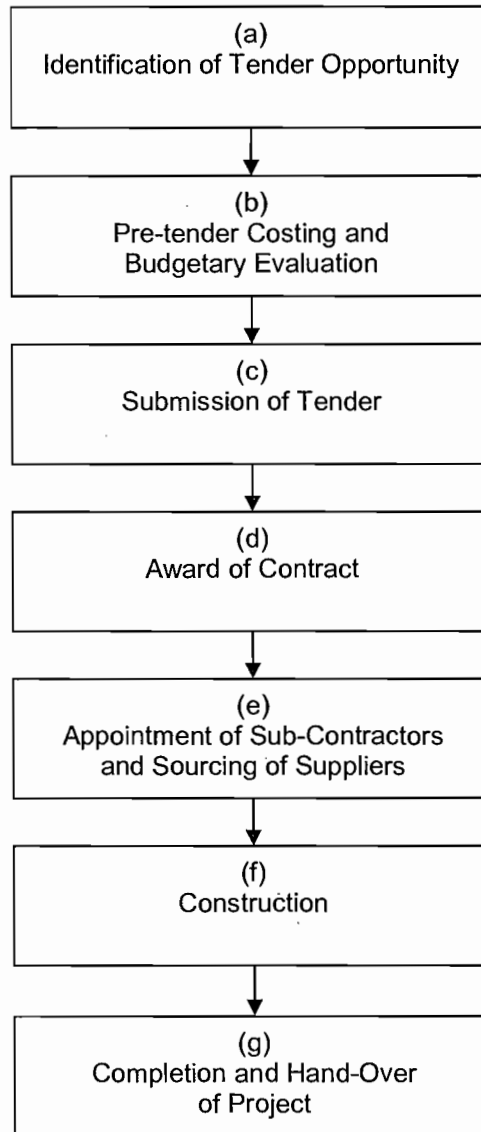
Project and Location	Name of Customer	Order Value
Supply of pre-cast concrete tunnel lining segments for Singapore MRT Downtown Line:-		
- Package C905	Shimizu Corporation	SGD5.33 million
- Package C902	Shanghai Tunnel Engineering Co Ltd	SGD2.77 million
- Package C915	SK Engineering & Construction (Singapore Branch)	SGD11.91million
- Package C916	McConnell Dowell South East Asia Pte Ltd	SGD4.92 million
- Package C917 & C918	ALPINE Bau GmbH (Singapore Branch)	SGD6.79 million
Supply of pre-cast concrete building components to Oasis @ Elias Condominium	CES-Precast Pte Ltd	SGD2.29 million
Supply of pre-stress planks to Punggol Regalia	CES-Precast Pte Ltd	SGD2.69 million
Supply of pre-cast concrete building components to 1,500 units of apartments on Lot PTD 124161 and part of Lot PTD 130253, Bandar Nusajaya, Mukim Pulai, Johor Bahru, Johor	KLSB	RM5.92 million

4. INFORMATION ON OUR GROUP (Cont'd)

4.5.2 Business Process

(i) Building and Infrastructure Contracting

The chronological process of a typical construction project, which we act as main contractor is illustrated as follows:-



(a) Identification of Tender Opportunity

We secure a project either through participation in an open tender or an invitation to tender. An open tender is generally sourced from newspapers and the Internet while an invitation to tender is attained through an invitation by a project principal or a referral by a previous customer of ours.

Our Finance Department will assess the credit risk by checking on the creditworthiness of the customer and the outcome of the assessment will be taken into consideration prior to our decision to participate in the tender.

4. INFORMATION ON OUR GROUP (Cont'd)

(b) Pre-tender Costing and Budgetary Evaluation

Prior to the submission of a tender, our Contract Department performs the following:-

- review of the tender documents to establish the requirements, specifications and schedule of the project;
- clarification of ambiguities in tender documents with the project consultants or the project principal;
- evaluation of the sufficiency and availability of resources especially in the areas of machinery and manpower to meet the requirements, specifications and schedule of the project; and
- internal costing and budgetary evaluations on costs such as sub-contractor costs, material costs and overheads to determine the pricing of the tender.

(c) Submission of Tender

The final pricing of tender quoted in the tender submission is determined after having evaluated all related costs including indicative pricing of our suppliers and subcontractors. The tender submission documents are submitted to the project principal or consultant engaged by the project principal on or before the prescribed submission deadline.

(d) Award of Contract

Notification of a successful tender is generally received from the project principal or consultant within 2 to 3 months after the close of tender. On being awarded a project, our Project Department will see to its successful implementation and realisation. Most projects require us to secure our performance by providing a performance bond within a reasonable time after the award of the construction project to us. The value of the performance bond is 5% of the contract value and is to be provided by a licensed bank or a financial institution acceptable to the customer awarding the construction project.

(e) Appointment of Sub-Contractors and Sourcing of Suppliers

Our procurement and contract teams will shortlist suppliers and sub-contractors for the project and request for quotations from them.

Our suppliers and sub-contractors are appointed based on criteria such as quality of materials supplied or workmanship, length of business relationship with us, pricing, reliability and punctuality of delivery. The appointment of a supplier or sub-contractor is also influenced by the commercial terms that the person may offer or agree.

We generally contract out specific parts of the project such as electrical works, plumbing and fire fighting and labour-intensive work, such as carpentry, masonry and steel bar bending, to sub-contractors.

(f) Construction

Upon commencement of the construction work and site activities, our site representative will monitor and verify the sub-contractor's work. The site representative also coordinates with the sub-contractor to ensure the

4. INFORMATION ON OUR GROUP (Cont'd)

availability and optimum utilisation of machinery, raw materials and manpower according to the requirements of the project, as well as communicating with the customer or his representative(s) to perform the required verification activities, including testing and inspection.

(g) Completion and Hand-Over of Project

Upon successful completion of the project, we will officially hand over the project to the project principal. Our contracts generally provide for a defects liability period ranging from 12 to 24 months, commencing upon the official handing over of the completed projects, during which we are required to rectify defects in our construction projects at no additional fee. Further, in respect of certain specialist works, we provide joint warranty together with our sub-contractors for such works for a period ranging from 3 to 10 years depending on the components and the type of works.

The foregoing business process on projects which we act as main contractor is generally applicable to projects which we act as sub-contractor or team up with public listed companies except for the following:-

Where we act as sub-contractor

- Most, if not all tender opportunities in relation to the provision of our services as sub-contractor, are attained through invitations by main contractors of the respective projects or referrals by our previous customers.
- For most of the projects which we act as sub-contractor, we are not required to provide performance bond to secure our performance.

Where we team up with public listed companies

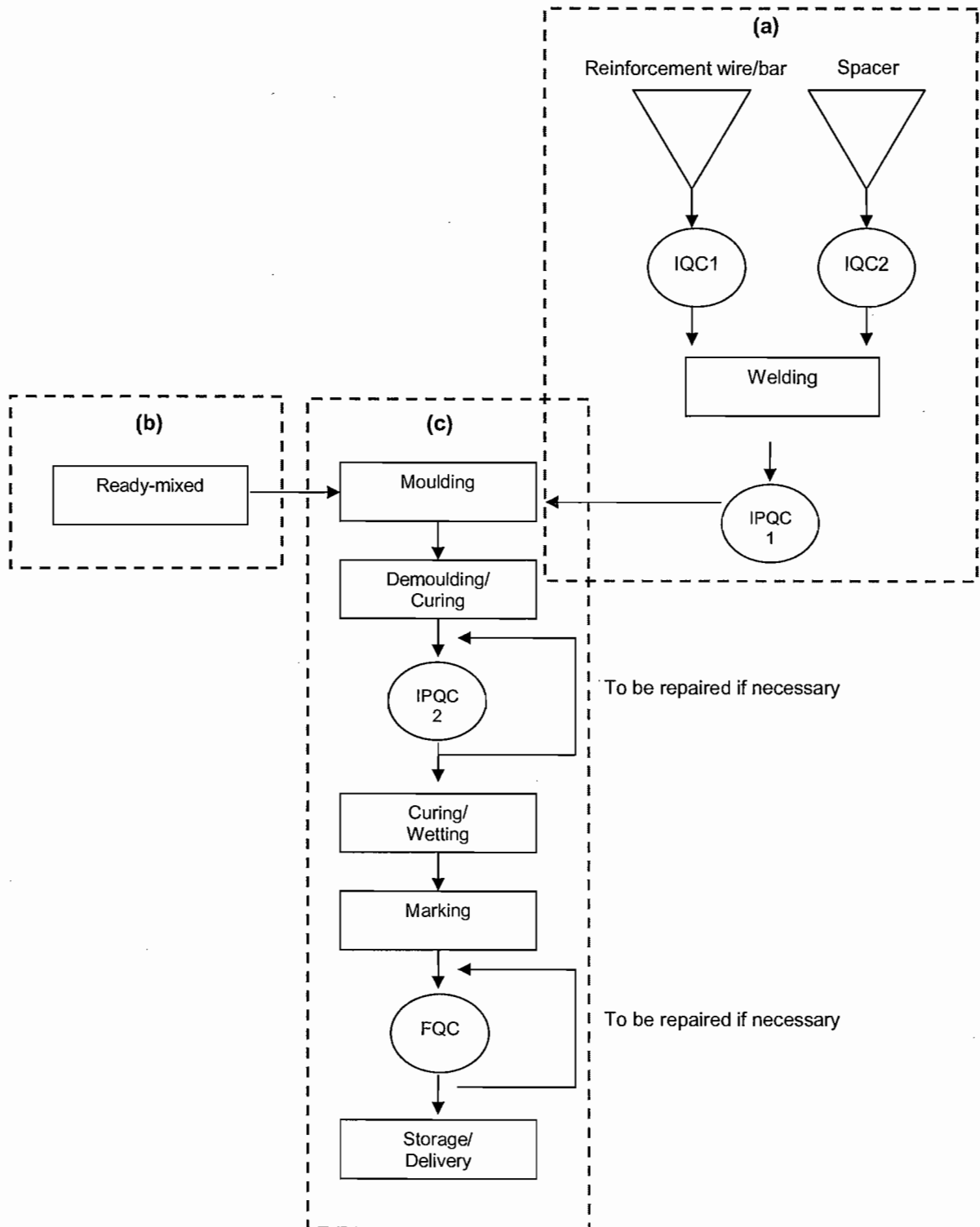
- After identifying the tender opportunities, we will identify the partners that we wish to team up with. We will then enter into an unincorporated consortium with the partners; and
- Pre-tender costing and budgetary evaluation will be performed together with the partners.
- The remaining process will be carried out in the name of the consortium.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

4. INFORMATION ON OUR GROUP (Cont'd)

(ii) Manufacturing and Supply of Concrete Products

The table below depicts the manufacturing process applicable to most of our concrete products:-



4. INFORMATION ON OUR GROUP (Cont'd)

(a) Pre-Casting Preparation

- i. Ordering of raw materials based on product requirement and bill of materials calculation.
- ii. Inspection of incoming raw materials including visual inspection, dimension measurement, checking of mill report etc.
- iii. Preparation of steel bar cage based on product's drawing given. Steel bar are tied or welded together to form a firm cage.
- iv. Fixing spacer to get the desired cover for reinforcement.
- v. IPQC 1: pre-concreting check by QC inspector after fixing the reinforcing bar into the mould.

(b) Ready-Mixed Preparation

- i. Storage of raw materials at designated hopper.
- ii. Batching concrete based on the grade specified for respective product by the batching plant operator.
- iii. Transfer of the ready-mixed concrete to respective Pre-cast Department by mixer truck or bucket lorry.

(c) Casting and Curing

- i. Pouring and casting of concrete to the ready moulds.
- ii. Compaction of concrete is carried out by the internal poker or external forms vibrator.
- iii. Removal of product from the mould after the targeted strength is achieved.
- iv. Spray the product with a thin layer of curing compound or wetting by water for curing purposes.
- v. IPQC 2: quality check by QC inspector on the casted product including dimension check, pin holes repaired, spalling etc.
- vi. Stencil of accepted product with product marking, date of casting and SPC logo.
- vii. Final inspection check by QC inspector on the product and only accepted products are transferred out from factory to designated storage area or for delivery. Delivery of finished products is based on our customers' delivery schedules. Generally, there is no defect liability period imposed on our standard products. Some of our sales contract in relation to customised concrete products provide for defects liability period ranging from 3 to 12 months, commencing from the date of last installation of our products, during which we are liable for any repair or rectification of any fault or defects of our products.

4. INFORMATION ON OUR GROUP (Cont'd)

4.5.3 Quality Management**(i) Building and Infrastructure Construction**

We place strong emphasis on quality control to ensure that the quality of our building and infrastructure projects not only complies with relevant laws and regulations but is also of a standard and quality sufficient to maintain or enhance our reputation.

We have implemented a quality management system to ensure overall quality control at every stage of our construction process. The quality management process is overseen by our Executive Directors, Sim Tian Liang and Chin Lian Hing, with the assistance from our quality management staff.

Under our quality management system, upon the award of a project, our Contracts Department prepares a project quality plan. Our project quality plan entails an operational quality assurance plan comprising work specifications, test plans, safety compliance plans and timeline requirements to ensure that we meet the requirements of our customers and that we provide a safe working environment for our employees. Test plans are carried out during the course of the project and include checks on the raw materials purchased and engineering testing procedures, such as the sampling concrete cube test to ensure that the concrete strength is sufficient and in compliance with the industry standards. Sample checks will be done during the course of the project and in the event that the raw materials or the results of engineering testing procedures do not meet the requirements set out in our project quality plan, we will return the raw materials or rectify the situation to ensure that the specifications in the project quality plan are met.

Prior to the handover of a project to our customer, we will do a final check to ensure that the specifications in the project quality plan have been complied with. We will also request for an inspection to be carried out by the customer or a superintendent officer appointed by the customer on the project. Upon completion of the inspection, and subject to the customer being satisfied that the specifications have been complied with, the customer will issue the Certificate of Practical Completion to us. This marks the official hand-over of the project to the customer and it also marks the commencement of the defects liability period, which generally ranges between 12 and 24 months from the official hand-over. We are required to rectify defects which may surface or be identified in our construction projects during the defects liability period.

(ii) Manufacturing and Supply of Concrete Products

Quality control of all materials and components used in the manufacture of concrete products is an essential part of our operations to ensure consistency in quality. In achieving this, regular testing is carried out and maintained in accordance with the standards and specifications of SIRIM, TÜV SÜD PSB Pte Ltd and/or Land Transport Authority of Singapore. Test results are recorded graphically to ensure trends can be recognised early and for ease of reference. Each finished product carries an identification number to allow audit trail. Among the many tests and inspections that are carried out are as follows:-

Daily analysis on sand and aggregates

- Sieve analysis on aggregates and sand sample for grading
- Silt content analysis to segregate layers of organic and dirt from the sand and aggregates

4. INFORMATION ON OUR GROUP (Cont'd)

Test conducted on concrete mixing for every batch of concrete

- Slump cone test on concrete batches to test the contents of water during mixing process and proper mixing
- Concrete cubes are prepared for compression test to determine the strength of the concrete

Mould

- Cleaning and oiling of every steel mould to ensure moulds are in good condition

Steel reinforcement

- Stringent checks on reinforcement cages for steel quality, spacing and stirrups pitch
- Check on the shape and dimension of the steel bar to ensure spacing and position is as indicated in the drawing
- Check on the reinforcement cage to ensure they are placed firmly in the mould before beginning of concreting

Mould assembly and concreting check conducted on every mould

- Check on bolts or nuts of moulds to ensure moulds are properly installed
- Check on concrete mixing to ensure suitability of concrete design

Finished products

- Dimensional check on finished products to ensure compliance with the dimension specified in the product drawing
- Perform load test on concrete cubes after 28 days for compressive strength
- Water absorption test on concrete cubes to determine water content in concrete for grading of concrete
- Final touch up of concrete products during final visual inspection

4.5.4 R&D and Technology

(i) Policies of R&D

R&D plays an important role for our growth, particularly to create and sustain competitive advantages through continuous improvements on existing products and services and development of new products and services.

The constant improvement and enhancement of our competitive advantages are critical for sustaining our business growth and success in the long term in a competitive market place. Through R&D, we aim to realise the following benefits:-

- sustain and grow our business through the development of improved and new products and services; and
- increase revenue and profitability by addressing new market segments.

(ii) On-going R&D

(a) Building and Infrastructure Construction

To maintain competitiveness, it is crucial for us to be able to be innovative and to maintain a competitive edge over our competitors. KLSB and IBT may, from time to time, recruit external consultants to perform and advise us on new construction methodologies and techniques as and when necessary. We also carry out value engineering in some projects for our customers.

4. INFORMATION ON OUR GROUP (Cont'd)

We engaged Surbana International Pte Ltd, Singapore on 1 August 2006 for a period of 1 year to provide consultancy services to us in the area of IBS design, production and construction management, and to devise a pre-cast system for mass construction of houses. Surbana International Pte Ltd had designed a pre-cast load bearing wall panel system.

Subsequent to the expiry of this agreement, we are allowed to use the designs produced pursuant to the agreement, subject to the payment of additional fees to Surbana International Pte Ltd as and when this design is utilised for our projects. However, we have not used the design in any of our projects and therefore, no additional fees are paid to Surbana International Pte Ltd.

We are not dependent on the agreement with Surbana International Pte Ltd as at present, we have an IBS Department providing design and build services for IBS projects. Our IBS Department personnel have experience in design and fabrication of pre-cast bathrooms, school buildings, low cost flats, terrace houses, industrial factories and shopping malls using IBS. We are also exploring to develop the concept of green, sustainable, environmentally friendly and cost effective engineering, building and construction technologies.

(b) Manufacturing and Supply of Concrete Products

SPC has a R&D team comprising its key technical personnel which is actively involved in sourcing cost effective substitutes for both raw materials and manufacturing process to enable the company to be more efficient in manufacturing concrete products.

The R&D work is focused on product development, which encompasses the design of new products, moulds and developing new manufacturing processes. In addition, the R&D work also includes the effort to enhance cost saving such as to source for lower cost or alternative raw materials with satisfactory quality to replace the existing one. In 2007, the company collaborated with the Land Transport Authority of Singapore to carry out R&D on the use of steel fiber as an alternative to steel bars for the production of tunnel lining segments. The R&D was completed and laboratory tests have been conducted on the samples. The result of the laboratory tests were furnished to the Land Transport Authority of Singapore for deliberation on the application of steel fiber in its future projects.

(iii) R&D Expenditure

We do not have a separate R&D expense account and have not capitalised any R&D expenses in the audited financial statements of our subsidiaries for the past 3 years up to FYE 31 December 2009. For the past 3 years up to FYE 31 December 2009, our R&D expenditure were not material as our R&D activities did not require substantial capital expenditure.

We managed to keep our R&D expenditure low as we usually collaborate with our customers and/or our suppliers in our R&D work whereby they will supply us the R&D materials without charges while we apply our technical know-how and equipment to carry out the R&D work.

4. INFORMATION ON OUR GROUP (Cont'd)

4.6 OTHER BUSINESS ASPECTS

4.6.1 Production Facilities

SPC currently owns 2 batching plants that produce ready-mixed concrete required for the production of concrete products. The capacity of these batching plants form the overall production capacity of SPC as ready-mixed concrete is a key input material.

The production capacity of 2 of SPC's products, namely pipe culvert and vihy pipe, are further subject to the production capacity of pipe culvert machines and vihy pipe machine respectively, which is stated in the table below. The production of SPC's other concrete products is dependent on moulds, where such moulds are either provided by our clients or purchased by SPC as and when the needs arise. Some moulds are sales order specific for customised products while others are for standard products. The service of mould fabrication is easily available in Malaysia at affordable price. In view of sales order specific nature of some of the moulds and the ease of fabrication of moulds at affordable price as and when the need arises, the production capacity of SPC is therefore not limited by its current moulds in hand.

The production output, capacity and utilisation of SPC's manufacturing facilities for ready-mixed products are as follows:-

Type of product	Maximum Production Output Per Annum ⁽¹⁾ (metric tonnes)	Average Actual Production Output Per Annum ⁽²⁾ (metric tonnes)	Percentage of Utilisation ⁽³⁾ (%)
Ready-mixed concrete	435,456	167,598	38.49 ⁽⁶⁾
Pipe culvert ⁽⁴⁾	28,728	15,467	53.84
Vihy pipe ⁽⁵⁾	3,780	2,710	71.69

Notes:-

- (1) Maximum production output per annum is calculated based on 8 production hours per day and 21 days per month.
- (2) Average actual production output per annum is calculated based on the actual production output per annum in the last 3 financial years up to FYE 31 December 2009.
- (3) Percentage of utilisation is calculated based on average actual production output per annum divided by maximum production output per annum.
- (4) Computed based on most common size of 600 millimetre diameter.
- (5) Computed based on most common size of 150 millimetre to 450 millimetre diameter.
- (6) Low percentage of utilisation as SPC has in place 2 batching plants, of which one of the plants is principally used as a back-up plant to ensure no interruption to SPC's production in the event the other plant breaks down or undergoes routine maintenance.

As at the LPD, SPC has the following production lines:-

- (i) 2 units of computerised ready-mixed batching plants;
- (ii) 2 units of automated pipe culvert machines, 1 unit of vihy pipe machine and 4 units of overhead cranes for the production of concrete pipes culverts;
- (iii) 3 units of covered factories with 11 units of overhead cranes for the production of concrete tunnel lining segments, industrial building system concrete components, and concrete jacking pipes; and
- (iv) Open casting yards with 4 units of cranes for the production of pre-stress concrete floor planks and reinforced concrete box culverts and U-shape drains.

As at the LPD, KLSB and IBT do not have any production facilities. Nevertheless, as detailed in Section 4.6.12 of this Prospectus, KLSB leases properties for use as temporary casting

4. INFORMATION ON OUR GROUP (Cont'd)

yards to cast concrete components (such as beams, parapet walls and wall panels) for its construction projects when the need arises.

4.6.2 Types, Sources and Availability of Raw Materials and Sub-Contractor Services

We purchase a range of raw materials from suppliers. Main raw materials for our business include steel bars, copper wires, cement, aggregates, pre-mix and ready-mixed materials. Our raw materials are sourced and procured from a large base of suppliers, mainly in Malaysia.

Our sub-contractors provide various labour-intensive or specialised services to our construction projects and concrete products manufacturing. Examples of these services would be those for the supply of labour, piling works and mechanical and electrical installation works.

Our suppliers and sub-contractors are selected by our Group's procurement and contract teams and are appointed based on criteria such as quality of materials supplied or workmanship, length of business relationship with us, pricing, reliability and punctuality of delivery. The appointment of a supplier or sub-contractor is also influenced by the commercial terms that the supplier or sub-contractor may offer or agree.

Our suppliers of raw materials and our sub-contractors are mainly businesses with operations in Malaysia and our payments for raw materials and sub-contract work are mainly denominated in RM.

4.6.3 Sales and Marketing

We source for business opportunities by leveraging on our business reputation as well as relying on the wide network of business contacts that our Executive Directors and key management have developed in the construction and concrete product industries.

For our construction business, certain of our Executive Directors, key management and business development personnel are responsible for sourcing for new business opportunities while our Contracts Department participates in the tendering process.

We secure construction contracts generally through participation in open tenders for public sector projects and invited tenders for private sector projects. Information on open tenders is available by way of notices published in newspapers and websites of relevant government agencies, while invited tenders are generally initiated by invitation from our clients or consultants whom we have worked with in our previous projects.

For our sale of concrete products, certain of our Executive Directors, key management and marketing personnel are responsible for sourcing for business opportunities. The marketing team of SPC constantly checks on sources such as BCA website and Singapore Government Electronic Business (GeBiz) website in Singapore, and relevant government agencies websites in Malaysia, tender invitation advertisements in newspapers, consultant firms and contractors to identify potential construction projects. Our marketing team will pro-actively submit our proposals to consultants who oversee the implementation of the prospective projects and to contractors who are going to participate in the tenders of these potential construction projects. If required by our prospective customers or consultants, SPC will offer its opinion on product design and costing.

4. INFORMATION ON OUR GROUP (Cont'd)**4.6.4 Intellectual Property**

We take strong ownership of our brand name. SPC has registered "SP" and "SPQ" as its trade marks, details of which are set out as follows:-

Trademark	Owner	Application no.	Place of application/ Date of registration
	SPC	98014805	Malaysia / 31 December 1998
	SPC	98014804	Malaysia / 31 December 1998

Save for the above, we do not have any other intellectual property rights other than certain drawings we may design or be commissioned by our customers to design in the course of the conduct of our business. In the event we are commissioned by our customer to do the design of a project, the design may be contractually assigned to the customer as a term of the award of the relevant project.

4.6.5 Principal Markets

Our principal markets can be segregated into 2, namely the domestic market which is Malaysia and overseas market which is Singapore. For the FYE 31 December 2009, approximately 92.58% of our revenue was derived from the domestic market while the balance of approximately 7.42% of our revenue was derived from the Singapore market.

4.6.6 Seasonal or Cyclical Effect

The construction industry in Malaysia and Singapore is cyclical in nature and is highly dependent on the general economic conditions of the respective countries. Its growth is highly correlated to the economic growth and political stability of Malaysia and Singapore.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

4. INFORMATION ON OUR GROUP (Cont'd)

4.6.7 Major Customers

Our Directors believe that we have built strong rapport with our customers over the years, having been dealing with most of them for more than 5 years. We currently provide our services and products to our customers in Malaysia and Singapore. Majority of our customers in Malaysia are companies in the business of property development while majority of our customers in Singapore are main contractors.

Revenue contribution from our customers, on an individual basis, may fluctuate from year to year given the nature of our businesses, which is mainly based on contracts and sales orders to be secured from time to time.

Our major customers who individually contributed for 10% or more of our total revenue for each of FYE 31 December 2007 to FYE 31 December 2009 are as follows:-

Name of Major Customer	Percentage of Total Revenue (%)		
	<----- FYE 31 December ----->		
	2007	2008	2009
Keck Seng (Malaysia) Bhd	16.01	3.37	8.92
S P Setia Bhd group of companies ⁽¹⁾	10.35	8.78	5.13
UEM Land Holdings Bhd group of companies ⁽¹⁾	9.59	5.87	11.19
Melati Ehsan Holdings Bhd group of companies ⁽¹⁾	2.64	3.47	11.95
WCT Construction Sdn Bhd	-	10.14	0.12

Note:-

(1) We provide our construction services to certain members of each respective group.

In addition to the above, SJIC Bina Sdn Bhd, Mah Sing Group Bhd group of companies, United Malayan Land Bhd group of companies, Shimizu Corporation, Boustead Holdings Berhad group of companies, Iskandar Regional Development Authority, Daiman Development Berhad and CES-Precast Pte Ltd are some of our other customers.

We are not materially dependent on any single customer for business as we have been able to replenish our order book with projects from different customers.

4.6.8 Major Suppliers / Sub-Contractors

For FYE 31 December 2007 to FYE 31 December 2009, we did not have any major suppliers or sub-contractors that contributed to 10% or more of our total purchases and sub-contracting costs. We are not dependent on any single supplier or sub-contractor as we are able to source for raw materials and sub-contractor services from alternative suppliers and sub-contractors should the need arise.

As at the LPD, we have not encountered any significant business disruptions due to shortages of raw materials and delay in delivery of raw materials and services from our suppliers and sub-contractors respectively, nor have we experienced any major difficulties in sourcing for raw materials and sub-contractor services to meet our business operation requirements.

4. INFORMATION ON OUR GROUP (Cont'd)

4.6.9 Material Plant and Equipment

As at the LPD, our material plant and equipment are as follows:-

Machinery	Description	No. of units	Audited NBV as at 31.12.2009 (RM)
Construction			
Grader	Engineering machine used for trimming sub-grade road formation and crushed stone or granular materials to profile	3	398,251
Paver	Engineering machine used for laying asphalt on roadway	7	677,738
Roller	Engineering machine used for compacting soil and pressing hot asphalt mix	14	1,076,507
Excavator	Engineering machine used for removing earth, digging of trenches, holes and foundations	9	855,087
Slab formwork, wall formwork and adjustable column formwork	Modular formwork systems made of steel or plastic used for building concrete structures	4 sets slab formwork, 6 sets wall formwork, 156m ² adjustable column with accessories	411,144
Moulds	Steel moulds used for the casting of pre-cast concrete building components	27 90	510,700 1,108,871 [^]
Ready-mixed batching plants	To mix raw materials to form various grade of concrete for the casting of pre-cast concrete components	1	712,500 [^]
Sheet piles	Steel panels with interlocking connections, driven into the ground to form a temporary impermeable barrier to retain earth or prevent seepage	800	1,139,238
Manufacturing			
Ready-mixed batching plant	To mix raw materials to form various grade of concrete for supply to the construction industry and as key materials for the manufacturing of concrete products	2	335,203
Pipe culvert and vihy pipe plant	To fabricate concrete pipes for sewerage and storm water transfer system	1	259,673
Caging machine	Automatic welding of longitudinal bar and spiral wire to form a desired diameter and pitching of steel bar cage	2	189,788
Cranes	To hoist, lift and transfer raw material and finished products	19	1,119,116
Moulds	Steel formworks with different dimension and shape for the production of pre-cast concrete products	738	884,892
Pre-stress bed	To produce pre-stressed floor planks	2	803,360

Note:-

[^] NBV is based on acquisition cost as acquisition took place after 31 December 2009.

4. INFORMATION ON OUR GROUP (Cont'd)

4.6.10 Material Capital Expenditures and Divestures

Save as disclosed below, we did not incur any other material capital expenditure for the past 3 years up to the LPD:-

Description	Transaction value (RM'000)			1 January 2010 up to the LPD [^]
	----- FYE 31 December ----->			
	2007	2008	2009	
<u>Investments</u>				
Factory buildings and investment properties	193	35	401	18
Plant and machinery, construction and production equipment	5,371	2,669	3,426	2,127
Motor vehicles	482	327	1,151	28
Others	257	353	291	45
<u>Divestments</u>				
Factory buildings and investment properties	1,054	-	295	-
Plant and machinery, construction and production equipment	244	764	1,937	-
Motor vehicles	357	-	-	-
Others	128	-	-	-

Note:

[^] The investments were undertaken locally. The investments were financed by either 100% internally generated funds or a combination of internally generated funds and hire purchase financing.

4.6.11 Material Plans to Construct, Expand or Improve Facilities

As at the LPD, we have no immediate plans to construct, expand or improve on existing facilities, saved as disclosed in Section 2.8 and Section 4.8 of this Prospectus.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

4. INFORMATION ON OUR GROUP (Cont'd)

4.6.12 Properties

As at the LPD, we own the following properties:-

Description	Location	Land Area (sq. ft.)	Built-up Area (sq. ft.)	Use	Tenure / Age of property	NBV as at 31 December 2009 (RM)	Encumbrances	Registered owner
Double storey shophouse	2, Jalan Beringin, 81400 Senai, Johor	1,539	2,673	Store	Freehold / 15 years	143,243	Charged to EON Bank Bhd	KLSB
Double storey shophouse	1, Jalan Beringin, 81400 Senai, Johor	1,539	2,673	Store	Freehold / 15 years	184,201	Charged to EON Bank Bhd	KLSB
Double storey shop office	26 & 26-01, Jalan Bacang 38, Taman Kota Masai, 81700 Pasir Gudang, Johor	1,539	2,802	Vacant ⁽⁶⁾	Freehold / 11 years	240,000	Charged to EON Bank Bhd	KLSB
Double storey terrace house ⁽¹⁾	19 Jalan Pinang 41, Taman Daya, 81100 Johor Bahru, Johor	2,240	2,084	Vacant ⁽⁷⁾	Freehold / 5 years	301,160	Nil	Keck Seng Berhad (M)
3-storey shop office ⁽²⁾	34, Jalan Mawar 46, Taman Mawar, 56100 Pasir Gudang, Johor	1,540	4,620	Vacant ⁽⁷⁾	Leasehold 99 years ⁽⁶⁾ / 10 years	368,000	Nil	Johor Land Berhad
Double storey terrace house ⁽³⁾	GRN 352084 Lot 103767, Mukim Tebrau, Johor ⁽⁶⁾	1,173	1,613	Vacant	Freehold / ^	0 ⁽⁶⁾	Agreement for sale to unrelated parties executed, pending completion	KLSB
Double storey terrace house ⁽³⁾	GRN 352771 Lot 130787, Mukim Tebrau, Johor ⁽⁶⁾	1,173	1,613	Vacant	Freehold / ^	0 ⁽⁶⁾	Agreement for sale to unrelated parties executed, pending completion	KLSB

4. INFORMATION ON OUR GROUP (Cont'd)

Description	Location	Land Area (sq. ft.)	Built-up Area (sq. ft.)	Use	Tenure / Age of property	NBV as at 31 December 2009 (RM)	Encumbrances	Registered owner
Double storey terrace house ⁽³⁾	GRN 352170 Lot 103847, Mukim Tebrau, Johor ⁽⁶⁾	1,173	1,613	Vacant	Freehold / ^	0 ⁽⁵⁾	Agreement for sale to unrelated parties executed, pending completion	KLSB
Double storey terrace house ⁽³⁾	GRN 352169 Lot 103846, Mukim Tebrau, Johor ⁽⁶⁾	1,173	1,613	Vacant	Freehold / ^	0 ⁽⁵⁾	Agreement for sale to unrelated parties executed, pending completion	KLSB
Double storey terrace house ⁽³⁾	GRN 321034 Lot 104392, Mukim Tebrau, Johor ⁽⁶⁾	1,173	1,613	Vacant	Freehold / ^	0 ⁽⁵⁾	Agreement for sale to unrelated parties executed, pending completion	KLSB
Single storey terrace house	1, Jalan Jaya Putra 8/9, Bandar Jaya Putra, 81100 Johor Bahru	2,916	950	Vacant ⁽⁷⁾	Freehold / 2 years	214,740	Nil	KLSB
Single storey terrace house ⁽³⁾	GRN 352330 Lot 108597, Mukim Tebrau, Johor ⁽⁶⁾	2,690	950	Vacant	Freehold / ^	0 ⁽⁵⁾	Agreement for sale to unrelated parties executed, pending completion	KLSB
Single storey terrace house ⁽³⁾	GRN 352415 Lot 108658, Mukim Tebrau, Johor ⁽⁶⁾	2,916	950	Vacant	Freehold / ^	0 ⁽⁵⁾	Agreement for sale to unrelated parties executed, pending completion	KLSB

4. INFORMATION ON OUR GROUP (Cont'd)

Description	Location	Land Area (sq. ft.)	Built-up Area (sq. ft.)	Use	Tenure / Age of property	NBV as at		Registered owner
						December 2009 (RM)	31 December 2009 (RM)	
Double storey terrace house	PTD 118571 HS(D) 425899, Mukim Tebrau, Johor ⁽⁶⁾	1,170	1,613	Vacant ⁽⁷⁾	Freehold / ^	132,296	Nil	KLSB
3 factory buildings and 1 detached administrative office block ⁽⁴⁾	PTD 90544, HS(M) 1203, Mukim Kulai, District of Kulai Jaya, Johor	Not applicable	111,010	Concrete products productions and office	Freehold / 7 to 8 years	4,313,699	Nil	SPC
Double storey semi-detached house ⁽¹⁾	PTD 72903 HS(D) 14719 Mukim Kulai, District of Kulai Jaya, Johor ⁽⁸⁾	3,196	2,438	Vacant ⁽⁷⁾	Freehold / ^	321,620	Nil	Setiamas Sdn Bhd

Notes:-

- (1) KLSB is the beneficial owner of the property, pending the registration of its ownership.
- (2) KLSB received this property from its customer in lieu of cash payment. KLSB is the beneficial owner of the property. However, KLSB has yet to execute the sale and purchase agreement and arrange for the registration of its ownership over the property as it is looking for a potential buyer.
- (3) Pending transfer of title to buyer.
- (4) The NBV as at 31 December 2009 is in relation to the buildings only. The legal owner of the buildings is SPC. As disclosed in Section 2.8 and Section 4.8 of this Prospectus, we intend to utilise part of the gross proceeds from the Public Issue to purchase the parcel of industrial land on which the buildings are erected.
- (5) Property was disposed while under construction. The completion of the disposal is pending for the due completion of the construction of the property. We recognised the excess of progress billing from the developer against us over our progress billing against the purchaser as NBV of the property. We Currently sourcing for a tenant for this property.
- (6) Currently sourcing for a buyer for this property.
- (7) Postal address is not available currently as this property is still under construction.
- (8) Unexpired term as at 31 December 2009 is 89 years.
- (9) Age of property is not applicable as construction is still under progress.

As at the LPD, there is no regulatory requirement or environmental issue, which may materially affect our operations and utilisation of assets.

4. INFORMATION ON OUR GROUP (Cont'd)

As at the LPD, we occupied or leased the following properties:-

Description	Location	Land Area (sq. ft.)	Built-up Area (sq. ft.)	Use	Duration	Annual rental (RM)
Office space	Suite 18.07, 19.05 and 19.06, Johor Bahru City Square, 80000 Johor Bahru, Johor	10,164 ⁽²⁾	10,164	Johor Bahru office	01.08.2008 – 31.07.2010	268,330
Office space	Unit B906, Level 9, Block B, Kelana Square, No. 17, Jalan SS7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor	1,195 ⁽²⁾	1,195	Kuala Lumpur office	01.03.2010 – 28.02.2012	18,642
Office space	Unit B907, Level 9, Block B, Kelana Square, No. 17, Jalan SS7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor	1,245 ⁽²⁾	1,245	Kuala Lumpur office	01.03.2010 – 28.02.2012	19,422
Vacant land	Lot 1938 HS(D) 20261 & Lot 1939 HS(D) 20262, Mukim Senai-Kulai, Johor	26,503	Not applicable	Storing plant and machinery	01.01.2010 – 31.12.2010	13,200
Double storey shop lot	22, 22A, Part of 24,24A, Jalan Panglima 2, Taman Dawani, 81400 Senai, Johor	2,310 ^{^(2)}	4,620 [^]	Foreign workers' hostel	01.10.2009 – 30.09.2012	30,000
Double storey shop lot	20, 20A, Jalan Panglima 2, Taman Dawani, 81400 Senai, Johor	1,540 ^{^(2)}	3,080 [^]	Local workers' hostel	01.04.2010 – 31.03.2011	15,000
Double storey shop lot (1 st floor only)	14A, Jalan Ceria 1A, Taman Nusa Indah, 81200 Johor Bahru, Johor	1,540 ^{^(2)}	1,540 [^]	Site office	01.09.2009 – 31.08.2010	6,000

4. INFORMATION ON OUR GROUP (Cont'd)

Description	Location	Land Area (sq. ft.)	Built-up Area (sq. ft.)	Use	Duration	Annual rental (RM)
Vacant land	Lot 675, Geran Mukim No. 758, Mukim of Plentong, Johor Bahru, Johor	174,240 ^	Not applicable	Temporary casting yard	01.03.2009 – 31.08.2010	40,000
Double storey shop lot (1 st floor only)	4A, Jalan Panglima 2, Taman Dawani, 81400 Senai, Johor	1,920 ⁽²⁾	1,920 ^	Office	01.08.2009 – 31.07.2010	3,600
Condominium unit	Block 3-3A-5, Puncak Nusa Kelana Condominium, Jalan PJU 1A/48, 47201 Petaling Jaya, Selangor	Not applicable ⁽³⁾	1,800 ^{^(4)}	Staff hostel	16.01.2010 – 15.01.2011	15,600
Double storey shop house	3 & 3A, Jalan Baiduri 2, Taman Intan, 81800 Ulu Tiram, Johor	1,540	3,080 ^	Site office and consultant office	15.01.2009 – 14.01.2011	12,000
Vacant land	PTD 56325, 56326, 56340-56344, 56368-56369, 56375-56376 Mukim of Tebrau, Johor	130,669	Not applicable	Casting yard	01.03.2009 – 31.05.2010 *	60,000
Vacant land	HS(D) 446622 PTD 142289 to HS(D) 446642 PTD 142309, Mukim of Tebrau, Johor	12,480	Not applicable	Bending yard	01.02.2010 – 31.12.2010	24,000
Office space	40, Tuas View Square, Singapore 637779	100 ^{^(2)}	100 ^	IBT office	01.07.2008 – 30.06.2010	2,400 #
Vacant industrial land ⁽¹⁾	PTD 90544, HS(M) 1203, Mukim Kulai, District of Kulai Jaya, Johor	605,490	Not applicable	Erection of SPC's factory and office thereon	01.09.2009 – 31.08.2010	216,000
Vacant land	Lot 2689 and Lot 3644, Mukim Senai-Kulai, Johor	588,060	Not applicable	Open stock yard	01.09.2009 – 31.08.2012	158,400

4. INFORMATION ON OUR GROUP (Cont'd)

Description	Location	Land Area (sq. ft.)	Built-up Area (sq. ft.)	Use	Duration	Annual rental (RM)
Double storey house	65, Jalan Flora 1/7, Taman Pulai Flora, 81300 Johor Bahru	1,540	1,980	Staff hostel	01.05.2009 – 30.04.2011	8,400
Vacant land	HS(D) 283174 Mukim Pulai, Johor, Malaysia	435,600	Not applicable	Casting yard	01.11.2009 – 31.01.2011	120,000
Double storey shop lot (1st floor only)	7A, Jalan Sri Skudai, Taman Sri Skudai, 81300 Skudai, Johor	1,540	1,540 [^]	Site office & consultant office	01.01.2010 – 31.12.2011	4,800
Office space	40, Tuas View Square, Singapore 637779	100 [^] (2)	100 [^]	SPC branch office	10.11.2009 – 09.11.2011	2,400 [#]

Notes:-

- (1) As disclosed in Section 2.8 and Section 4.8 of this Prospectus, we intend to utilise part of the gross proceeds from the Public Issue to purchase this parcel of industrial land.
- (2) Based on floor area.
- (3) Based on strata title, thus no land area available.
- (4) Parcel area.
- [^] Based on our management's estimation.
- * No renewal upon expiration as the parcel of land is no longer required by our Group.
- [#] In SGD.

As at the LPD, there is no regulatory requirement or environmental issue, which may materially affect our operations and utilisation of assets.

4. INFORMATION ON OUR GROUP (Cont'd)

4.6.13 Approvals, Major Licences and Permits Obtained

The following are the approvals, major licences and permits issued to companies in our Group in order for us to carry out our operations, other than those pertaining to general business registration requirements:-

Authority	Date of Issuance	Date of Expiry	Description	Major Equity Conditions Imposed	Status of Compliance (Met/Not Met/ Will Be Met)
CIDB	07.01.2008	06.08.2010	Confirmation of Registration No. 1961030-JH011014 for Grade 7 contractor under the approved category of B01, B04 CE01, CE02 CE21 and CE19	No major equity conditions imposed. CIDB must be informed of any changes in the name, capital, experience and/or qualifications, employment, ownership, the board of directors or management of the firm or company within 30 days of the change. Failure of any contractor to inform CIDB of any change can result in the suspension or cancellation of his registration.	Met and will continue to be met.
PKK	23.09.2009	22.09.2011	Certificate of Registration No. 0102 A 2003 0868 for Class A contractor	No major equity conditions imposed. PKK must be informed of any changes to the information submitted by the company in respect of the registration with PKK within 21 days from the date of such changes to the information. PKK reserves the right to cancel or suspend the registration of the Company as contractor with PKK without giving any notice, for any false information submitted by the Company, or where there is any failure by the Company to provide the required information.	Met and will continue to be met.

4. INFORMATION ON OUR GROUP (Cont'd)

Authority	Date of Issuance	Date of Expiry	Description	Major Equity Conditions Imposed	Status of Compliance (Met/Not Met/ Will Be Met)
				<p>The registration with PKK will be cancelled if:-</p> <ul style="list-style-type: none"> - any of the shareholders of KLSB owns shares exceeding 5% or RM150,000 (whichever is the lower); or - any of the management or technical personnel of KLSB actively participates, <p>in another company which has also been registered with PKK under the same work field or work category.</p> <p><u>PKK General Guidelines for Registration of Public Works Contractors</u></p> <p><u>Clause 6.8: Change in Equity</u> Where there is any change in equity as stated in Clause 6.8.1 and Clause 6.8.2 below, registration of the company with PKK will be cancelled. The company is then required to submit a new application for registration with PKK.</p> <p>6.8.1 Change of equity (whether by transfer of shares or issuance of new shares) which results in more than 49% of shares of the total paid-up capital to be owned by the new shareholder; or</p> <p>6.8.2 The new shareholder (whether an individual or a corporation) becomes the biggest individual shareholder in the company against the existing major shareholder.</p>	

4. INFORMATION ON OUR GROUP (Cont'd)

Authority	Date of Issuance	Date of Expiry	Description	Major Equity Conditions Imposed	Status of Compliance (Met/Not Met/ Will Be Met)
Projek Penyelenggaraan Lebuhraya Berhad	16.03.2009	15.03.2014	Certificate of Registration No. 1824	No major equity conditions imposed.	Not applicable.
SPAN	29.07.2009	28.07.2010	IPA Permit pursuant to Water Services Industry (Permit) Rules 2007 No. SPAN/EKS/(PT)/800-2C/1/03/219 for type C1 (Sewerage)	No major equity conditions imposed.	Not applicable.
Department of Occupational Safety and Health, Ministry of Human Resources	10.03.2010	01.05.2011	Certificate of Fitness for Hoisting Machine No. 773609 in respect of a mobile crane (NK200H-II) bearing registration number PMA 83405 and Road Transport Department registration number JEL 8785	No major equity conditions imposed.	Not applicable.
Building and Construction Authority of Singapore	14.01.2010	06.01.2013	Certification that SPC is a specialist builder for pre-cast concrete work	No equity conditions imposed.	Not applicable.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

4. INFORMATION ON OUR GROUP (Cont'd)

4.6.14 Dependency on Contracts/Arrangements/Licenses

Our Board is of the opinion that, save for our licenses disclosed in Section 4.6.13 of this Prospectus, we are not highly dependent on any single contract/arrangement/licenses. We will seek to continuously replenish our order book with projects from existing and new customers, and to source for raw materials from a large pool of suppliers.

4.6.15 Non-Interruption in Business Operations

We did not experience any interruption in our business, which had a significant effect on our operations during the past 12 months prior to the date of this Prospectus.

4.7 COMPETITIVE STRENGTHS AND ADVANTAGES

We believe that our competitive strengths and advantages are as follows:-

(i) **We are capable of providing a wide range of IBS services and products**

KLSB has, in 2008, set up an IBS Department to provide design and build services for IBS projects. Our IBS Department personnel have experience in design, fabrication and installation of residential, commercial and industrial buildings using IBS. With the support of our concrete products division, we are able to enhance our position as an IBS builder. IBT, which is involved in the provision of IBS, will continue to actively promote its business.

IBS is a system of construction which uses industrial production techniques either in the production of components or assembly of buildings, or both. This construction system uses (i) system form which involves on site casting ("system form method") and/or (ii) pre-cast concrete and prefabricated steel structures which are mainly casted or fabricated off site in mass production ("pre-cast method").

To the best knowledge of our Directors, the Malaysian Government encourages the use of pre-cast method in public projects and has prescribed the use of pre-cast method in a few recent sizable public projects. We believe that the pre-cast method is more advantageous given that:-

- off-site casting in a pre-casting yard allows better quality control;
- pre-cast method reduces labour on-site;
- pre-cast method is able to cut down the overall construction period; and
- pre-cast method is less affected by adverse weather condition as fabrication is done in a more controlled environment.

We believe most of our construction competitors provide IBS services using the system form method whereas our Group utilises both the pre-cast method and the system form method. We believe we have the following competitive advantages:-

- We have an experienced in-house design team;
- We are equipped with the technical know-how and the necessary plant and machinery to produce pre-cast concrete products.
- We have established a track record in producing pre-cast concrete products;
- We have a fabrication yard with adequate plant and machinery; and
- We have established a quality control system with ISO certification.

4. INFORMATION ON OUR GROUP (Cont'd)

In addition, the barriers of entry for new entrants to adopt IBS are as follows:-

- Expertise and experience is required;
- Heavy investment in setting up a casting yard and acquisition of plant and machinery;
- Sizeable casting yard is required; and
- Good track record.

(ii) We are able to provide engineering and construction services to both building and infrastructure segments of the construction industry

We have the expertise to undertake building construction works, including the construction of low and high-rise residential buildings, commercial and industrial buildings. In addition, we also possess the expertise to engage in infrastructure construction works such as earthworks, roads drainage and sewerage systems. We also possess the expertise to undertake specialised infrastructure works including the construction of bridges, flyovers, and interchanges.

Being able to undertake both building and infrastructure construction works allows our Group to participate in tenders where building and infrastructure construction expertise is jointly required.

(iii) We are supported by a concrete products division that supplies to our needs and to the construction industry in Malaysia and Singapore

We have a comprehensive range of concrete products for both infrastructure and building construction. On top of our standard products, we also produce customised concrete products according to our customers' specification. Whenever there is a need, we will contribute our practical experience and value engineering propositions from the early stage of designing of the customised products. Our experience in concrete products manufacturing and our ability to produce customised pre-cast concrete products allows us to better respond to different needs of our customers.

Having our own concrete manufacturing facilities ensure on-time delivery of the pre-cast concrete components to sites and allows us to control quality and implement timely production and delivery. In addition, these operations also contribute to our overall business performance as we export our concrete products such as tunnel lining segments and pre-cast concrete bathrooms to Singapore.

(iv) We are well positioned to respond to opportunities that the construction industry in Malaysia and Singapore may present, in particular Iskandar Malaysia where our Group has a significant presence

Our subsidiaries, KLSB and SPC, have been operating in Johor since 1977 and 2002 respectively. Iskandar Malaysia, which is located in Johor, is to be transformed into an international metropolis through investments, capital and infrastructure expenditures and social-economic development. We believe that our presence in Johor and our established track record in providing construction services and supplying concrete products to projects in Iskandar Malaysia place us in a favourable position to respond to subsequent opportunities that Iskandar Malaysia may present.

Furthermore, our Group is positioned strategically as we are able to compete competitively with other contractors and concrete products suppliers in Singapore.

4. INFORMATION ON OUR GROUP (Cont'd)

(v) We have a committed and experienced management team and support staff

Our success is supported by our experienced and committed management team, led by our Executive Directors. Most of our Executive Directors have more than 15 years of experience each in the construction and/or concrete products industries. Their experience in these industries enables us to identify new opportunities and grow our business. Our Executive Directors are supported by a pool of experienced and committed staff, including our key management and engineers, quantity surveyors and site coordinators.

(vi) We have an established and proven track record and reputation in the construction and concrete products industries

With most of our Executive Directors and key management coming on board our management team in 2003, we have successfully established our Group as a reputable building and infrastructure construction service provider and concrete products manufacturer. Over the years, we have successfully completed more than 300 construction projects of varying sizes and contract value.

In addition, since 2005 up to the LPD, we have secured sales contracts to supply tunnel lining segments to Singapore MRT projects totalling approximately SGD48.06 million. Presently, we are one of the few qualified suppliers of tunnel lining segments for the Singapore MRT projects. Our track record in supplying our products to these high profile projects is a testimony of our ability to deliver.

(vii) We have built long term relationships with our customers from whom we have been able to secure repeat contracts

We believe in nurturing long lasting relationships with our customers. Most of our customers frequently invite us to tender for their projects and have always offered jobs or orders to us. During the past 3 years up to FYE 31 December 2009, more than 70% of the contract value secured in relation to our provision of engineering and construction services was from our repeat customers.

(viii) We are committed to maintaining our standards of quality and services

We believe in maintaining our standards of quality and services. Over the years, we have established a reputation for being a reliable contractor able to deliver quality work and services on time in accordance with the requirements of our customers.

As for our concrete products, SPC has been accredited by various local and international accreditation bodies and authorities such as SGS United Kingdom Ltd together with UKAS Quality Management for ISO 9001:2008 Quality Management System, SIRIM QAS International Sdn Bhd (Malaysian Quality Mark) for Pre-cast Reinforced Box Culvert, Pre-cast Concrete Pipes and Pre-cast Reinforced Square Pipes, and TÜV SÜD PSB Pte Ltd (Singapore Quality Mark) for Cylindrical Reinforced Pipes (SS183:1978). These accreditations underscore SPC's ongoing commitment to product quality.

(ix) We operate in the construction and concrete products industries where there are barriers to entry

The barriers to entry for the construction and concrete products industries are high, as such activity generally requires a large parcel of land to house the fabrication and storage yard, large capital investment, skilled manpower and technical know-how. Over the years, we have invested heavily in machinery and equipment, and the development of pre-cast concrete products and processes. As a testimony of our

4. INFORMATION ON OUR GROUP (Cont'd)

competitive strengths, our subsidiary, SPC, is a qualified vendor with a track record of supplying tunnel lining segments to the Singapore MRT projects.

The barriers to entry for the construction and concrete products industries include, amongst others, the following:-

- capital and set-up cost;
- track record to obtain licences;
- track record to secure projects;
- availability of skilled and experienced technical personnel;
- adequacy of plant and machinery to undertake projects;
- goodwill and reputation with clients, suppliers and sub-contractors; and
- significant capital outlay and financial resources to undertake large projects.

4.8 BUSINESS STRATEGIES AND FUTURE PLANS

In response to the increasing demand for construction services in and around our current area of operations, and to add more depth to our construction services, we intend to implement the following plans in future:-

(i) Tap on Opportunities Within Iskandar Malaysia

We have been actively tendering for projects to provide our building and infrastructure construction services and have supplied our concrete products to numerous projects in Iskandar Malaysia and intend to continue to tap on such opportunities.

Iskandar Malaysia is currently being developed to be a bustling and vibrant metropolis. Based on the knowledge of our Board, Iskandar Investment Bhd, the promoter and coordinator of Iskandar Malaysia, has been attracting numerous investments which create ample construction opportunities for our Group to tap on. This includes, amongst others, the following:

- (a) Iskandar Investment Bhd will call for bids for some RM2 billion worth of construction jobs within the enclave in 2010. These construction jobs involve the construction of buildings, which included retail and education premises, and residential projects.
- (b) Medini, a large urban development and one of the five flagship zones of Iskandar Malaysia, is expected to bring in a gross development value in excess of USD20 billion (equivalent to RM69.6 billion) over a period of 15 to 20 years. Part of the overall tourism strategy for Iskandar Malaysia, in which Medini is located, has been to develop a multi-park destination containing a number of complementary international theme parks including Legoland Malaysia. The construction of Legoland Malaysia, which is the centrepiece of a RM3.5 billion integrated complex earmarked for completion by 2013, has commenced. The complex will have a lifestyle retail centre, offices, hotels, serviced apartments and homes.
- (c) Joint-venture projects between Iskandar Investment Bhd with WCT Berhad and Marlborough College from the UK to develop 1Medini (the first residential development in Medini) and to set up a private college at Iskandar Malaysia's EduCity catering for local and international students between the ages of 5 and 18 from the region, respectively. Both projects are expected to bring in a total gross development value of RM650 million and scheduled for completion within the next 2 to 3 years.

4. INFORMATION ON OUR GROUP (Cont'd)

- (d) Genting Malaysia Berhad is working on a joint venture project to develop a Chelsea high-end shopping complex, a theme park and hotel development in Iskandar Malaysia.
- (e) Other construction projects which are expected to be carried out and due to complete within the next 2 to 3 years include 6 buildings of RM1 billion under 10th Malaysian Plan to house federal departments and agencies in Kota Iskandar, the Sri KDU Smart School and the UK's Newcastle University of Medicine.

Based on the knowledge of our Board, in the past, some of the projects in Iskandar Malaysia were only opened for tender by Johor-based construction companies. Based on the 'Daftar Projek Pembinaan Oktober 2009' issued by CIDB, KLSB secured the fifth highest value construction project awarded in Malaysia for the month of October 2009. The project (which is for the construction of 1,500 units of apartments on Lot PTD 124161 and part of Lot PTD 130253, Bandar Nusajaya, Mukim Pulau, Johor Bahru, Johor, valued at RM142.81 million) is the second highest value construction project awarded in Johor for the month of October 2009.

We believe that our presence in Johor and our established track record in such projects in Iskandar Malaysia place us in a favourable position to respond to these subsequent opportunities.

(ii) Geographical Diversification

(a) Expand Our Operations in Selangor

Since 2005, we have been securing construction contracts in Selangor and Kuala Lumpur. From 2005 up to the LPD, the total value of the contracts which we have secured from our customers in Selangor and Kuala Lumpur for both infrastructure and building works amounts to RM197.32 million. Thus, we regard Selangor and Kuala Lumpur as well as the surrounding areas, key areas outside Johor for the development of our business.

The property market in Selangor and Kuala Lumpur has always been active. Based on the Property Market Status Report by the Valuation and Property Services Department, the Ministry of Finance, Selangor and Kuala Lumpur collectively have the highest number of new property launches in Malaysia in 2007, 2008 and 2009. In addition, based on Budget 2010, the Malaysian Government will continue to develop Putrajaya and Cyberjaya into more lively and vibrant townships.

We intend to expand our Selangor branch's operation to better enable us to respond to our customers' request to participate in tenders for projects and to tap on construction opportunities arising from the active property market in Selangor and Kuala Lumpur as well as the surrounding areas.

(b) Expand Our Business to East Malaysia

Higher allocations under the 9MP and the second fiscal stimulus plan imply more infrastructure development in Sabah and Sarawak, thus providing growth opportunities for the construction industry in East Malaysia.

Based on Budget 2010, the Malaysian Government will allocate RM2.30 billion for construction and upgrading of infrastructure in rural areas including areas in Sarawak and Sabah, and RM3.50 billion for development of regional corridors, mainly for infrastructure and basic amenities, amongst others, in Sabah Development Corridor and Sarawak Corridor of Renewable Energy.

4. INFORMATION ON OUR GROUP (Cont'd)

Due to the massive infrastructure development planned for Sabah and Sarawak, we intend to have a business presence in East Malaysia in the next 2 years to tap on the opportunities there.

(c) Expand Our Operations in Singapore

We intend to leverage on our existing pool of customers and to source for new customers in order to grow our sales of pre-cast concrete products in Singapore. While we have already a presence in Singapore through IBT, SPC has also set up a branch there in 2010 to strengthen our presence. As mentioned in Section 4.8(iv) of this Prospectus, our Board expects a potential increase in demand for our tunnel lining segments in view of Singapore Government's intention to expand its rail infrastructure and to double its rail network from 138.2 kilometres as at end 2008 to a target of 278 kilometres by 2020.

The SPC branch will enable us to source for and pursue business opportunities in Singapore in a more efficient and effective manner. IBT will continue to actively promote its business of provision of IBS.

We believe that we will be able to develop our business and secure more orders by setting up marketing and sales contact points closer to our target customers.

(d) Expand Our Business to Other Regions

In response to enquiries from some contractors in Australia, our Group is exploring opportunities to export pre-cast tunnel segments and jacking pipes to Australia. To this end, SPC has, on 27 April 2010, entered into a sales representative agreement with Pentagon Pacific, an Australian-based sales agent, for the marketing and sales of SPC's products and after sales co-ordination within Australia, New Zealand and Oceania Islands.

In addition, we intend to explore business opportunities to provide our IBS, construction services and concrete products to the Middle East and other South East Asia markets. We foresee infrastructure and building construction continues to be very active in certain cities in the Middle East and South East Asia. Some of these cities such as Dubai, Abu Dhabi and Doha in the Middle East are building underground train transits that require pre-cast concrete tunnel segments. In view of this, we plan to set up a branch in Abu Dhabi, United Arab Emirates, to initiate our presence there within the next 3 years.

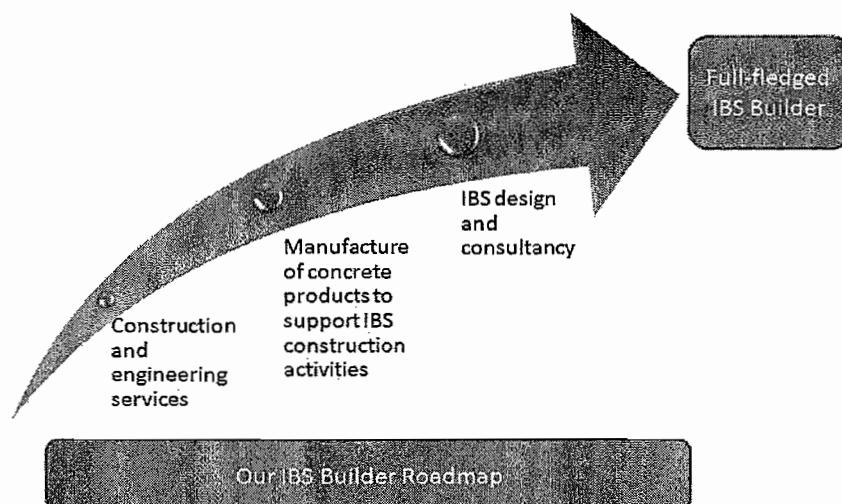
(iii) Diversification in Scope of Services

(a) IBS

In line with the development of more efficient building technologies, the Malaysian construction industry is moving towards the adoption of IBS to shorten the construction period, lower costs and ensure better construction quality. In this regard, KLSB has initiated its plan to position itself as an IBS provider.

Our business development plan has evolved over the past years from a construction and engineering services provider to include downstream support activities via a concrete products manufacturing division. We have initiated an IBS unit to spearhead our IBS design services. Our business development roadmap towards a full-fledged IBS builder can be illustrated as follow:-

4. INFORMATION ON OUR GROUP (Cont'd)



We have achieved most part of our IBS builder roadmap. However, we have yet to provide IBS consultancy as a stand-alone service to our customers as our IBS Department is currently focusing in meeting our Group's in-house needs. At present, our IBS Department provides design and build services for IBS projects. Our IBS Department personnel have experience in design, fabrication and installation of residential, commercial and industrial buildings using IBS.

IBS is a system of construction which uses industrial production techniques either in the production of components or assembly of buildings, or both. One of these techniques is the utilisation of standardised forms of pre-cast concrete and prefabricated steel structures in construction works. The system also involves offsite, and to a lesser extent, on-site, mass production of building components. This system of construction allows for a more efficient and cost effective construction cycle because the pre-cast concrete and prefabricated steel structures for each individual project are customised and standardized. In addition, there will be improvements to the quality of these pre-cast concrete and prefabricated steel structures as there will be greater consistency in the fabrication of these structures. Such pre-cast concrete and prefabricated steel structures are particularly useful for high rise buildings or mass housing estates where a similar structure can be replicated numerous times. This will be beneficial for our expansion in the Singapore and Klang Valley markets where the majority of the buildings are high rise buildings.

To complement our plan to position ourselves as an IBS builder, we plan to set up factories and acquire plant and machinery to produce 2 types of IBS components, namely lightweight concrete wall panels and hollow core slabs, as detailed in Section 2.8(i) of this Prospectus. Lightweight concrete wall panels can be used for houses, apartments, hotels, schools, offices, condominiums, hospitals, shopping centres and other types of buildings whilst hollow core slabs can be used for commercial complexes, carparks, schools, factories and hospitals.

We are also looking into incorporating several innovative, green, sustainable, environmentally friendly and cost effective engineering, building and construction technologies which are related to high performance load-bearing pre-cast concrete walls, structural pre-cast floor planks, structural lightweight

4. INFORMATION ON OUR GROUP (Cont'd)

insulative pre-cast concrete panels, lightweight prefabricated steel framing systems and multi-layer concrete panel stack casting.

(b) Heavy Engineering Works (Geotechnical Engineering)

We plan to diversify our business into heavy foundation works by setting up a factory to produce Spun Piles, as detailed in Section 2.8(i) of this Prospectus, either on our own or through a joint venture, which we have not decided as at the LPD.

The market for Spun Piles is increasing especially in marine development in Iskandar Malaysia and Singapore. The usage of Spun Piles to replace square piles is prevalent in high rise development, heavy engineering works and projects in adverse soil conditions due to its superior engineering properties such as better stress capacity and less breakage due to better handling properties.

Based on the knowledge of our Board, there will be waterfront and marina developments in the southern region of Malaysia, such as Lido Boulevard and Danga Bay in Johor, and Singapore.

In adverse ground conditions and the construction of skyscrapers, the demand for Spun Piles is high. With more of these kinds of buildings in Singapore, the future of Spun Piles is potentially bright.

(iv) Expand Our Production Facilities

Our Board expects a potential increase in demand for our tunnel lining segments in view of the Singapore Government's intention to expand its rail infrastructure and to double its rail network from 138.2 kilometres as at end 2008 to a target of 278 kilometres by 2020. Our Board believes that SPC, which is presently one of the few qualified suppliers of tunnel lining segments to Singapore MRT projects, will benefit from such projects in view of the track record of SPC in supplying tunnel lining segments to Singapore MRT projects since 2005. Based on information from the website of BCA at www.bca.gov.sg, tentatively there will be 18 rail and related projects open for tender in Singapore in the first half of year 2010.

We plan to construct a new factory at SPC's current premise in Ulu Choh and acquire additional cranes to enhance our production capabilities in view of a potential increase in demand for tunnel lining segments. Details of the new factory for the fabrication of tunnel lining segments are set out in Section 2.8(i) of this Prospectus. The production capacity of this additional production line is dependent on moulds to be supplied by our customers or purchased by SPC based on the design specification of each sale order.

(v) Purchase of Industrial Land

SPC's present manufacturing plant is erected on a parcel of industrial land, which we currently rent. As there is no assurance that the tenancy can be repeatedly renewed, we will be utilising part of the proceeds from the Public Issue within the next 12 months to purchase the said industrial land, as detailed in Section 2.8(ii).

The parcel of industrial land, which is located at Ulu Choh, Johor, measures approximately 13.9 acres. It is erected with a double-storey detached administrative office, an open-sided detached factory and 2 units of detached factories. The legal owner of the said buildings is SPC. A valuation on the parcel of industrial land (excluding the buildings) has been carried out by Messrs. KGV-Lambert Smith Hampton on 23 July 2009. We have entered into a conditional sale and purchase agreement for the purchase of the said industrial land on 16 October 2009.

4. INFORMATION ON OUR GROUP (Cont'd)

In summary, the expected time frame for the implementation of our future plans is as follows:-

	Time frame for implementation upon Listing
Tap on opportunities within Iskandar Malaysia	On-going
Geographical diversification	
- Expand our operations in Selangor	On-going
- Expand our business to East Malaysia	Within 2 years
- Expand our operations in Singapore	On-going
- Expand our business to other regions	Within 3 years
Diversification in scope of services	
- IBS	Within 2 years
- Heavy engineering works (geotechnical engineering)	Within 2 years
Expand our production facilities	Within 2 years
Purchase of industrial land	Within 1 year

Our Group will be focusing on geographical expansion and also product and services diversification over the next 3 years. Our Group will emphasize on developing both the construction and concrete products segments of our business based on the plans listed above.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

4. INFORMATION ON OUR GROUP (Cont'd)

4.9 INDUSTRY OVERVIEW

4.9.1 Overview and Outlook of the Malaysia Economy

The Malaysian economy grew strongly in the first quarter

The Malaysian economy registered a strong growth of 10.1% in the first quarter of 2010, led by continued expansion in domestic demand and stronger external demand. The expansion in domestic demand was supported by higher private consumption and sustained public sector spending. The robust external demand provided further impetus to domestic growth through its spill-over effects on production, employment and overall sentiments. On the supply side, all economic sectors recorded positive growth during the quarter, led by strong growth in the manufacturing and services sectors.

During the quarter, domestic demand expanded by 5.4% (4Q 09: 2.8%), due mainly to higher private consumption and sustained public sector spending. Private consumption spending grew by 5.1% (4Q 09: 1.6%), supported by continued improvement in labour market conditions amidst an environment of low inflation and improved consumer sentiment. The public sector continued to provide additional impetus to growth, with public consumption registering an expansion of 6.3% during the quarter, due mainly to higher expenditure on emoluments as well as supplies and services. Gross fixed capital formation continued its positive growth momentum, growing by 5.4% (4Q 09: 8.2%), supported by sustained public sector capital spending and a modest recovery in private sector business spending activity. Private investment activity benefited from the significant increase in production and external demand, which led to improvements in both capacity utilization and business sentiments. Public sector capital spending continued to provide support to the domestic economy with the bulk of the development expenditure channelled into education, transportation, and agriculture and rural development.

On the supply side, all economic sectors registered positive growth during the first quarter, with strong performance in the manufacturing and services sectors. The recovery momentum in the manufacturing sector strengthened further, with the sector registering a strong growth of 16.9% (4Q 09: 5.0%). Similarly, the services sector recorded a higher growth of 8.5% (4Q 09: 5.2%), with strong performance across all sub-sectors. The agriculture sector expanded further, supported mainly by strong rubber production amid higher prices. The construction sector continued to expand at a strong pace of 8.7% during the quarter (4Q 09: 9.3%), supported by the implementation of construction-related projects under the second fiscal stimulus package and the Ninth Malaysia Plan. The mining sector turned around to register a positive growth of 2.1% (4Q 09: -2.8%), largely reflecting the strong pick up in natural gas production.

(Source: Bank Negara Malaysia, "Quarterly Bulletin First Quarter 2010")

4.9.2 Overview and Outlook of the Construction Sector in Malaysia

The construction sector expanded 2.0% during the first half of 2009 attributed to strong performance of residential, non-residential and special trade works sub-sectors. This was driven by implementation of various projects under the stimulus packages, which among others, include building low-and medium-cost houses as well as upgrading, repairing and maintenance of public buildings and rural roads. As at 30 September 2009, a total of 84,729 projects worth RM13.7 billion were implemented. Apart from increased Malaysian Government spending, improved consumer sentiment and stabilising job market conditions as well as strong performance of FTSE Bursa Malaysia Kuala Lumpur Composite Index are expected to augur well for the sector. As such, the sector is expected to expand 3.5% in 2009, the third successive year of positive growth.

The civil engineering sub-sector fell 2.5% following weak performance in the first quarter of the year. However, ongoing civil engineering projects and implementation of two stimulus

4. INFORMATION ON OUR GROUP (Cont'd)

packages to upgrade rural infrastructure are expected to support the civil engineering sub-sector.

The residential sub-sector grew 3.6% during the first half of 2009. The implementation of Home Ownership for the People project to provide affordable low-and medium-cost houses helped to offset sluggish private housing activities. In order to further stimulate demand, low-cost house buyers are given full stamp duty exemption, while medium cost property purchasers are given 50% stamp duty exemption. An additional RM100 million was injected into the Housing Credit Guaranteed Scheme to assist those without fixed income to own a house.

The non-residential sub-sector expanded 6.3% driven by ongoing construction activities of commercial properties, especially purpose-built office and hotels. Construction activity in the leisure property expanded further, supported by the Malaysian Government's continuous effort in promoting tourism-related industries.

The construction sector is envisaged to expand 3.2% in 2010, with all sub-sectors registering steady growth. The sector is expected to benefit from the economic recovery and ongoing construction activities under the second stimulus package. In addition, exploration activities by oil and gas industries are expected to spur the construction sector. The non-residential sub-sector is expected to pick up strongly spurred by better demand for property and commercial buildings. The residential sub-sector is also projected to strengthen following improved consumer sentiment and job prospects.

(Source: Economic Report 2009/2010)

Further, pursuant to Budget 2010, the following are some of the allocations which will be made in 2010:-

- (i) RM14.80 billion to manage, build and upgrade hospitals and clinics;
- (ii) RM9.00 billion to finance infrastructure projects including:-
 - (a) RM4.70 billion for road and bridge projects as well as RM2.60 billion for water supply and sewerage services;
 - (b) RM899 million for rail facilities, RM820 million for ports and sea services and RM276 million for airport projects; and
- (iii) RM3.50 billion for infrastructure and basic amenities as well as implementation of training programmes and socioeconomic projects to support the implementation of private sectors projects in regional corridors.

4.9.3 Overview and Outlook of the Singapore Economy

The Ministry of Trade and Industry, Singapore, expects the Singapore economy to grow by 7.0 per cent to 9.0 per cent in 2010. Advance estimates indicate that Singapore's GDP expanded strongly by 13.1 per cent on a year-on-year basis in the first quarter of 2010. On a seasonally adjusted quarter-on-quarter annualised basis, Singapore's GDP grew by 32.1 per cent. Growth was led by the manufacturing sector. On a quarter-on-quarter annualised basis, the sector expanded by 139 per cent in the first quarter of 2010, compared to the contraction of 29.0 per cent in the fourth quarter of 2009. The sharp improvement in performance could be attributed to two key factors – first, the robust expansion of electronics production underpinned by a strong recovery in global semiconductor chip sales; and second, a stronger-than-expected surge in biomedical manufacturing output. The construction sector grew by 11.3 per cent on a year-on-year basis in the first quarter of 2010, supported by sustained public sector civil engineering activities and an increase in the number of residential construction projects.

4. INFORMATION ON OUR GROUP (Cont'd)

The services producing industries also expanded, registering a year-on-year growth of 8.4 per cent. Expansion was driven largely by wholesale trade, which improved on the back of sharp increases in exports of electronic goods. Growth in transport and storage, hotels and restaurants as well as financial and business services also contributed to improved performance for the services sector.

(Source: Ministry of Trade and Industry, Singapore. "MTI Revises 2010 Growth Forecast to 7.0 to 9.0 Per Cent", 14 April 2010)

4.9.4 Overview and Outlook of the Construction Sector in Singapore

Singapore's construction demand⁽¹⁾ for 2010 is projected to reach between SGD21 billion and SGD27 billion this year. This is a continuation of a sustained workload from last year's SGD21 billion worth of contracts awarded.

The bulk of this year's demand will come from the public sector, which is projected to form 65% of total demand. It is expected to range between SGD14.0 billion and SGD17.9 billion and will largely be fuelled by higher growths in most categories of building construction demand and strong civil engineering projects led by Land Transport Authority (LTA)'s MRT projects for Downtown Line Stage 3 and major road projects. Other upcoming projects in the pipeline include the LNG Terminal, Fusionopolis 2A, industrial facilities at Seletar Aerospace Park, campus expansion of Institutes of Higher Learning (IHLs) and new healthcare facilities.

Private sector construction demand is expected to be slightly more upbeat than the preceding year amounting to between SGD7.0 billion and SGD9.1 billion. Private residential projects are also projected to increase gradually, in tandem with the improved market sentiment. Similarly, the anticipated higher construction demand for commercial and institutional developments compared to a year ago will provide further support to the overall private sector construction demand.

To facilitate the industry in project and resource planning for the medium term, BCA had started to provide a 3-year construction demand projection on a rolling basis since last year. The average annual construction demand for the next two years, 2011 and 2012, is projected to be between SGD18 billion and SGD25 billion.

The public sector construction demand is likely to reach between SGD10 billion and SGD14 billion a year in 2011 to 2012, with 45% of it coming from building projects while the remaining 55% is driven by civil engineering projects.

In 2009, the total construction output (payment made for work done) is estimated to have reached a record high of about SGD30 billion supported by the exceptionally high level of construction demand (value of contracts awarded) in 2008. In view of the moderation in construction demand since 2009, the level of on-site construction activity or output is anticipated to gradually reduce to between SGD27 billion and SGD29 billion in 2010 and moderate further in 2011-12. Nevertheless, the strong civil engineering construction demand as well as the demand for more green professionals will continue to provide new job opportunities in the construction industry over the next few years.

Note:-

1 All construction demand figures stated here exclude reclamation projects.

(Source: Building and Construction Authority, Singapore, "Public Sector Projects Boost Construction Demand Outlook in 2010", 13 January 2010)

4. INFORMATION ON OUR GROUP (Cont'd)

On the infrastructure segment, based on the Land Transport Masterplan Report, the Rapid Transit System (RTS) will remain the backbone of Singapore's public transport system given its higher capacity, greater reliability and speed. The Singapore Government has spent over SGD13 billion to build up its existing 138km of rail network. Another SGD20 billion has been committed (for Circle Line, Downtown Line and the Boon Lay Extension to the East-West Line) to expand the coverage of the RTS by more than 50% to 215km.

By 2020, Singapore will double the RTS network from 138km today to 278km. This will increase its RTS density from 31km per million population today to 51km per million population by 2020. This is comparable to that in cities like New York and London, and surpassing that in Hong Kong and Tokyo. Within the Central Area, commuters will be able to access an RTS station within 400m, or five minutes' walk, on average.

The Singapore Government has given in-principle approval to implement the following lines by 2020 at a budget of about SGD20 billion:-

- Thomson Line (27km, 18 stations) by 2018* – This will serve the additional public transport demand along the north-south corridor given the projected developments in the north and northeast regions. The line will improve accessibility along the corridor and help relieve crowding on the existing North-South Line;
- Eastern Region Line (21km, 12 stations) by 2020* – This will provide residents of housing estates along East Coast corridor not currently served with direct RTS access to the key employment centres in Central Business District, Marina Bay and Changi Area;
- Tuas Extension to the East-West Line (14km, five stations) by 2015* – This will improve public transport and support employment growth in the Jurong Industrial Estate, especially for areas beyond the Boon Lay Extension; and
- North-South Line Extension (1.0km, one station) by 2015* – This will improve accessibility to new developments proposed in the Marina Bay area, such as the new cruise terminal and Gardens by the Bay.

Note:-

- * *The dates proposed for the proposed lines are indicative only and the actual implementation will depend on the projected ridership, which depends on the rate of development along the corridors they serve.*

(Source: Land Transport Authority, Singapore, "Land Transport Masterplan, Singapore", 30 March 2008)

On the residential segment, based on the Singapore Master Plan 2008, the aim is to continue to enhance Singapore as a liveable city. Singaporeans can look forward to more quality living environments, with a wide choice of housing locations and types. New towns like Punggol and Sengkang will be further developed to build up their critical mass, alongside supporting amenities. There will be new housing choices for those who want to live in familiar places like Bukit Merah, Bedok and Clementi. Mature towns like Queenstown and Yishun will be rejuvenated with new generation housing and amenities. Other housing estates will also be upgraded with new facilities through schemes such as the Home Improvement Programme and Neighbourhood Renewal Programme.

To offer city-living choices and capitalise on opportunities offered by the Sports Hub and the waterfront, Kallang Riverside will be developed as a new mixed-use lifestyle precinct.

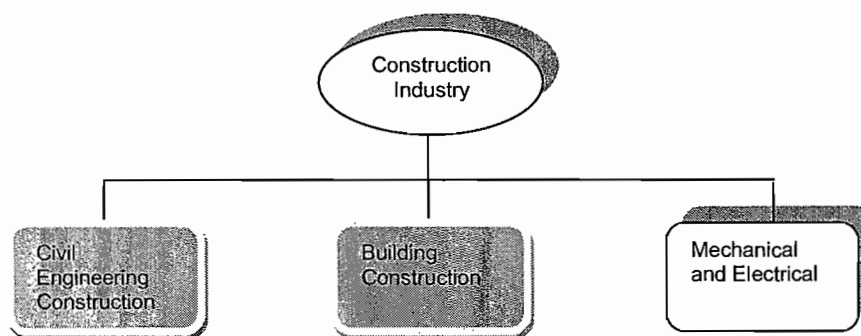
4. INFORMATION ON OUR GROUP (Cont'd)

In tandem with the growing population, the island-wide rail network will be expanded, with new rail lines such as Downtown Lines 2 and 3, the Thomson Line, Eastern Region Line, and the Tuas extension to the East-West Line. The road network will also be improved with the Marina Coastal Expressway and North-South Expressway.

(Source: Urban Redevelopment Authority, Singapore, "Singapore Master Plan 2008", 27 November 2008)

4.9.5 Market Segmentation

In general, the construction industry comprises 3 segments, as depicted below:-



We operate within these industry segments.

(i) Civil Engineering Construction

The Civil Engineering Construction segment can be further divided into the following sub-sectors:-

- Road and Pavement Construction *
- Bridge Construction *
- Marine Construction
- Water Retaining Structure
- Tunneling and Underpinning
- Irrigation and Flood Control System
- Railway Tracks
- Slope Protection System
- Oil and Gas Pipe Lines
- Piling *
- Concrete Repairs
- Soil Investigation and Stabilisation
- Signcraft Installation
- Landscaping
- Offshore Construction Works
- Underwater Construction Works and Maintenance
- Airports
- Reclamation Works
- Sewerage Works *
- Water Pipelines *
- General Civil Engineering *
- Synthetic Track & Playing Fields
- Prestressing & Post-Tensioning Works
- Civil Engineering Structure

4. INFORMATION ON OUR GROUP (Cont'd)

- Rock Blasting Works
- Sculptured Structures
- Thermal Insulation/Refractory Works

Note:-

- * *We operate within these sub-sectors.*

(ii) Building Construction

The Building Construction segment can be further divided into the following sub-sectors:-

- Prefabricated Building and Industrial Plant *
- Steel Framed Building and Industrial Plant *
- Restoration and Conservation
- General Buildings and Maintenance *
- Piling *
- Concrete Repairs
- Interior Decoration
- Waterproofing Installation
- Landscaping
- Plumbing *
- Signcraft Installation
- Aluminium and Glazing Works *
- Tiling and Plastering Works *
- Painting *
- Metal Roofing and Cladding
- Swimming Pool Filtration System and Equipment
- Prestressing and Post Tensioning Works
- Metal Works
- Specialised Formwork System

Note:-

- * *We operate within these sub-sectors.*

(Source: CIDB website at www.cidb.gov.my)

4.9.6 Industry Players and Competition

The construction and construction related industry is highly competitive in nature with a large number of players, which include both listed and non-listed companies. No single construction or construction related company in the industry is directly comparable to another due to differences such as the type of construction services offered, size of the projects secured, diversification into other industries/businesses such as property development and toll road concessions, and the geographical market in which the companies conduct their businesses. Nevertheless, for illustration purposes, we have tabulated below some of the companies which are engaged in the similar business as us for comparison purposes:

4. INFORMATION ON OUR GROUP (Cont'd)

Name of company	Business activities	FYE	Revenue (RM'000)	PBT (RM'000)	PBT margin (%)
Building and infrastructure construction					
KLSB	Building and infrastructure construction	31 December 2009	390,643	36,270	9.28
Bina SSG Sdn Bhd	Builders and contractors, dealers in building materials	31 July 2009	19,536	347	1.78
Siacon Technology Sdn Bhd	Builders and general contractor	30 April 2009	59,169	214	0.36
Malpakat Construction Sdn Bhd	Infrastructure projects, design and build and general contract works on residential and commercial properties and specialised industrial buildings	30 June 2009	164,526	8,898	5.41
Tay Hup Brothers Construction Sdn Bhd	Construction contractor	31 August 2008	102,930	3,855	3.75
Woon Brothers Construction Sdn Bhd	Contractor for civil and infrastructure works	31 December 2008	73,906	2,154	2.91
Wai Choy Construction Sdn Bhd	Building and infrastructure contractor	31 October 2008	61,862	42	0.07
Fook Yu Electrical & Building Contractor Sdn Bhd	Business as general contractor and all types of business similar with nature	31 December 2008	76,885	79	0.10
Psycon Sdn Bhd	Building construction	31 March 2009	32,905	14	0.04
Ekovest Berhad	Provision of civil engineering and building works, project management for construction works	30 June 2009	277,759	10,694	3.85
Bina Puri Holdings Bhd	Contractor of earthworks, building and road construction, property development, polyol manufacturing, quarry and ready mix concrete	31 December 2009	788,045	11,498	1.46
Manufacturing and supply of concrete products					
SPC	Manufacturing and supply of concrete products	9-month FPE 31 December 2009	28,037	3,507	12.51
Hume Industries (Malaysia) Berhad	Manufacture and sale of concrete products and investment holding	30 June 2009	590,352	(1,865)	(0.32)
OKA Concrete Industries Sdn Bhd	Manufacture and sale of pre-cast concrete products	31 March 2009	110,946	6,244	5.63
ACP Marketing Sdn Bhd	Marketing of pre-cast concrete products	31 March 2009	94,533	(1,778)	(1.88)
Unibase Concrete Industries Sdn Bhd	Producing concrete products	31 January 2009	73,749	6,257	8.48
Eastern Pretech (M) Sdn Bhd	Manufacturing and sale of pre-cast pre-stressed hollow-core concrete slabs, pre-cast concrete components,	31 December 2008	108,737	8,110	7.46

4. INFORMATION ON OUR GROUP (Cont'd)

Name of company	Business activities	FYE	Revenue (RM'000)	PBT (RM'000)	PBT margin (%)
	plastering materials, ready made bathroom units and the provision of plastering services to the construction industry				

(Source: Companies Commission of Malaysia and the website of Bursa Securities at www.bursamalaysia.com)

We believe most of our construction competitors provide IBS services using the system form method whereas our Group utilises both the pre-cast and system form methods. Please refer to Section 4.7(i) of this Prospectus for details on the system form and pre-cast methods.

Competitive intensity within the construction and concrete products industries is high. However, there are barriers to entry, as follows:-

(i) Capital and Set-Up Cost

Cost of setting up business is high, in particular the initial capital investment needed for the set up of the manufacturing plant and purchase of machinery and plant equipment and also, to undertake turnkey contracts for large projects. Only contractors or manufacturers with strong financial position are able to invest in these industries.

(ii) Track Record

Track record forms one of the barriers to entry for new entrants. It would be difficult for new entrants to compete effectively in the market. A contractor with a track record of providing consistently high quality services / products would be in a better position to secure contracts compared to new entrants. In addition, the period of time required to build relationships with the government, customers and suppliers, will also pose a barrier to entry for new entrants.

(iii) Long-Term Relationships with Customers and Suppliers / Sub-Contractors

We place priority in establishing a good rapport and long term strategic relationship with our customers and suppliers / sub-contractors. Good rapport and support due to long established relationship is something that cannot be created overnight. This serves as a form of barrier for new entrants to enter the market.

(iv) Availability of Skilled and Experienced Technical Personnel

A good management team coupled with strategies / policies is critical in maintaining the quality of services and products rendered and the relationship with our customers and may pose a barrier to entry to new entrants into the industry. We are proud to acknowledge our experienced key personnel, especially our Executive Directors, the majority of whom have more than 15 years of experience in the construction or construction-related industries, who have worked closely together to ensure the profitability and long term viability of the Group.

Further details of competitive strengths and advantages are as disclosed in Section 4.7 of this Prospectus.

4. INFORMATION ON OUR GROUP (Cont'd)

4.9.7 Market Size and Share

Based on the information available on the CIDB website at www.cidb.gov.my, the GDP output value for the construction sector in 2008 (based on the constant prices at year 2000) was RM15.66 billion. For illustration purposes, based on our proforma consolidated revenue of RM413.25 million for FYE 31 December 2008, our Group is therefore estimated to have a market share of 2.64% of the construction sector in Malaysia.

Notwithstanding the above, we wish to qualify that our market share cannot be reliably and meaningfully established as the construction industry is highly fragmented with more than 63,000 local and foreign players registered with CIDB. There is no dominant player in the industry. Furthermore due to the nature of the construction industry, there are many factors that may complicate the computation of a meaningful market share, for example, the location of the projects, the type of CIDB licence, the type of construction services offered and whether the projects are public or private sector projects. To the best knowledge of our Directors, such segmentation of construction output is not publicly available. In addition, in the calculation above, the GDP output value for the construction sector in 2008 is based on the constant prices at year 2000 while our proforma consolidated revenue for FYE 31 December 2008 is not adjusted to constant prices at year 2000.

4.9.8 Relevant Laws and Regulations

The operations of KLSB are governed by the CIDB Act, pursuant to which the CIDB is established. CIDB is responsible for regulating and improving the construction industry by providing consultancy, quality accreditation, research coordination, and the use of high technology as well as manpower training services. Pursuant to the CIDB Act, it is mandatory for all contractors whether local or foreign to register with CIDB before they undertake to execute and complete any construction works in Malaysia.

In addition, KLSB is also subject to PKK guidelines in relation to participation in tenders called by the Malaysian governmental authorities, statutory bodies, regulatory authorities or an entity that is otherwise regarded to be in the public sector of the economy.

KLSB has been registered as a Class C1 contractor for sewerage reticulation works under SPAN. Being so registered allows us to undertake construction and installation works on any part of a sewerage system and as such is governed by the regulations set by the authority.

We also subject to, amongst others, the Occupational Safety and Health Act, 1994, the Environment Quality Act, 1974, and the Factories and Machinery Act, 1967, in Malaysia. In respect of SPC's branch in Singapore, as it is a specialist builder for pre-cast concrete work licensed by BCA, it is subject to the Building Control (Amendment) Act, 2007, of Singapore.

4.9.9 Demand and Supply Conditions

On the demand side, favourable economic performance in the fourth quarter was driven by higher domestic demand, which expanded 3.0% (Q3 2009: 0.4%) due to sustained growth in private consumption and higher public sector expenditure. For the whole year, domestic demand contracted marginally by 0.4% (2008: 6.8%). Private consumption grew 1.7% in the fourth quarter (Q3 2009: 1.5%) attributed to rising household income following higher commodity prices, stable labour market conditions and strong stock market performance. In addition, major festive celebrations and school holidays spurred consumption. Major consumption indicators such as passenger car sales, imports of consumption goods and credit card spending improved further, reflecting the higher consumer spending. Meanwhile, public consumption increased 1.3% (Q3 2009: 10.9%), supported by supplies and maintenance expenditure. Gross fixed capital formation turned around to 8.2% during the quarter (Q3 2009: -7.9%) on account of continued public investment, in particular, construction projects under the two stimulus packages. This was reflected in notable

4. INFORMATION ON OUR GROUP (Cont'd)

improvement in major investment indicators such as imports of capital goods, sales of commercial vehicles and production of construction-related products.

Construction sector grew strongly by 5.7% (2008: 2.1%), gaining in strength towards the latter part of the year as the implementation of projects under the stimulus packages picked up pace. Growth of the sector expanded 7.9% in Q3 2009, which continued in Q4 2009 (9.2%). The growth was mainly driven by the construction of schools and hospitals under the stimulus packages, the on-going construction of purpose-built office buildings and the progress in the implementation of infrastructure projects in the civil engineering segment. Nonetheless, the residential and non-residential sub-sectors continued to support the construction industry. Although market transactions recorded a marginal decrease of 0.7% in volume, new sales and advertising permits increased substantially by 12.3% (2008: -18.9%), indicating higher market confidence. The year recorded improved sales performance of newly launched housing units, at 48.0%, better than 2008 (44.5%) and 2007 (45.1%). The improved performance was due to the availability of ample financing and lower cost of borrowing, as well as the effect of various measures introduced under the 2009 budget. On the supply front, residential sub-sector saw contractions in all activity indicators. Completions, starts and new building plan approvals declined amidst cautious development sentiments. The non-residential sub-sectors remained resilient. Construction activities saw significant increases in new building plan approvals in the office sub-sector (2009: 328,185 square metre; 2008: 36,060 square metre) and retail sub-sector (2009: 307,690 square metre; 2008: 178,220 square metre), supported by steady occupancy in the respective sub-sectors, at 84.9% (2008:85.2%) and 81.8% (2008: 81.3%).

(Source: Property Market Report 2009)

4.9.10 Substitute Product / Services

The construction industry is highly competitive in nature with a large number of players. The services provided are generic in nature and may be provided by other competitive construction companies. There are no clear substitute products / services available for it.

Concrete products are essential in countries embarking on major construction projects such as Malaysia and Singapore. With the implementation of mega infrastructure projects in both countries, there is an increase in the demand for concrete products and there are no clear substitute products available for it.

4.9.11 Reliance on and Vulnerability to Imports

The construction and concrete products industry is not reliant on imports. Raw materials such as steel bars, cement, aggregates, pre-mixed and ready-mixed materials are readily available in Malaysia. Due to the generic nature of these raw materials, which are easily available in the market, a construction and concrete product player in the industry can easily switch its suppliers of raw materials.

4.10 OUR GROUP'S FUTURE PROSPECTS

Malaysia

The construction sector is envisaged to expand 3.2% in 2010, with all sub-sectors registering steady growth.

(Source: Economic Report 2009/2010)

4. INFORMATION ON OUR GROUP (Cont'd)

The construction sector continued to expand at a strong pace of 8.7% during the quarter (4Q 09: 9.3%), supported by the implementation of construction-related projects under the second fiscal stimulus package and the Ninth Malaysia Plan.

(Source: Bank Negara Malaysia, "Quarterly Bulletin First Quarter 2010")

In addition, we believe that the implementation of a variety of construction projects under Budget 2010 will provide further impetus for growth in the construction sector. The increase in construction activities will have spill-over effects on complementary industries such as building and construction materials.

Singapore

The Ministry of Trade and Industry, Singapore, expects the Singapore economy to grow by 7.0 to 9.0 per cent in 2010. Advance estimates indicate that Singapore's GDP expanded strongly by 13.1 per cent on a year-on-year basis in the first quarter of 2010. The construction sector grew by 11.3 per cent on a year-on-year basis in the first quarter of 2010, supported by sustained public sector civil engineering activities and an increase in the number of residential construction projects.

(Source: Ministry of Trade and Industry, Singapore. "MTI Revises 2010 Growth Forecast to 7.0 to 9.0 Per Cent", 14 April 2010)

The Singapore Government will continue to invest in infrastructure works. Public sector works will include large public infrastructure projects such as the Downtown Line Stage 3 and various major road works. In addition, the industry can look forward to more tendering opportunities in building projects. This will include the construction of new HDB flats to meet the ongoing demand for public housing, the upgrading and development of new educational and healthcare facilities, and major industrial projects such as the LNG Terminal, Fusionopolis 2A and Seletar Aerospace Park.

Looking forward, the Singapore Government expects to see a sustained level of construction demand over the next 2 to 3 years. BCA has projected that the value of construction contracts to be awarded in 2010 will be between SGD21 billion and SGD27 billion, and between SGD18 billion and SGD25 billion for 2011 and 2012.

(Source: Opening address by Ms Grace Fu, Senior Minister of State for National Development and Education at the BCA-Redas Construction & Property Prospects 2010 Seminar on 13 January 2010, as uploaded on the official website of the Ministry of National Development, Singapore, at www.mnd.gov.sg)

Based on the above industries outlook and prospects, coupled with our competitive strengths and advantages as outlined in Section 4.7 of this Prospectus, our Board believes that our future plans will allow us to achieve revenue growth and provide a meaningful return of investment to our shareholders. Nonetheless, we recognise that the market challenges of the construction and construction-related industries and the various risk factors faced by our Group as outlined in Section 3 of this Prospectus, may pose a potential threat to us in implementing our growth strategies.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Particulars and Shareholdings

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

Name	Nationality	No. of Shares held before the IPO *		No. of Shares held after the IPO	
		Direct	Indirect	Direct	Indirect
Promoters					
Pang Tin @ Pang Yon Tin	Malaysian	92,421,200	-	92,421,200	-
Phang Piow @ Pang Choo Ing	Malaysian	22,830,400	-	11,530,400	-
Pang Khang Hau	Malaysian	13,317,800	-	13,317,800	-
Pang Chew Ngo	Malaysian	1,599,600	-	1,599,600	-
Substantial shareholders					
Pang Tin @ Pang Yon Tin	Malaysian	92,421,200	-	92,421,200	-
Phang Piow @ Pang Choo Ing	Malaysian	22,830,400	-	11,530,400	-
Pang Khang Hau	Malaysian	13,317,800	-	13,317,800	-

Note:-

* Based on shareholdings after the Acquisitions and the LCL-PT Sale as set out in Section 4.2(ii)(b) of this Prospectus.

Save for Pang Tin @ Pang Yon Tin and Pang Khang Hau, our Directors are not aware of any persons who, directly or indirectly, exercise control over our Company.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.1.2 Profiles of Promoters

Pang Tin @ Pang Yon Tin, a Promoter and a substantial shareholder, is also the Executive Chairman of our Group. His profile is disclosed in Section 5.2.2 of this Prospectus.

Phang Piow @ Pang Choo Ing, a Promoter and a substantial shareholder, is also the Non-Independent Non-Executive Director of our Group. His profile is disclosed in Section 5.2.2 of this Prospectus.

Pang Khang Hau, a Promoter and a substantial shareholder, is also the Executive Director of our Group. His profile is disclosed in Section 5.2.2 of this Prospectus.

Pang Chew Ngo, a Promoter, is also the key management of our Group. Her profile is disclosed in Section 5.4.2 of this Prospectus.

5.1.3 Significant Changes in the Direct or Indirect Shareholding During the Past 3 Years

Shareholdings of our Promoters and substantial shareholders for the past 3 years prior to the date of this Prospectus were as follows:-

Name	Before Acquisitions				After Acquisitions*			
	Direct	(%)	Indirect	(%)	Direct	(%)	Indirect	(%)
Yeap Kok Leong	1 ⁽¹⁾	50.00	-	-	-	-	-	-
Wong Wai Foong	1 ⁽¹⁾	50.00	-	-	-	-	-	-
Pang Tin @ Pang Yon Tin	-	-	-	-	92,421,200 ⁽¹⁾	56.01	-	-
Phang Piow @ Pang Choo Ing	-	-	-	-	22,830,400 ⁽¹⁾	13.84	-	-
Pang Khang Hau	-	-	-	-	13,317,800	8.07	-	-
Pang Chew Ngo	-	-	-	-	1,599,600	0.97	-	-

Notes:-

(1) 2 subscribers' shares transferred from Yeap Kok Leong and Wong Wai Foong to Pang Tin @ Pang Yon Tin and Phang Piow @ Pang Choo Ing upon completion of the Acquisitions.

* After the Acquisitions and the LCL-PT Sale as set out in Section 4.2(ii)(b) of this Prospectus.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.2 DIRECTORS

5.2.1 Particulars and Shareholdings

The details of our Directors and their shareholdings before and after the IPO are as follows:-

Name	Designation	Age	No. of Shares held before the IPO *		No. of Shares held after the IPO	
			Direct	Indirect	Direct	Indirect
Pang Tin @ Pang Yon Tin	Executive Chairman	63	92,421,200	56.01	92,421,200	40.36
Sim Tian Liang	Chief Executive Officer and Executive Director	56	6,658,900	4.04	6,658,900	2.91
Chin Lian Hing	Executive Director	46	6,658,900	4.04	6,658,900	2.91
Yam Tai Fong	Executive Director	43	6,658,900	4.04	6,658,900	2.91
Pang Khang Hau	Executive Director	29	13,317,800	8.07	13,317,800	5.82
Phang Piow @ Pang Choo Ing	Non-Independent Non- Executive Director	68	22,830,400	13.84	11,530,400	5.03
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	Independent Non- Executive Director	59	-	-	50,000	0.02
Kek Chin Wu	Independent Non- Executive Director	39	-	-	300,000	0.13
Chua Kee Yat @ Koo Kee Yat	Independent Non- Executive Director	55	-	-	30,000	0.01

Note:-

* Based on shareholdings after the Acquisitions and the LCL-PT Sale as set out in Section 4.2(ii)(b) of this Prospectus.

All our Directors were re-elected on 7 May 2010 being the date of our first annual general meeting. In accordance with Article 86 of our Articles of Association, one-third (1/3) of our Directors shall retire from office at each annual general meeting after the first annual general meeting, and be eligible for re-election provided always that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election..

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.2.2 Profiles of Directors

- (i) **Pang Tin @ Pang Yon Tin**, a Malaysian aged 63, is our Executive Chairman. He was appointed to the Board of our Company on 24 October 2009 and is responsible for overseeing the management of our Group.

He completed Senior Middle Three at Foon Yew High School in Johor Bahru, Johor, in 1966. He commenced his career in the construction industry in 1966 by assisting his late father in his construction business. He, together with Phang Piow @ Pang Choo Ing, incorporated KLSB in 1977 to continue their venture in the construction industry. With the experience gained in the construction industry, he ventured into quarry business in 1970s and into property development in 1980s.

He has more than 30 years of experience in various sectors, encompassing property development, property investment, construction, quarrying, manufacturing and hotel management. He is a substantial shareholder and a Non-Executive Director of Focal Aims Holdings Bhd, a property development company listed on Bursa Securities. In addition, he also holds directorships in several private limited companies.

- (ii) **Sim Tian Liang**, a Malaysian aged 56, is our Chief Executive Officer and Executive Director. He was appointed to the Board of our Company on 24 October 2009 and is responsible for strategic planning and for the overall management of the Group.

He graduated from Universiti Teknologi Malaysia in 1978, obtaining a Bachelor Degree (Honours) in Engineering. Currently, he is serving as the Chairman of the Institution of Engineers Malaysia Southern Branch and the Deputy President of Johor Master Builders Association. He is also a member of the Chartered Institution of Highway and Transportations of the UK. He has been appointed as an ex-officio of Majlis Bandaraya Johor Bahru for the period from 2 December 2009 to 31 December 2010 by Pihak Berkuasa Negeri Johor.

He is a professional engineer registered with the Board of Engineers, Malaysia, and has been in the construction industry since 1978 where he commenced work as a civil engineer with the Malaysian Government. Whilst working with the Malaysian Government, his responsibilities included the supervision, monitoring and management of Malaysian Government development projects, and in 1991, he was one of the recipients of the Anugerah Khidmat Cemerlang award (excellent service award) from the Malaysian Government. He joined Pang Hock Constructions Sdn Bhd (now known as Tebrau Bay Constructions Sdn Bhd) towards the end of 1996 and was appointed as its Project Director in 1997 where his responsibilities included overseeing, monitoring and management of building and infrastructure construction projects. In 2003, he left Pang Hock Constructions Sdn Bhd and joined KLSB as Chief Executive Officer. His primary role is to oversee to the execution of corporate objectives, as well as to provide the strategic direction of the company.

- (iii) **Chin Lian Hing**, a Malaysian aged 46, is our Executive Director. He was appointed to the Board of our Company on 24 October 2009 and is responsible for the operations and business development activities of our construction business.

He graduated from Tunku Abdul Rahman College, Malaysia, in 1988, obtaining a Diploma in Technology (Building). He also holds a Bachelor Degree of Applied Science (Constructions Management and Economics) from Curtin University of Technology, Australia.

He has been in the construction industry since 1988 where he commenced work as an Assistant Quantity Surveyor in Rukumas Sdn Bhd, leaving in 1989 to join AJ Construction Sdn Bhd as a Quantity Surveyor. In 1990, he joined Hoon Lay Kien Construction also as a Quantity Surveyor. Thereafter, he joined Chin Kek Ling Transport in mid-1990 before leaving to join Pang Hock Constructions Sdn Bhd (now

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

known as Tebrau Bay Constructions Sdn Bhd) in January 1992. During his time at Pang Hock Constructions Sdn Bhd, his last held position was General Manager (Operations and Contracts) and he was responsible for overseeing the tendering of building and infrastructure construction projects, and project implementation. He left Pang Hock Constructions Sdn Bhd in 2002 to join KLSB, where he is responsible for the business development activities of the company.

- (iv) **Yam Tai Fong**, a Malaysian aged 43, is our Executive Director. She was appointed to the Board of our Company on 24 October 2009 and is responsible for all financial matters concerning our Group.

She graduated from Monash University, Australia, in 1990, obtaining a Bachelor Degree in Economics. Since 1994, she has been a member of the Malaysian Institute of Accountants.

She commenced her career at Ernst & Young, Malaysia, in 1991, with responsibilities for audit, taxation and corporate advisory matters, leaving in 1994 to join Pang Hock Constructions Sdn Bhd (now known as Tebrau Bay Constructions Sdn Bhd). Whilst at Pang Hock Constructions Sdn Bhd, she was responsible for the financial management and management reporting of its affairs. She left Pang Hock Constructions Sdn Bhd in 2003 to join KLSB to assume similar responsibilities.

- (v) **Pang Khang Hau**, a Malaysian aged 29, is our Executive Director. He was appointed to the Board of our Company on 24 October 2009 and is responsible for the corporate affairs of our Group, including business development activities, public relations activities, human resource, administration and management.

He graduated from the University of Western Australia in 2005, obtaining a Bachelor Degree in Civil Engineering. He completed a Master of Business Administration degree offered by the University of Liverpool, UK, in February 2010.

He commenced his career in the construction industry in 2006 with his appointment as a Director of KLSB where he is responsible for business development activities, human resource, administration and management.

- (vi) **Phang Piow @ Pang Choo Ing**, a Malaysian aged 68, is our Non-Independent Non-Executive Director. He was appointed to the Board of our Company on 24 October 2009. He commenced his career in construction industry in 1960s by assisting his late father in his construction business. He, together with Pang Tin @ Pang Yon Tin, incorporated KLSB in 1977 to continue their venture in construction industry. With his experience gained in construction industry, he ventured into quarry business in 1970s and into property development in 1980s.

He holds a Bachelor Degree in Business Administration from Honolulu University, US, and a Masters Degree in Business Administration from Greenwich University, Australia.

He has more than 30 years of experience in various sectors, encompassing property development, property investment, construction, quarrying, manufacturing and hotel management. He is a substantial shareholder and a Non-Executive Director of Focal Aims Holdings Bhd, a property development company listed on Bursa Securities. In addition, he also holds directorships in several private limited companies.

- (vii) **Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah**, a Malaysian aged 59, is our Independent Non-Executive Director. He was appointed to the Board of our Company on 24 October 2009.

He graduated from Universiti Malaya in 1975, obtaining a Bachelor Degree (Honours) in Civil Engineering. He has been involved in the field of civil engineering for the past

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

35 years. Upon graduation from Universiti Malaya, he joined the Department of Irrigation and Drainage, Malaysia, and over an illustrious career, rose to become the Director General in November 1997 until his retirement from public service in December 2007. He was the Technical Advisor to the Minister of Natural Resources and Environment on national policies and strategies relating to these areas, and to the Minister of Agriculture and Agro-Based Industries in the fields of irrigation and agricultural drainage.

He has been very active in professional activities and is a member of the Management Committee of the Board of Engineers, Malaysia. He is the Immediate Past President of the Institution of Engineers, Malaysia, and is also a Fellow of the Association of Southeast Asian Nations ("ASEAN") Academy of Engineering and Technology. He was elected the President (2002-2005) of the International Commission on Irrigation and Drainage, the international body for irrigation and drainage. In 2006, he was elected into the United Nations Educational, Scientific and Cultural Organisation ("UNESCO") IHP Bureau as Vice-Chairperson responsible for Region IV covering Asia and the Pacific region. In 2008, he was elected to a 4-year term in the Advisory Board of ICHARM (the International Centre for Water Hazard and Risk Management) - a UNESCO Centre based in Tsukuba, Japan. In 2009, he was appointed as the Independent Non-Executive Director of George Kent (Malaysia) Berhad, a company listed on the Main Market of Bursa Securities.

He is an alumni of the Senior Executive Programme at the London Business School (1997), and the Advanced Management Programme at the Harvard Business School (2002).

In recognition of his contribution to the engineering profession, he was awarded the Institution of Engineers, Malaysia Award for Contribution to the Engineering Profession in Malaysia, and at the international level, the ASEAN Federation of Engineering Organisation Engineering Achievement Award and the International Society of Paddy and Water Environment International Award. For his services to the nation, he has been conferred Datukships from the Federal Government and the State Governments of Penang, Kelantan and Perlis.

- (viii) **Kek Chin Wu**, a Malaysian aged 39, is our Independent Non-Executive Director. He was appointed to the Board of our Company on 24 October 2009.

He graduated from the Association of Chartered Certified Accountants ("ACCA") UK, with a professional degree in accounting and he is currently a Fellow Member of ACCA UK.

He has over 17 years of experience in the fields of auditing, corporate finance and business advisory services. He commenced his career in the field of auditing in BDO Binder Malaysia in 1993 before moving on to join Price Waterhouse in 1995 where he gained experience in auditing various industries. He then joined Bumiputra Merchant Bankers Berhad in 1997 where he provided advisory services to various public listed companies. He later served as the Corporate Finance Manager of Paracorp Berhad, a company listed on the then Main Board of Bursa Securities, from 1998 to 1999 where he was involved in the planning and execution of corporate exercises. He is currently the Managing Director of Paragon Advisory Sdn Bhd, a consulting firm which provides business advisory services, and Insage (MSC) Sdn Bhd which is an information technology company that develops fundamental investment analysis tools and online investor relations websites.

He is also the Audit Committee Chairman, member of the Nomination and Remuneration Committees and Independent Non-Executive Director of LNG Resources Berhad, a company listed on the ACE Market of Bursa Securities.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

- (ix) **Chua Kee Yat @ Koo Kee Yat**, a Singaporean aged 55, is our Independent Non-Executive Director. He was appointed to the Board of our Company on 24 October 2009.

He is a senior member of The Institution of Engineers, Singapore. He graduated from the University of Singapore (now the National University of Singapore) in 1977 with a Bachelor Degree in Engineering (Mechanical).

Upon graduation, he served his national service with Singapore Armed Forces from 1977 to 1979 and continued as Naval Engineering Officer and later as Defence Engineering Scientific Officer in Republic of Singapore Navy until 1989. He joined MTU Asia Pte Ltd in 1989 as Head of Application Engineering in Sales and Application Department overseeing the diesel engines sales and business development in marine sector within the company and providing the operations support to the Agents/Distributors in the Asia region. He was responsible for the operations of MTU Singapore Pte Ltd in 2002 to 2003 before posted to The People's Republic of China as Head of Greater China Operations in 2004 to 2006. During this period, a new factory was constructed while the operations were further developed with the establishment of in-country sales and service network. In 2006, he was engaged by Draka Cableteq Asia Pacific Holding Pte Ltd, as President for Greater China Operations, responsible for setting up a new production factory and growth of sales and operations of Draka China Operations in Suzhou. Upon completion of the assignment, he returned to join MTU Asia Pte Ltd in 2008 as Project Director for new business development.

5.2.3 Directors' Remuneration and Benefits

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for the FYE 31 December 2009 and FYE 31 December 2010 are as follows:-

Name of Directors	FYE 31 December 2009 * Remuneration Band (RM)	FYE 31 December 2010 Remuneration Band (RM)
Pang Tin @ Pang Yon Tin	50,000 - 100,000	500,000 - 550,000
Sim Tian Liang	500,000 - 550,000	500,000 - 550,000
Chin Lian Hing	500,000 - 550,000	500,000 - 550,000
Yam Tai Fong	400,000 - 450,000	450,000 - 500,000
Pang Khang Hau	350,000 - 400,000	400,000 - 450,000
Phang Piow @ Pang Choo Ing	50,000 - 100,000	50,000 - 100,000
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	N/A	50,000 - 100,000
Kek Chin Wu	N/A	50,000 - 100,000
Chua Kee Yat @ Koo Kee Yat	N/A	50,000 - 100,000

Note:-

* Actual

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.2.4 Principal Directorships in Other Corporations for the Past 5 Years and Principal Business Activities Performed Outside Our Group

Save as disclosed below, our Directors do not have any principal directorship in other corporations for the past 5 years prior to the LPD or any principal business activities performed outside our Group as at LPD:-

(i) Pang Tin @ Pang Yon Tin

Company	Position	Resignation	Principal Activities
Danya Sdn Bhd	Shareholder	Not applicable	Properties investment for rental income
Eng Hock Quarry Sendirian Berhad	Shareholder	Not applicable	Quarry contractor
Focal Aims Holdings Berhad	Director and shareholder	Not applicable	Investment holdings
Focal Aims Properties Sdn Bhd ⁽¹⁾	Director	Not applicable	Investment holdings
Focal Aims Sdn Bhd ⁽¹⁾	Director and preference shareholder	Not applicable	Property investment and development
JB Enterprise Sdn Bhd	Shareholder	Not applicable	Properties investment for rental income
Johor Bahru Realty Sdn Bhd	Director and shareholder	Not applicable	Investment holding
JK Capital Sdn Bhd	Shareholder	Not applicable	Investment holdings
Kemamas Sdn Bhd	Shareholder	Not applicable	Investment in properties
Mi Lun Woodworks Sdn Bhd	Director and shareholder	Not applicable	Plantation
Nanting Sdn Bhd	Shareholder	Not applicable	Restaurant, cafeteria, and trading in confectionary, beverages and food stuff
Pelican Hotel Sdn Bhd ⁽²⁾	Past Director	17.12.2009	Hotel
Polar Ice Cream Sdn Bhd	Director and shareholder	Not applicable	Manufacturing of ice-cream products
Polar Marketing Sdn Bhd	Shareholder	Not applicable	Marketing of ice-cream products
Properties Watch Sdn Bhd	Director and shareholder	Not applicable	Property investment
Sesendok Timber Enterprise Sdn Bhd	Shareholder	Not applicable	Mining and timber
Scudai Development Sdn Bhd	Director and shareholder	Not applicable	Property development and investment in properties

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Company	Position	Resignation	Principal Activities
Sri Pulai Granite Quarry Sdn Bhd	Director and shareholder	Not applicable	Granite quarrying
YTP Holdings Sdn Bhd	Director and shareholder	Not applicable	Investment holding and properties investment for rental income
Tebrau Bay Constructions Sdn Bhd ⁽³⁾	Past Director	15.05.2006	Construction

Notes:-

- (1) Wholly-owned subsidiary of Focal Aims Holdings Berhad .
(2) Was a wholly-owned subsidiary of YTP Holdings Sdn Bhd.
(3) Granite Industries Berhad (now known as Tebrau Teguh Berhad) had, on 16 April 2003, completed the acquisition of 100% equity interest in Pang Hock Constructions Sdn Bhd (now known as Tebrau Bay Constructions Sdn Bhd) from Pang Tin @ Pang Yon Tin, Phang Piow @ Pang Choo Ing and Properties Watch Sdn Bhd ("Properties Watch"), in which Pang Tin @ Pang Yon Tin and his spouse, Wang Ah Yu, and Phang Piow @ Pang Choo Ing and his son, Pang Khong Nam, collectively owned 100% equity interest at the time of acquisition.

(ii) Yam Tai Fong

Company	Position	Resignation	Principal Activities
Supreme Credit Sdn Bhd ⁽¹⁾	Director	Not applicable	Money lending
Pelican Hotel Sdn Bhd ⁽²⁾	Past Director	17.12.2009	Hotel
Scudai Development Sdn Bhd	Past Director	31.08.2007	Property development and investment in properties

Notes:-

- (1) Wholly-owned subsidiary of YTP Holdings Sdn Bhd.
(2) Was a wholly-owned subsidiary of YTP Holdings Sdn Bhd.

(iii) Pang Khang Hau

Company	Position	Resignation	Principal Activities
Danya Sdn Bhd	Director	Not applicable	Properties investment for rental income
Eng Hock Quarry Sendirian Berhad	Director	Not applicable	Quarry contractor
JB Enterprise Sdn Bhd	Director	Not applicable	Properties investment for rental income
Kemamas Sdn Bhd	Director	Not applicable	Investment in properties
Mi Lun Woodworks Sdn Bhd	Director	Not applicable	Plantation

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Company	Position	Resignation	Principal Activities
Scudai Development Sdn Bhd	Past Director	31.10.2007	Property development and investment in properties
Supreme Credit Sdn Bhd ⁽¹⁾	Director	Not applicable	Money lending
UTD Stoneworld (Singapore) Pte Ltd	Shareholder	Not applicable	General wholesale trade
YTP Holdings Sdn Bhd	Director and Shareholder	Not applicable	Investment holding and properties investment for rental income

Note:-

(1) Wholly-owned subsidiary of YTP Holdings Sdn Bhd.

(iv) Phang Piow @ Pang Choo Ing

Company	Position	Resignation	Principal Activities
Domin Realty Sdn Bhd	Shareholder	Not applicable	Sales of rubber
Eng Hock Quarry Sendirian Berhad	Director and Shareholder	Not applicable	Quarry contractor
Focal Aims Holdings Berhad	Director and shareholder	Not applicable	Investment holdings
Focal Aims Properties Sdn Bhd ⁽¹⁾	Director	Not applicable	Investment holdings
Focal Aims Sdn Bhd ⁽¹⁾	Director and preference shareholder	Not applicable	Property investment and development
Focal Aims Land Sdn Bhd ⁽¹⁾	Director	Not applicable	Property development
Gunung Pulai Quarry Sdn Bhd	Director and shareholder	Not applicable	Oil palm cultivation
Johor Bahru Realty Sdn Bhd	Director and shareholder	Not applicable	Investment holding
Kuan Chiun Sdn Bhd ⁽²⁾	Director and shareholder	Not applicable	Properties investment for rental income
Middle Land Sdn Bhd	Director and shareholder	Not applicable	Rental income
Multimax Development Sdn Bhd	Director and shareholder	Not applicable	Property development
P.P Holding Sdn Bhd	Shareholder	Not applicable	Investment holding and rental income

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Company	Position	Resignation	Principal Activities
Polar Ice Cream Sdn Bhd	Director and shareholder	Not applicable	Manufacturing of ice-cream products
Polar Marketing Sdn Bhd	Shareholder	Not applicable	Marketing of ice-cream products
Properties Watch Sdn Bhd	Past Director	10.12.2009	Property investment
Sri Pulai Granite Quarry Sdn Bhd	Director and shareholder	Not applicable	Granite quarrying
Sri Pulai Realty Sdn Bhd	Director and shareholder	Not applicable	Property investment and cultivation of oil palm
Tebrau Bay Constructions Sdn Bhd ⁽³⁾	Past Director	15.05.2006	Construction

Notes:-

- (1) Wholly-owned subsidiary of Focal Aims Holdings Berhad.
- (2) Owns 60% equity interest in Gunong Kulai Development Sdn Bhd, which is involved in property development.
- (3) Granite Industries Berhad (now known as Tebrau Teguh Berhad) had, on 16 April 2003, completed the acquisition of 100% equity interest in Pang Hock Constructions Sdn Bhd (now known as Tebrau Bay Constructions Sdn Bhd) from Pang Tin @ Pang Yon Tin, Phang Piow @ Pang Choo Ing and Properties Watch Sdn Bhd ("Properties Watch"), in which Pang Tin @ Pang Yon Tin and his spouse, Wang Ah Yu, and Phang Piow @ Pang Choo Ing and his son, Pang Khong Nam, collectively owned 100% equity interest at the time of acquisition.

(v) Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah

Company	Position	Resignation	Principal Activities
IEM Training Centre Sdn Bhd	Past Director	30.06.2009	Promoting and implementing the objectives of the Institution of Engineers, Malaysia ("IEM"), and to provide management, technical, financial and general seminars and training to all IEM members and members of the public
George Kent (Malaysia) Bhd	Director	Not applicable	Manufacture and marketing of water meters and waterworks fittings, marketing of industrial measurement, and design, supply, installation, commissioning and maintenance of instrumentation and process control systems

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Company	Position	Resignation	Principal Activities
Wetlands International Malaysia	Council member	Not applicable	Promoting the protection and sustainable utilization of wetland resources in the Asia-Pacific Region

(vi) Kek Chin Wu

Company	Position	Resignation	Principal Activities
LNG Resources Berhad	Director and shareholder	Not applicable	Precision engineering services and the provision of precision injection moulding services to the connector, semi-conductor and electronics industries
Frontken Corporation Berhad	Past Director	27.08.2009	Provision of surface metamorphosis technology using thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works
Paragon Sdn Bhd	Advisory Director and shareholder	Not applicable	Provision of business consultancy services
Insage (MSC) Sdn Bhd	Director and shareholder	Not applicable	Development of fundamental investment analysis tools and online investor relations websites

(vii) Chua Kee Yat @ Koo Kee Yat

Company	Position	Resignation	Principal Activities
MTU Engineering (Suzhou) Co. Ltd	Past Director	15.01.2006	Sales and service of diesel engines
MTU Hong Kong Ltd	Past Director	15.01.2006	Sales and service of diesel engines
Draka Cables Hong Kong Ltd	Past Director	31.08.2008	Sales of industrial cables
Draka Cable Suzhou Co. Ltd	Past Director	31.08.2008	Manufacturing and sales of industrial cables

Based on the declaration by our Directors, their respective involvements in the above businesses do not require a significant amount of their time as the businesses are managed by experienced personnel. Accordingly, their involvements in the abovementioned businesses do not affect their contribution to our Group or negatively impact their ability to act as our Directors.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.3 BOARD PRACTICES

5.3.1 Directors' Term of Office

Our Board is entrusted with the responsibility for the overall direction, strategy, performance and management of our Group. The number of years that our Directors have served in office and the date of expiration of their respective term of office are as follows:-

Name	Length of service in our Group	Length of service as Director of KIMLUN as at the LPD	Date of expiration of current term of office
Pang Tin @ Pang Yon Tin	7 years and 9 months	6 months	*
Sim Tian Liang	6 years and 7 months	6 months	*
Chin Lian Hing	7 years and 10 months	6 months	*
Yam Tai Fong	6 years and 9 months	6 months	*
Pang Khang Hau	3 years and 10 months	6 months	*
Phang Piow @ Pang Choo Ing	7 years and 9 months	6 months	*
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	6 months	6 months	*
Kek Chin Wu	6 months	6 months	*
Chua Kee Yat @ Koo Kee Yat	1 year and 11 months	6 months	*

Note:

- * *All our Directors were re-elected on 7 May 2010 being the date of our first annual general meeting. In accordance with Article 86 of our Articles of Association, one-third (1/3) of our Directors shall retire from office at each annual general meeting after the first annual general meeting, and be eligible for re-election provided always that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.*

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.3.2 Audit Committee

The main functions of the Audit Committee fall within the ambit of the Listing Requirements, which include the review of audit plans and audit reports with our auditors, review of the auditors' evaluation of internal controls, program and review of the scope of internal audit procedures, review of the financial statements, and nomination of the auditors and review of related party transactions. The Audit Committee comprises the following individuals:-

Name	Designation	Directorship
Kek Chin Wu	Chairman	Independent Non-Executive Director
Chua Kee Yat @ Koo Kee Yat	Member	Independent Non-Executive Director
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	Member	Independent Non-Executive Director

5.3.3 Remuneration Committee

The Remuneration Committee is principally responsible for reviewing and recommending to our Board the remuneration package of our Directors. The Remuneration Committee comprises the following members:-

Name	Designation	Directorship
Sim Tian Liang	Chairman	Chief Executive Officer and Executive Director
Kek Chin Wu	Member	Independent Non-Executive Director
Chua Kee Yat @ Koo Kee Yat	Member	Independent Non-Executive Director

5.3.4 Nomination Committee

The Nomination Committee is principally responsible for recommending to our Board the appointment of new Directors of our Company and committee members. The Nomination Committee comprises the following members:-

Name	Designation	Directorship
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	Chairman	Independent Non-Executive Director
Kek Chin Wu	Member	Independent Non-Executive Director
Chua Kee Yat @ Koo Kee Yat	Member	Independent Non-Executive Director

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.4 KEY MANAGEMENT

5.4.1 Particulars and Shareholdings of the Key Management

The details of our key management and their shareholdings before and after the IPO are as follows:-

Name	Designation	Age	No. of Shares held before the IPO *		No. of Shares held after the IPO			
			Direct	(%)	Direct	(%)	Indirect	(%)
Pang Tin @ Pang Yon Tin	Executive Chairman of KIMLUN	63	92,421,200	56.01	92,421,200	40.36	-	-
Sim Tian Liang	Chief Executive Officer and Executive Director of KIMLUN	56	6,658,900	4.04	6,658,900	2.91	-	-
Chin Lian Hing	Executive Director of KIMLUN	46	6,658,900	4.04	6,658,900	2.91	-	-
Yam Tai Fong	Executive Director of KIMLUN	43	6,658,900	4.04	6,658,900	2.91	-	-
Pang Khang Hau	Executive Director of KIMLUN	29	13,317,800	8.07	13,317,800	5.82	-	-
Loh Chew Lon	Chief Executive Officer and Executive Director of SPC	52	6,638,300	4.02	6,638,300	2.90	-	-
Leong Choon Thye	Executive Director of KLSB	59	3,308,200	2.00	3,308,200	1.44	-	-
Pang Chew Ngo	Executive Director of SPC	45	1,599,600	0.97	1,599,600	0.70	-	-

Note:-

* Based on shareholdings after the Acquisitions and the LCL-PT Sale as set out in Section 4.2(ii)(b) of this Prospectus.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.4.2 Profiles of the Key Management

The profile of Pang Tin @ Pang Yon Tin, Sim Tian Liang, Chin Lian Hing, Yam Tai Fong and Pang Khang Hau are set out in Section 5.2.2 of this Prospectus.

- (i) **Loh Chew Lon**, a Malaysian aged 52, is the Chief Executive Officer and Executive Director of SPC. He is responsible for the strategic planning and overall management of SPC.

He graduated from Anglo Chinese Secondary School, Kampar, Perak, in 1975, where he obtained a Malaysia Certificate of Education.

He has been in the concrete and pre-cast concrete industry for more than 20 years. He brings with him 21 years of working experience in Hume Industries (M) Bhd. His last held position in Hume Industries (M) Bhd was a General Manager in the company's Pasir Gudang factory. Some of the projects that he was directly responsible while in Hume Industries (M) Bhd were the manufacturing and supply of tunnel lining segments to Singapore MRT North East Link package C703, C710, Changi Line C503, Deep Tunnel Sewerage System package T04 and T01, and Cable Tunnel from Senoko Power Station to Gambas Avenue. He left Hume Industries (M) Bhd in 2002 to join SPC as an Executive Director.

- (ii) **Leong Choon Thye**, a Malaysian aged 59, is an Executive Director of KLSB. He is responsible for sourcing business opportunities and overseeing project implementation.

He graduated from Sekolah Menengah Sultan Ibrahim in Kulai, Johor, in 1969, where he obtained a School Certificate.

He commenced his career at Johor Sugar Plantations Sdn Bhd where he held the appointment of Field Assistant from 1970 to 1976, thereafter being employed in the Malaysian Ministry of Housing & Local Government where he held the position of Village Development Supervisor from 1976 to 1980. In 1980, he joined Pang Hock Constructions Sdn Bhd (now known as Tebrau Bay Constructions Sdn Bhd), where he was responsible for contract and project affairs and business development of the company and his last appointment was that of an Executive Director. He left Pang Hock Constructions Sdn Bhd in 2003 to join KLSB to assume similar responsibilities.

- (iii) **Pang Chew Ngo**, a Malaysian aged 45, is an Executive Director of SPC. She is responsible for overseeing the daily operations of SPC.

She graduated from Oklahoma State University, US, in 1988 with a Bachelor of Science in Industrial Engineering Management.

She has been in the building material industry for more than 17 years. She commenced her career at Thomson Audio Kota Tinggi Sdn Bhd as industrial engineer in 1989, leaving in 1993 to join Sri Pulai Granite Quarry Sdn Bhd. During her time at Sri Pulai Granite Quarry Sdn Bhd, her last held position was Assistant General Manager and her responsibilities included production planning and overseeing daily management of the company. She left Sri Pulai Granite Quarry Sdn Bhd in 2002 to join SPC as Executive Director.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.4.3 Involvement of Executive Directors / Key Management in Other Businesses / Corporations

For the involvement of our Executive Directors in other businesses / corporations, please refer to Section 5.2.4 of this Prospectus.

As at the LPD, and save as disclosed below, none of our other key management is involved in other businesses or corporations:-

Pang Chew Ngo

Company	Position	Resignation	Principal Activities
Domin Realty Sdn Bhd	Director and Shareholder	Not applicable	Sales of rubber

Based on the declaration by Pang Chew Ngo, she is not involved in the day-to-day activities and operations of the abovementioned business and accordingly, her involvement in the abovementioned business does not affect her contribution to our Group or negatively impact her ability to act as the Executive Director of SPC.

5.5 DECLARATION OF PROMOTERS, DIRECTORS AND KEY MANAGEMENT

None of our Promoters, Directors and key management is or has been involved in any of the following events:-

- (i) A petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (ii) Disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) Charged and / or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) Any judgment was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) The subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.6 FAMILY RELATIONSHIPS

Save as disclosed below, there are no family relationships / association between our Promoters, substantial shareholders, Directors and key management:-

- (i) Pang Tin @ Pang Yon Tin, Phang Piow @ Pang Choo Ing and Pang Chew Ngo are siblings; and
- (ii) Pang Khang Hau is the son of Pang Tin @ Pang Yon Tin.

5.7 EXISTING OR PROPOSED SERVICE AGREEMENTS

We do not have any existing or proposed service agreements with our Directors and key management save for standard employment contracts which contain the normal terms of employment.

5.8 EMPLOYEES

As at 31 December 2009, we have a total workforce of 335 employees, comprising 192 permanent employees and 143 contractual employees. There are 28 engineers, 7 quantity surveyors and 97 technical staff out of the 335 employees. The breakdown of our Group's employees is as follows:-

Category of Employees	As at 31.12.2007	As at 31.12.2008	As at 31.12. 2009
Directors	7	7	7
Sales and marketing	5	4	5
Finance, administration and human resources	26	26	31
IBS and business development	2	4	12
Contract, procurement and project administration	18	22	24
Project implementation and production	231	252	256
TOTAL	289	315	335

The increase in the number of employees during the past 3 years up to FYE 31 December 2009 was mainly a result of an increase in staff for project implementation and IBS, in line with the increase in our business activities as well as our plan towards becoming a full-fledged IBS builder.

None of our employees belong to any labour union. The relationship and cooperation between our management and our employees have always been good and this is expected to continue. As at the LPD, there has been no major industrial dispute pertaining to our employees.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Further breakdown of our employees by subsidiaries are as follows:-

KLSB

Category of Employees	As at 31.12.2007	As at 31.12.2008	As at 31.12. 2009
Directors	5	5	5
Sales and marketing	-	-	-
Finance, administration and human resources	20	20	21
IBS and business development	2	4	12
Contract, procurement and project administration	17	21	23
Project implementation and production	197	215	225
TOTAL	241	265	286

SPC

Category of Employees	As at 31.12.2007	As at 31.12.2008	As at 31.12. 2009
Directors	2	2	2
Sales and marketing	5	4	5
Finance, administration and human resources	6	6	10
IBS and business development	-	-	-
Contract, procurement and project administration	1	1	1
Project implementation and production	34	37	31
TOTAL	48	50	49

As at LPD, there are no employees under IBT's employment. IBT is managed by its directors namely Sim Tian Liang, Chin Lian Hing, Yam Tai Fong and Pang Khang Hau.

Training and Development

We regard our employees as invaluable and key components to our continued growth. It is important for them to be skilled in their jobs and constantly kept up to date with changes in good business practices, relevant methodologies in the building and infrastructure construction industry and important developments in building and infrastructure construction technology. As such, staff training is conducted in accordance with the varying requirements of each department.

We conduct internal training, as well as enroll selected employees in courses and training programmes locally and abroad. Some of the courses that we have enrolled our employees in the past include the following:-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

<u>Programme</u>	<u>Organiser</u>
Pre-cast Concrete Technology	The Institution of Engineers, Malaysia, jointly with CIDB
Effective Project Quality Plan for Construction Project	CIDB
International Concrete Conference and Exhibition – Sydney, Australia	Ad-meida GMBH
High Performance Green Buildings	My Events International
Conference on Best Use of Natural Waterways	The Institution of Engineers, Malaysia

5.9 PROMOTERS, DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS' BENEFIT

Save for the remuneration, benefits-in-kind and dividend paid or payable by our Group to our Promoters, Directors and substantial shareholders, there have been no amounts and benefits that have been or are intended to be paid or given to our Promoters, Directors and/or substantial shareholders within the 2 years preceding the date of this Prospectus.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

6. APPROVALS AND CONDITIONS

6.1 APPROVALS AND CONDITIONS

The SC has, via its letter dated 23 February 2010, approved the listing of our Company on the Main Market of Bursa Securities pursuant to Section 212(5) of the CMSA and the equity requirement for public companies. The conditions imposed by the SC and the status of compliance with the conditions are as follows:-

Conditions Imposed by the SC	Status of Compliance
<p>(i) With regard to the proposed dividend payment to the shareholders of KLSB and SPC, the Board of Directors of KIMLUN should provide a declaration to the SC on the following:</p> <ul style="list-style-type: none"> • KLSB and SPC have sufficient funds to pay for the proposed dividends based on the audited results for the financial year ended 31 December 2009 and the payment would not utilise, either directly or indirectly, the proceeds raised from the proposed listing or funds from bank borrowings; and • KLSB and SPC have sufficient level of working capital for the next 12 months from the date of the listing prospectus. AmInvestment Bank is to provide a confirmation on the steps undertaken to satisfy themselves that the aforementioned declaration by the Board of Directors of KIMLUN has been properly made. 	<p>Complied. The Board and AmInvestment Bank had, on 5 May 2010, provided the declaration and the confirmation, respectively, to the SC</p>
<p>(ii) KIMLUN / AmInvestment Bank should enhance the disclosure on the future plans of the Group in the prospectus, in particular the growth prospects of each business segment.</p>	<p>Complied. The disclosure has been enhanced as set out in Section 4.8 of this Prospectus</p>
<p>(iii) KIMLUN / AmInvestment Bank should enhance the disclosure on industry players and competition in the prospectus, providing a detailed comparison between KIMLUN and its competitors for each business segment.</p>	<p>Complied. The disclosure has been enhanced as set out in Section 4.9.6 of this Prospectus</p>
<p>(iv) KIMLUN to allocate 50% of the public spread requirement to Bumiputera investors, including the shares offered under the balloted public offer portion, of which 50% are to be offered to retail Bumiputera investors. In the event that KIMLUN/the MITI is unable to allocate the shares to Bumiputera investors, the unsubscribed shares shall be offered to the Bumiputera public investors via balloting.</p>	<p>To be complied</p>
<p>(v) KIMLUN/AmInvestment Bank to fully comply with the requirements of the SC's Equity and Prospectus Guidelines pertaining to the implementation of the listing scheme.</p>	<p>To be complied</p>

6. APPROVALS AND CONDITIONS (Cont'd)

The SC noted the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in our Company would change arising from the implementation of the proposal, as follows:-

Category of shareholders	Before Proposal* (%)	After Proposal (%)
Bumiputera		
- Public shareholders to be nominated and approved by MITI	-	10.24
- Public Bumiputera via balloting	-	2.50
Total Bumiputera	-	12.74
Non-Bumiputera	100.00	87.26
Total Malaysian	100.00	100.00
Foreign	-	-
Total	100.00	100.00

Note:

* As at 1 October 2009.

Our Company has voluntarily submitted an application to the Shariah Advisory Council of the SC for a Shariah compliance review to be carried out. The Shariah Advisory Council of the SC has, vide its letter dated 30 April 2010, classified our Shares as Shariah-compliant based on our proforma financial information for FYE 31 December 2008.

The SC has, via its letters dated 27 October 2009 and 20 May 2010, approved certain exemptions sought by us from having to comply with certain requirements under the Prospectus Guidelines - Equity and Debt ("**Prospectus Guidelines**") issued by the SC. The details of the approved exemptions sought and the accompanying conditions imposed by the SC are as follows:-

Paragraph under the Prospectus Guidelines for which waiver was sought	Details of the waiver granted
(i) Paragraph 11.03	Waiver from having to disclose in the Prospectus, the information pertaining to the direct and indirect interests of our Directors and substantial shareholders of less than 5% equity interest in other businesses and corporations carrying on a similar trade as our Group or which are our customers or suppliers. Approved without conditions.
(ii) Paragraph 12.07(e)	Waiver to allow KIMLUN to present the key financial ratios for each of the subsidiaries for the past 3 financial years and the latest financial period (where applicable), instead of for our proforma Group. Approved without conditions.
(iii) Paragraph 13.10	Waiver from having to include the audit reports of the relevant audited financial statements of KIMLUN and our subsidiaries in the Accountants' Report as set out in Section 9 of this Prospectus. Approved without conditions.

6. APPROVALS AND CONDITIONS (Cont'd)

The MITI has, vide its letter dated 6 January 2010, taken note and no objection to the listing of our Company on the Main Market of Bursa Securities. The conditions imposed by the MITI and the status of compliance with the conditions are as follows:-

Conditions Imposed by the MITI	Status of Compliance
(i) To obtain the SC's approval for the listing.	Complied. The SC had approved the listing via its letter dated 23 February 2010 subject to certain conditions. Please refer above for the conditions imposed by the SC
(ii) The entire 23,460,000 KIMLUN Shares available for private placement to Bumiputera investors are subject to MITI's approval whereby the allocation will be decided after the listing is approved by the SC.	Complied

Bursa Securities has, via its letter dated 26 April 2010, approved our Admission and Listing. The conditions imposed by Bursa Securities and the status of compliance with the conditions are as follows:-

Conditions Imposed by Bursa Securities	Status of Compliance
(i) Make relevant announcements pursuant to paragraphs 8.1 and 8.2 of PN21 of the Listing Requirements.	To be complied
(ii) Furnish the Exchange a copy of the schedule of distribution showing compliance to the share spread requirements based on the entire issued and paid up share capital of KIMLUN on the first day of listing.	To be complied

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

6. APPROVALS AND CONDITIONS (Cont'd)**6.2 MORATORIUM ON SHARES**

In accordance with Paragraph 5.29 of the SC Guidelines, a moratorium shall be placed on the sale of the entire 118,869,000 Shares held by our Promoters, representing 51.91% of the enlarged issued and paid-up capital of KIMLUN after the IPO, for 6 months from the date of Admission, as follows:-

Name	No. of Shares held upon Admission			
	Direct	(%)	Indirect	(%)
Pang Tin @ Pang Yon Tin	92,421,200	40.36	-	-
Phang Piow @ Pang Choo Ing	11,530,400	5.03	-	-
Pang Khang Hau	13,317,800	5.82	-	-
Pang Chew Ngo	1,599,600	0.70	-	-

The moratorium is specifically endorsed on the share certificates representing the shareholdings of our Promoters to ensure that our registrars do not register any transfer not in compliance with the moratorium restrictions. In compliance with the restrictions, Bursa Depository will, on our registrars' instructions in the prescribed forms, ensure that trading of these shares are not permitted in the moratorium period.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST**7.1 EXISTING AND PROPOSED RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST****7.1.1 Recurrent Related Party Transactions**

Save as disclosed below, we do not have any other existing and/or proposed material recurrent related party transactions which involve the interest, direct or indirect, of our Directors, major shareholders and/or persons connected to them as well as the Directors of our subsidiaries and/or persons connected to them as defined under the Listing Requirements in the past 3 years up to FYE 31 December 2009 and forecasted for FYE 31 December 2010:-

Transacting Parties	Nature of Transactions	Transaction Value Based on Billings (RM'000)			Forecast (RM'000)
		FYE 31.12.2007	FYE 31.12.2008	FYE 31.12.2009	FYE 31.12.2010
KLSB and Scudai Development Sdn Bhd ("Scudai") ⁽¹⁾	Provision of construction services by KLSB to Scudai for construction of residential and commercial buildings and infrastructure such as road and drainage	25,684 ⁽⁴⁾	38,464 ⁽⁴⁾	15,680 ⁽⁴⁾	35,552
KLSB, SPC, IBT and Sri Pulai Granite Quarry Sdn Bhd ("Sri Pulai") ⁽²⁾	Purchase of quarry products including aggregate and premix by KLSB, SPC and IBT from Sri Pulai	17,200 ⁽⁵⁾	21,745 ⁽⁵⁾	20,633 ⁽⁵⁾	25,791
KLSB and Mustang Enterprise Sdn Bhd ("Mustang") ⁽³⁾	Purchase of premix and concrete products by KLSB from Mustang	11,946 ⁽⁵⁾	-	-	-
SPC and Mustang ⁽³⁾	Sales of concrete products by SPC to Mustang	5,587 ⁽⁴⁾	-	-	-

Notes:-

- (1) Our substantial shareholder and Director, Pang Tin @ Pang Yon Tin, and his spouse collectively hold more than 15% of the issued and paid-up share capital of Scudai.
- (2) Our substantial shareholders and Directors, Pang Tin @ Pang Yon Tin and Phang Piow @ Pang Choo Ing, collectively hold more than 15% of the issued and paid-up share capital of Sri Pulai.
- (3) A sibling of our substantial shareholders and Directors, Pang Tin @ Pang Yon Tin and Phang Piow @ Pang Choo Ing, and the spouse of a director of our subsidiary company, collectively hold 10% of the issued and paid-up share capital of Mustang.
- (4) Percentage contribution to our Group's revenue:-

	FYE 31.12.2007	FYE 31.12.2008	FYE 31.12.2009
	%	%	%
Scudai *	8.08	9.11	3.52
Mustang	1.53	-	-
	9.61	9.11	3.52

* Computed based on revenue recognised using percentage of completion method.

7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

Percentage contribution to our Group's gross profit:-

	FYE	FYE	FYE
	31.12.2007	31.12.2008	31.12.2009
	%	%	%
Scudai *	4.24	9.38	4.42
Mustang	2.54	-	-
	6.78	9.38	4.42

* Computed based on gross profit recognised using percentage of completion method.

(5) Percentage contribution to our Group's cost of sales:-

	FYE	FYE	FYE
	31.12.2007	31.12.2008	31.12.2009
	%	%	%
Sri Pulai	5.39	5.93	5.51
Mustang	3.75	-	-
	9.14	5.93	5.51

As shown above, the transactions with related parties are in the range of 3.52% to 9.61%, 4.42% to 9.38% and 5.51% to 9.14% of our Group's revenue, gross profit and cost of sales respectively. We have taken steps to reduce the percentage contribution from related party transactions as follows:-

- (i) Sourcing for business opportunities with third parties and enlarging customer base by actively participating in tenders called by third parties. The number of tenders that the Group has participated in is as below:

No. of tenders	FYE	FYE	FYE
	31.12.2007	31.12.2008	31.12.2009
For 3 rd party projects	166	184	166
For related party projects	7	5	4
Total	173	189	170

and

- (ii) Increasing purchase from third party suppliers. The purchase of similar products from third party suppliers compared to the purchase from the related parties is as follows:

	FYE	FYE	FYE
	31.12.2007	31.12.2008	31.12.2009
	% of our Group cost of sales	% of our Group cost of sales	% of our Group cost of sales
Purchases			
From 3 rd parties	7.51	11.05	7.43
From related parties	9.14	5.93	5.51

Our Directors are of the view that all the above material recurrent related party transactions were conducted on arm's length basis and on terms not more favourable to the related parties than those generally available to the public. Kindly refer to Section 7.6 of this Prospectus for further details in relation to the shareholders' mandate for related party transactions.

7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

7.1.2 Amount Due From Companies In Which Certain Directors of KLSB Have Interest Included In Trade Receivables

The details of the amount due from companies in which certain directors of KLSB have interest included in trade receivables, as disclosed in sub-section 8.4 (j) of Section 9 of this Prospectus, are as follows:

	FYE 31.12.2007	FYE 31.12.2008	FYE 31.12.2009
Scudai	RM 000 5,417 ⁽¹⁾	RM 000 12,831 ⁽²⁾	RM 000 3,445 ⁽³⁾

Notes:-

- (1) 99.98% of the amount due was settled in FYE 31 December 2008 while the remaining 0.02% was settled in FYE 31 December 2009.
- (2) The amount due was fully settled in FYE 31 December 2009.
- (3) The amount due was fully settled before the LPD.

7.1.3 Non-Recurrent Related Party Transactions

Save for the Acquisitions and as disclosed below, we do not have any other existing and/or proposed material non-recurrent related party transactions which involve the interest, direct or indirect, of our Directors, major shareholders and/or persons connected to them as well as Directors of our subsidiaries and/or persons connected to them as defined under the Listing Requirements in the past 3 years up to FYE 31 December 2009 and forecasted for FYE 31 December 2010:-

Transacting Parties	Nature of Transactions	Transaction Value (RM'000)			Forecast (RM'000)
		FYE 31.12.2007	FYE 31.12.2010	FYE 31.12.2009	FYE 31.12.2010
SPC and Sri Pulai ⁽¹⁾	Acceptance of assignment of trade debts by SPC from Sri Pulai *	116	146	346	-
SPC and Sri Pulai Realty Sdn Bhd ⁽²⁾	Purchase of industrial land by SPC from Sri Pulai Realty Sdn Bhd ^	-	-	5,000	-

Notes:-

- (1) Our substantial shareholders and Directors, Pang Tin @ Pang Yon Tin and Phang Piow @ Pang Choo Ing, collectively hold more than 15% of the issued paid-up share capital of Sri Pulai.
 - (2) Our substantial shareholder and Director, Phang Piow @ Pang Choo Ing, his spouse and his child collectively hold more than 15% of the issued paid-up share capital of Sri Pulai Realty Sdn Bhd.
- * Certain trade debtors of Sri Pulai ("**SP Debtors**") are suppliers to SPC. Sri Pulai assigned the trade debts of these SP Debtors at its book value to SPC up to the amount owing by SPC to these SP Debtors. The assignment arrangement has ceased since July 2009.
- ^ Details on the purchase of industrial land are set out in Section 2.8(ii) of this Prospectus.

Our Directors are of the view that all the above material non-recurrent related party transactions were conducted on arm's length basis and on terms not more favourable to the related parties than those generally available to the public. The Audit Committee will supervise the terms of non-recurrent related party transactions, and our Directors will report the transactions, if any, annually in our Company's annual report.

7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

7.2 TRANSACTIONS THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS

Our Directors confirmed that, to the best of their knowledge and belief, there are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we or any of our subsidiaries was a party in respect of the past 3 years up to FYE 31 December 2009 and the subsequent financial period up to the LPD.

7.3 OUTSTANDING LOANS MADE TO / FOR THE BENEFIT OF RELATED PARTIES

There are no outstanding loans, including guarantees of any kind, made by our Group to or for the benefit of related parties during the past 3 years up to FYE 31 December 2009 and the subsequent financial period up to the LPD.

7.4 INTEREST IN SIMILAR BUSINESS

To the best knowledge and belief of our Directors and substantial shareholders, save as disclosed below, none of our Directors or substantial shareholders is interested, directly or indirectly, in any other business carrying on a similar or competing trade as our Group as at the LPD:-

Win Go Construction Sdn Bhd (“Win Go Construction”)

Win Go Construction which was incorporated on 26 October 1977, is a company that was engaged in the general construction business comprising small scale infrastructure works. As at the LPD, Pang Tin @ Pang Yon Tin and his spouse hold all of the issued and paid-up share capital of Win Go Construction. On 16 May 2006, Win Go Construction petitioned for its voluntary winding-up as it was inactive and from that date, (i) a liquidator has been appointed for the conduct of the voluntary winding-up, and (ii) Win Go Construction has ceased all business and trading activities pursuant to the voluntary winding up. Neither Pang Tin @ Pang Yon Tin nor his spouse has any intention of halting the voluntary winding-up prior to its conclusion and to this end, Pang Tin @ Pang Yon Tin has undertaken to our Company that he shall, and shall procure that his spouse shall, not halt the voluntary winding-up of Win Go Construction prior to its conclusion.

As at the LPD, the winding-up process is still on-going and pending for income tax clearance letter from the Inland Revenue Board.

Sering Mutiara Sdn Bhd (“Sering Mutiara”)

Sering Mutiara which was incorporated on 20 April 2000, is a company engaged in the business of the construction of sewerage treatment plants. A sibling of our Executive Director (Yam Tai Fong), namely Yam Kong Why, is an Executive Director of Sering Mutiara and as at the LPD, has a shareholding interest of 13% in the entire issued and paid-up share capital of Sering Mutiara. Yam Tai Fong was never involved in the management of the business of Sering Mutiara and does not have any shareholding interest in Sering Mutiara.

Our Directors believe there will be no conflicts of interests arising in respect thereof, and there is no potential for such conflicts to so arise, on the basis that our Group is not in the business of the construction of sewerage treatment plants. There were no transactions between our Group and Sering Mutiara for the past 3 financial years. Nonetheless, should a conflict of interest situation arise, Yam Tai Fong has undertaken that she will disclose such matters of conflict and will abstain from voting on any related matter.

7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

Yam Kai Wah Construction Sdn Bhd (“YKW Construction”)

YKW Construction, which was incorporated on 1 March 1976, is a company engaged in the business of the provision of construction services. As at the LPD, the siblings (namely Yam Tai Thye, Yam Len Thye, Yam Kong Choy and Yam Kong Why) and parents (namely Yam Kai Wah and Liew Choon Moy) of our Executive Director, Yam Tai Fong, are Executive Directors of YKW Construction. Yam Tai Fong’s siblings and parents collectively hold a shareholding interest of 93.3% in the entire issued and paid-up share capital of YKW Construction.

Our Directors believe there will be no conflicts of interests arising in respect thereof, and there is no potential for such conflicts to so arise, on the basis that YKW Construction has been inactive since 2005 and that Yam Tai Fong was never involved in the management of the business. Previously, the company was principally managed by Yam Kai Wah and his brother, Yim Fook Seng. However, due to age factor, Yam Kai Wah and his brother decided to retire. Other shareholders are either not having the knowledge/exposure in the construction industry or are committed to their chosen field of professions and/or business ventures.

In addition, there were no transactions between our Group and YKW Construction for the past 3 financial years.

Should a conflict of interest situation arise as between YKW Construction and our Group, Yam Tai Fong has undertaken that she will disclose such matters of conflict and will abstain from voting on any matter in respect thereof.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)**7.5 INTEREST IN OTHER BUSINESSES OR CORPORATIONS WHICH ARE CUSTOMERS OR SUPPLIERS OF OUR GROUP**

To the best knowledge and belief of our Directors and substantial shareholders, save as disclosed below, none of our Directors and substantial shareholders is interested directly and/or indirectly in any other business or corporation which is a customer or supplier of our Group as at the LPD:-

(i) Pang Tin @ Pang Yon Tin

Name of Company	Relationship	Nature of Business	Position (Director / Shareholder)	Shareholding	
				Direct %	Indirect %
Scudai	Customer	Property development and investment in properties	Director and shareholder	50.00	10.00 ⁽¹⁾
Sri Pulai	Customer, supplier and landlord	Granite quarrying	Director and shareholder	45.00	45.00 ⁽⁵⁾
Mustang	Customer and Supplier	Investment holding, collection of rental and trading of building materials	*	-	5.00 ⁽⁵⁾
Danya Sdn Bhd	Landlord	Properties investment for rental income	Shareholder	50.00	50.00 ⁽¹⁾
Focal Aims Land Sdn Bhd	Customer	Property development	*	-	100.00 ⁽⁷⁾
Nanting Sdn Bhd	Supplier	Restaurant, cafeteria, and trading in confectionary, beverages and food stuff	Shareholder	34.00	-
JB Enterprise Sdn Bhd	Landlord	Properties investment for rental income	Shareholder	65.00	5.00 ⁽¹⁾
Mi Lun Woodworks Sdn Bhd	Supplier	Plantation	Director and shareholder	90.00	10.00 ⁽¹⁾
Sri Pulai Realty Sdn Bhd	Landlord	Property investment and cultivation of oil palm	*	-	80.00 ⁽²⁾
YTP Holdings Sdn Bhd	Landlord	Investment holding and properties investment for rental income	Director and shareholder	20.00	80.00 ⁽³⁾

7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)**(ii) Sim Tian Liang**

Name of Company	Relationship	Nature of Business	Position (Director / Shareholder)	Shareholding	
				Direct %	Indirect %
Wilsin Office Furniture (S) Pte Ltd	Landlord	Manufacturing of furniture and fixtures and provision of incidental renovation services.	*	-	100.00 ⁽²⁾

(iii) Phang Piow @ Pang Choo Ing

Name of Company	Relationship	Nature of Business	Position (Director / Shareholder)	Shareholding	
				Direct %	Indirect %
Sri Pulai	Customer, supplier and landlord	Granite quarrying	Director and shareholder	45.00	45.00 ⁽⁵⁾
Mustang	Customer and supplier	Investment holding, collection of rental and trading of building materials	*	-	5.00 ⁽⁵⁾
Focal Aims Land Sdn Bhd	Customer	Property development	Director	-	100.00 ⁽⁷⁾
Sri Pulai Realty Sdn Bhd	Landlord	Property investment and cultivation of oil palm	Director and shareholder	60.00	40.00 ⁽³⁾
Scudai	Customer	Property development and investment in properties	*	-	60.00 ⁽²⁾
Danya Sdn Bhd	Landlord	Properties investment for rental income	*	-	100.00 ⁽²⁾
Nanting Sdn Bhd	Supplier	Restaurant, cafeteria, and trading in confectionary, beverages and food stuff	*	-	34.00 ⁽⁵⁾
JB Enterprise Sdn Bhd	Landlord	Properties investment for rental income	*	-	70.00 ⁽²⁾
Mi Lun Woodworks Sdn Bhd	Supplier	Plantation	*	-	100.00 ⁽²⁾
YTP Holdings Sdn Bhd	Landlord	Investment holding and properties investment for rental income	*	-	40.00 ⁽²⁾

7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)**(iv) Pang Khang Hau**

Name of Company	Relationship	Nature of Business	Position (Director / Shareholder)	Shareholding	
				Direct %	Indirect %
Scudai	Customer	Property development and investment in properties	*	-	60.00 ⁽⁴⁾
Sri Pulai	Customer, supplier and landlord	Granite quarrying	*	-	45.00 ⁽⁴⁾
Danya Sdn Bhd	Landlord	Properties investment for rental income	Director	-	100.00 ⁽⁴⁾
Focal Aims Land Sdn Bhd	Customer	Property development	*	-	11.90 ⁽⁸⁾
Nanting Sdn Bhd	Supplier	Restaurant, cafeteria, and trading in confectionary, beverages and food stuff	*	-	34.00 ⁽⁴⁾
JB Enterprise Sdn Bhd	Landlord	Properties investment for rental income	Director	-	70.00 ⁽⁴⁾
Mi Lun Woodworks Sdn Bhd	Supplier	Plantation	Director	-	100.00 ⁽⁴⁾
YTP Holdings Sdn Bhd	Landlord	Investment holding and properties investment for rental income	Director and shareholder	15.00	85.00 ⁽⁶⁾

Notes:-

- * Not a director nor direct shareholder of this company.
- (1) Deemed interest by virtue of the interest of his spouse in this company pursuant to Section 122A of the Act.
- (2) Deemed interest by virtue of the interest of his sibling and the spouse of his sibling in this company pursuant to Section 122A of the Act.
- (3) Deemed interest by virtue of the interest of his spouse and children in this company pursuant to Section 122A of the Act.
- (4) Deemed interest by virtue of the interest of his parent(s) in this company pursuant to Section 122A of the Act.
- (5) Deemed interest by virtue of the interest of his sibling(s) in this company pursuant to Section 122A of the Act.
- (6) Deemed interest by virtue of the interest of his parents and his siblings in this company pursuant to Section 122A of the Act.
- (7) Deemed interest by virtue of the interest of his own, his spouse, his children, his siblings and his siblings' spouse in the holding company of this company pursuant to Section 122A of the Act.
- (8) Deemed interest by virtue of the interest of his own, his parents and his siblings interest in the holding company of this company pursuant to Section 122A of the Act.

Our Directors and substantial shareholders are aware that the interests held by them in other businesses and corporations which are customers or suppliers to our Group may give rise to a conflict of interest situation with our businesses.

Our Board confirms that all dealings between our Group and the affected businesses and corporations above will be on an arm's length basis, to be transacted on normal commercial terms and not to the detriment of the minority shareholders of our Group.

7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

In view of their interests in such companies, interested Directors and interested shareholders will be required to abstain from deliberations and voting on decisions and resolutions in relation to matters and/or transactions with the affected businesses and corporations. At the same time, the Audit Committee and Independent Directors will ensure proper disclosure and corporate governance in all business dealings with the affected businesses and corporations.

7.6 RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Pursuant to Paragraph 10.09 of the Listing Requirements, a listed issuer may seek a shareholders' mandate in respect of related party transactions involving recurrent transactions of a revenue or trading nature, which are necessary for its day-to-day operations such as supplies of materials, subject to, *inter alia*, the following:-

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements; and
- (iii) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

We would in the ordinary course of our business enter into transactions, including but not limited to the transactions described in the related party transactions set out in Section 7.1.1 of this Prospectus, with persons which are considered "related party" as defined in Chapter 10 of the Listing Requirements. It is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time.

Due to time-sensitive and nature of commercial transactions, the shareholders' mandate will enable us, in our normal course of business, to enter into the categories of related party transactions, provided such interested person transactions are made at arm's length and on normal commercial terms.

Transactions that do not fall within the ambit of the shareholders' mandate shall be subject to the relevant provisions of the Listing Requirements.

An application will be made to Bursa Securities for a waiver to allow our Group to obtain shareholders' ratification for recurrent related party transactions to be entered into between us or any of our subsidiaries and our directors or major shareholders or persons connected with such directors or major shareholders (as defined in Chapter 10 of the Listing Requirements) commencing from our Listing date up to the annual general meeting or extraordinary general meeting, whichever is earlier.

7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

7.7 DECLARATION BY ADVISERS

AmInvestment Bank hereby confirms that there is no conflict of interest with respect of their capacity as the Adviser to our Group for the IPO.

AmInvestment Bank is the Sole Underwriter and Sole Placement Agent for the IPO Shares, AmInvestment Bank hereby confirms that, as at the date of this Prospectus, there is no conflict of interest with respect to its capacity as the Sole Underwriter and Sole Placement Agent for the IPO Shares. The Underwriting Agreement, which certain details are as set out in Section 2.11 of this Prospectus, was entered into an arms-length basis and on market terms.

Messrs. Zaid Ibrahim & Co hereby confirms that there is no conflict of interest with respect of their capacity as Solicitors to our Group for the IPO and due diligence respectively.

Messrs. Ernst & Young hereby confirms that there is no conflict of interest with respect of their capacity as Auditors and Reporting Accountants to our Group for the IPO.

Messrs. KGV-Lambert Smith Hampton hereby confirms that there is no conflict of interest with respect of their capacity as Valuer to our Group for the IPO.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

8. FINANCIAL INFORMATION**8.1 HISTORICAL FINANCIAL INFORMATION**

The table below sets out a summary of our proforma consolidated income statements for the past 3 financial years up to FYE 31 December 2009, prepared on the assumption that our Group has been in existence throughout the financial years under review.

The proforma consolidated income statements were prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the proforma consolidated financial information set out in Section 8.7 of this Prospectus.

	←----- FYE 31 December ----->		
	2007	2008	2009
	RM'000	RM'000	RM'000
Revenue	366,276	413,255	435,413
Cost of sales	(318,897)	(366,428)	(374,307)
Gross profit	47,379	46,827	61,106
Other operating income	1,164	1,139	1,430
Selling and administrative expenses	(12,551)	(15,921)	(17,336)
	35,992	32,045	45,200
Finance costs	(2,150)	(2,816)	(2,354)
PBT	33,842	29,229	42,846
Taxation	(8,036)	(7,029)	(11,319)
PAT	25,806	22,200	31,527
Attributable to:			
- Equity holders of our Company	25,806	22,200	31,527
- MI	-	-	-
	25,806	22,200	31,527
Number of Shares had our Group been in existence ('000) ⁽¹⁾	165,000	165,000	165,000
EBITDA	39,601	36,066	49,088
Gross profit margin (%)	12.94	11.33	14.03
PBT margin (%)	9.24	7.07	9.84
PAT margin (%)	7.05	5.37	7.24
Gross EPS (sen) ⁽²⁾	20.51	17.71	25.97
Net EPS (sen) ⁽³⁾	15.64	13.45	19.11
Fully diluted EPS (sen) ⁽⁴⁾	15.64	13.45	19.11

Notes:-

- (1) Based on the issued and paid-up share capital of 165,000,000 Shares immediately prior to the Public Issue.
- (2) Calculated based on PBT attributable to equity holders of our Company for the respective financial years divided by the number of Shares had our Group been in existence.
- (3) Calculated based on PAT attributable to equity holders of our Company for the respective financial years divided by the number of Shares had our Group been in existence.
- (4) Calculated based on PAT attributable to equity holders of our Company for the respective financial years divided by the number of Shares had our Group been in existence.

8. FINANCIAL INFORMATION (Cont'd)**Basis of Preparation:-**

1. The proforma consolidated income statements have been prepared for illustrative purposes, based on the audited financial statements of KIMLUN for FPE 31 December 2009, audited financial statements of KLSB for the past 3 financial years, i.e. FYE 31 December 2007 to FYE 31 December 2009, time apportionment of audited financial statements of SPC for the past 3 financial years, i.e. FYE 31 March 2007 to FYE 31 March 2009, and 9-month FPE 31 December 2009, and audited financial statements of IBT for FPE 31 December 2008 and FYE 31 December 2009.
2. For the purpose of preparation of proforma consolidated financial information, the financial statements of our subsidiaries were converted to comply with applicable FRS in Malaysia. The audited financial statements of KLSB for FYE 31 December 2007 to FYE 31 December 2008, and SPC for FYE 31 March 2007 to FYE 31 March 2009 were converted from PERS to applicable FRS in Malaysia and IBT for FPE 31 December 2008 and FYE 31 December 2009 were converted from Singapore FRS to applicable FRS in Malaysia, for the purpose of this report. The adoption of the applicable FRS in Malaysia did not have any material financial effect on the financial statements of our subsidiaries. The audited financial statements of KIMLUN and our subsidiaries for FYE/FPE 31 December 2009 have been prepared in accordance with the applicable FRS in Malaysia.
3. All figures in the audited financial statements of IBT stated in SGD have been converted to RM. The applied rates of exchange for the 7-month FPE 31 December 2008 and FYE 31 December 2009 are SGD1.00:RM2.4067 and SGD1.00:RM2.4408 respectively, based on the exchange rate as at 31 December 2008 and 31 December 2009.

The average and closing exchange rates as outlined in the table below, are extracted from publicly available information. The average exchange rate for each financial period is the average of the closing exchange rates on the last day of each month during that financial period. These exchange rates have been presented solely for information only and should not be construed as a representation that those SGD amounts could have been, or could be, or was converted into RM, at any particular rates, the rates stated below, or at all.

	SGD : RM rate	
	Average	Closing
FPE 31 December 2008	2.4010	2.4067
FYE 31 December 2009	2.4237	2.4408

The high and low exchange rates between SGD and RM for each of the past 6 months prior and up to the LPD were as follows:-

	SGD : RM rate	
	High	Low
November 2009	2.4587	2.4225
December 2009	2.4577	2.4302
January 2010	2.4425	2.3974
February 2010	2.4378	2.4028
March 2010	2.4224	2.3285
April 2010	2.3464	2.2862

(Source: Bloomberg)

As at the LPD, the closing exchange rate between SGD and RM was SGD1:RM2.3232.

8. FINANCIAL INFORMATION (Cont'd)**8.2 CAPITALISATION AND INDEBTEDNESS**

The following table shows our cash and bank balances, debts and capitalisation of our Group as at 31 December 2009:-

	Proforma as at 31 December 2009 * (RM'000)	After adjusting for the IPO and utilisation of proceeds (RM'000)
Cash and bank balances	58,513	75,493
Indebtedness		
Short term borrowings		
<u>Secured and guaranteed:</u>		
Bank borrowings	37,849	37,849
Hire purchase	852	852
<u>Secured but not guaranteed:</u>		
Hire purchase	675	675
<u>Not secured and not guaranteed:</u>		
Advance from a shareholder ^	915 ⁽¹⁾	915 ⁽¹⁾
<u>Guaranteed but not secured</u>		
Bank borrowings	1,014	1,014
Total short term borrowings	41,305	41,305
Long term borrowings		
<u>Secured and guaranteed:</u>		
Hire purchase	289	289
<u>Secured but not guaranteed:</u>		
Hire purchase	739	739
<u>Guaranteed but not secured</u>		
Bank borrowings	4,460	4,460
Total long term borrowings	5,488	5,488
Total indebtedness	46,793	46,793
Total proforma shareholders' equity / capitalisation	95,454	153,534
Total capitalisation and indebtedness	142,247	200,327

Notes:-

* After the Acquisitions and the Dividend Payment.

^ Advance from Pang Tin @ Pang Yon Tin, which was utilised to meet the working capital requirements of IBT. The principal sum of the advance will be due on 30 June 2010 whereas the interest portion is payable semi-annually with the last instalment due on 30 June 2010. The interest rates are between 7.50% and 8.75% per annum.

(1) Denominated in SGD. The advance from a shareholder as at 31 December 2009 was SGD375,000.

8. FINANCIAL INFORMATION (Cont'd)

8.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS

The following discussion of our results of operations for the financial years under review should be read in conjunction with the proforma consolidated financial information and the related notes included in Section 8.7 of this Prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and the discussion on risk factors included in Section 3 of this Prospectus.

8.3.1 Overview of Revenue and Expenses***Revenue***

Our revenue is derived from the 2 main business segments, namely construction and manufacturing and supply of concrete products. The contribution from the provision of IBS and trading in construction and building materials is immaterial to our Group during the financial years under review. We have included revenue from our provision of IBS and trading in construction and building materials as part of the revenue of manufacturing and supply of concrete products.

In respect of our construction segment, revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of revenue can be measured reliably. Where the outcome of a construction contract can be reliably estimated, contract revenue and costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion method is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs. Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of actual costs incurred that it is probable will be recoverable, and costs incurred are recognised as expenses. Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

In respect of our manufacturing and supply of concrete products segment, revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of revenue can be measured reliably. It is recognised net of discounts upon the transfer of risks and rewards.

Our revenue is derived from 2 geographical markets, namely Malaysia and Singapore. Currently, all of our construction segment revenue is derived from Malaysia, while more than 70% of our revenue from the manufacturing and supply of concrete products segment is derived from Singapore with the remaining revenue being derived from Malaysia.

Cost of Sales, Gross Profit and Gross Profit Margin

Our cost of sales mainly comprises raw materials costs, sub-contracting costs and labour costs. Our cost of sales accounted for approximately 87.06%, 88.67% and 85.97% of our total revenue in FYE 31 December 2007, FYE 31 December 2008 and FYE 31 December 2009 respectively.

The main factors that affect our costs of sales include, inter alia, fluctuation in the prices of raw materials, our sourcing capabilities, our ability to control our sub-contracting costs and our ability to ensure a timely performance of our obligations.

8. FINANCIAL INFORMATION (Cont'd)**Other Operating Income**

Our other operating income comprises mainly interest income from fixed deposits, insurance compensation received for stolen materials at job sites and construction work damaged or affected by land slides and heavy rain fall, and rental income from the lease of our machinery.

Selling and Administrative Expenses

Our selling and administrative expenses comprise mainly carriage outward, salary and staff related expenses, directors' emolument, business development and marketing expenses, premises expenses such as rental and upkeep of offices and properties, and plant and equipment written off.

Finance Costs

Our finance costs comprise interest expenses incurred on bank overdrafts, banker's acceptances, advances against progressive claims, loan and hire purchase and leasing facilities.

8.3.2 Segmental Analysis

The segmental analysis below is based on the audited financial statements of KLSB for the past 3 financial years, i.e. FYE 31 December 2007 to FYE 31 December 2009, time apportionment of audited financial statements of SPC for the past 3 financial years, i.e. FYE 31 March 2007 to FYE 31 March 2009, and 9-month FPE 31 December 2009, and audited financial statements of IBT for FPE 31 December 2008 and FYE 31 December 2009.

(i) RevenueBy company

The segmental analysis of our operating revenue for the past 3 years up to FYE 31 December 2009 is as follows:-

	< ----- FYE 31 December ----- >					
	2007		2008		2009	
	RM'000	%	RM'000	%	RM'000	%
KLSB	318,743	86.58	350,816	83.71	390,643	88.51
SPC	49,402	13.42	67,519	16.11	45,987	10.42
IBT	-	-	768	0.18	4,744	1.07
	368,145	100.00	419,103	100.00	441,374	100.00
Consolidation adjustments*	(1,869)		(5,848)		(5,961)	
Total revenue	366,276		413,255		435,413	

Note:-

* The consolidation adjustments are in relation to the inter-company sale of concrete products by SPC to KLSB and IBT.

8. FINANCIAL INFORMATION (Cont'd)By business segment

	<----- FYE 31 December ----->					
	2007		2008		2009	
	RM'000	%	RM'000	%	RM'000	%
Construction	318,743	86.58	350,816	83.71	390,643	88.51
Manufacturing and supply of concrete products	49,402	13.42	68,287	16.29	50,731	11.49
	<u>368,145</u>	<u>100.00</u>	<u>419,103</u>	<u>100.00</u>	<u>441,374</u>	<u>100.00</u>
Consolidation adjustments*	(1,869)		(5,848)		(5,961)	
Total revenue	<u>366,276</u>		<u>413,255</u>		<u>435,413</u>	

Note:

- * The consolidation adjustments are in relation to the inter-company sale of concrete products by SPC to KLSB and IBT.

By geographical market

	<----- FYE 31 December ----->					
	2007		2008		2009	
	RM'000	%	RM'000	%	RM'000	%
Malaysia						
- Construction	318,743	87.02	350,816	84.89	390,643	89.72
- Manufacturing and supply of concrete products	15,990	4.37	8,322	2.01	12,457	2.86
	<u>334,733</u>	<u>91.39</u>	<u>359,138</u>	<u>86.90</u>	<u>403,100</u>	<u>92.58</u>
Singapore						
- Manufacturing and supply of concrete products	31,543	8.61	54,117	13.10	32,313	7.42
Total revenue	<u>366,276</u>	<u>100.00</u>	<u>413,255</u>	<u>100.00</u>	<u>435,413</u>	<u>100.00</u>

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

8. FINANCIAL INFORMATION (Cont'd)**(ii) Gross Profit and Gross Profit Margin**

The segmental analysis of our gross profit and gross profit margin for the past 3 years up to FYE 31 December 2009 is as follows:-

By company

	←----- FYE 31 December -----→					
	2007		2008		2009	
	RM'000	%	RM'000	%	RM'000	%
KLSB	37,223	78.60	28,804	61.53	48,016	78.59
SPC	10,137	21.40	17,944	38.33	12,549	20.54
IBT	-	-	68	0.14	533	0.87
	47,360	100.00	46,816	100.00	61,098	100.00
Consolidation adjustments*	19		11		8	
Total gross profit	47,379		46,827		61,106	

Note:-

* The consolidation adjustments are in relation to the inter-company sale of concrete products by SPC to KLSB and IBT.

	←----- FYE 31 December -----→		
	2007	2008	2009
	%	%	%
KLSB	11.68	8.21	12.29
SPC	20.52	26.58	27.29
IBT	-	8.85	11.23
Overall gross profit margin (after consolidation adjustments)	12.94	11.33	14.03

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

8. FINANCIAL INFORMATION (Cont'd)By business segment

	<----- FYE 31 December ----->					
	2007		2008		2009	
	RM'000	%	RM'000	%	RM'000	%
Construction	37,223	78.60	28,804	61.53	48,016	78.59
Manufacturing and supply of concrete products	10,137	21.40	18,012	38.47	13,082	21.41
	47,360	100.00	46,816	100.00	61,098	100.00
Consolidation adjustments*	19		11		8	
Total gross profit	47,379		46,827		61,106	

Note:-

* The consolidation adjustments are in relation to the inter-company sale of concrete products by SPC to KLSB and IBT.

	<----- FYE 31 December ----->		
	2007 %	2008 %	2009 %
Construction	11.68	8.21	12.29
Manufacturing and supply of concrete products	20.52	26.38	25.79
Overall gross profit margin (after consolidation adjustments)	12.94	11.33	14.03

Segmental analysis of gross profit and gross profit margin by geographical market is not available due to common cost incurred for both local and overseas markets.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

8. FINANCIAL INFORMATION (Cont'd)

8.3.3 Commentary on Past Performance

FYE 31 December 2008 as compared to FYE 31 December 2007

Revenue

Our revenue increased by 12.83% or RM46.98 million, from RM366.28 million in FYE 31 December 2007 to RM413.26 million in FYE 31 December 2008. This was attributable to the increase in revenue from both construction and manufacturing and supply of concrete products segments.

Our revenue from the construction segment increased by 10.06% or RM32.07 million in FYE 31 December 2008 as a result of an increase in revenue contribution from new projects amounting to RM54.22 million from RM143.42 million in FYE 31 December 2007 to RM197.64 million in FYE 31 December 2008, partly offset by a decline in revenue from existing projects, amounting to RM22.15 million from RM175.32 million in FYE 31 December 2007 to RM153.17 million in FYE 31 December 2008.

New projects refer to projects secured in either the preceding financial year(s) or current financial year, and which commenced revenue generation in current financial year. Existing projects refer to projects carried forward to current financial year and have commenced revenue generation in preceding financial year(s).

Revenue from new projects rose mainly due to increase in new projects secured from both our new and existing customers in FYE 31 December 2008 compared to FYE 31 December 2007. The major new projects which were carried out during the financial year include, amongst others, the following:

- Design and build, testing and commissioning of a shopping complex with infrastructure works on Lot PTD 90606, Mukim Pulai, Johor Bahru, Johor;
- Construction of factory including training center, hostel and associated external works on Lots 42 and 43, Southern Industrial and Logistic Cluster, Bandar Nusajaya, Johor; and
- Construction of 106 units of terrace houses in Bandar Dato' Onn, Johor.

These new projects collectively contributed 34.55% to the revenue from new projects for FYE 31 December 2008.

Revenue from existing projects declined due to greater proportion of work carried out for new projects in FYE 31 December 2007 vis-à-vis work carried out for new projects in FYE 31 December 2006, thus resulting in lower amount of work carried forward to FYE 31 December 2008 when compared to amount of work carried forward to FYE 31 December 2007. The major existing projects which were carried out during the financial year include, amongst others, the following:

- Construction of 126 units of double storey terrace houses at Zone 36C, Indahpura, Mukim Senai-Kulai, Johor;
- Construction of 128 units of cluster houses at Taman Gaya, Johor Bahru, Johor;
- Construction of 3 elevated U-turn bridges and 4 elevated pedestrian bridges for the road upgrading of the Johor Bahru-Pasir Gudang Highway (upgrading of Perling Interchange); and
- Construction of 438 units of double storey houses on Lots 11156 and 1570, Sierra Perdana, Mukim Plentong, Johor Bahru, Johor.

These existing projects collectively contributed 33.63% to the revenue from existing projects for FYE 31 December 2008.

Our revenue from the manufacturing and supply of concrete products segment increased by 38.24% or RM18.89 million in FYE 31 December 2008, mainly attributable to the increase in revenue from the sales of pre-cast concrete building components to Singapore. We had secured more orders for the supply of building components to Singapore and most of the

8. FINANCIAL INFORMATION (Cont'd)

orders were duly fulfilled during the financial year. The increase in our revenue from the manufacturing and supply of concrete products segment was also partly attributable to the partial fulfilment of a sales order for the supply of cladding pipes to Labuan submarine pipe laying projects. However, the bulk of the aforesaid cladding pipes order was carried forward to the following financial year.

Our revenue from the Malaysia market increased by 7.29% or RM24.41 million, from RM334.73 million in FYE 31 December 2007 to RM359.14 million in FYE 31 December 2008 mainly attributable to the increase in our revenue from construction segment offset partially by a decline in revenue from our manufacturing and supply of concrete products segment. The revenue from our manufacturing and supply of concrete products segment in the Malaysia market declined by 47.97% or RM7.67 million in FYE 31 December 2008 mainly as a result of our Group's decision to reduce the production and sale of concrete piles and ready-mixed concrete, which collectively contributed about 52.91% of our Malaysia market concrete products revenue in FYE 31 December 2007, so that our resources could be channelled to producing customised pre-cast concrete products such as pre-cast building components and cladding pipes.

The collective gross profit contribution of concrete piles and ready-mixed concrete to the gross profit of our Group's concrete products segment was 11.73% in FYE 31 December 2007 and 2.03% in FYE 31 December 2008. The reduction in the production and sales of concrete piles and ready-mixed concrete products affected only our Malaysia market, as sales of these two products to Singapore were not material during the financial year under review.

Our revenue from the Singapore market increased by 71.59% or RM22.58 million, from RM31.54 million in FYE 31 December 2007 to RM54.12 million in FYE 31 December 2008, mainly attributable to an increase in revenue from the sale of pre-cast concrete building components to Singapore.

Gross Profit and Gross Profit Margin

Our gross profit declined by 1.16% or RM0.55 million from RM47.38 million in FYE 31 December 2007 to RM46.83 million in FYE 31 December 2008 despite the increase in revenue.

Our overall gross profit margin declined from 12.94% in FYE 31 December 2007 to 11.33% in FYE 31 December 2008 due to the decline in the gross profit margin of our construction segment.

The gross profit margin of our construction segment declined from 11.68% in FYE 31 December 2007 to 8.21% in FYE 31 December 2008. The decline was mainly due to the escalation in raw material costs, sub-contracting costs and overheads arising from the following events which took place in FYE 31 December 2008:-

- (i) Removal of ceiling price by the Malaysia Government of 2 main construction materials, namely cement and steel. The price of cement increased by approximately 22% after the ceiling price was lifted. KLSB's average steel cost per metric tonne for the construction segment increased by more than 30% in FYE 31 December 2008;
- (ii) Cut in fuel subsidy by the Malaysia Government which resulted in diesel price increasing by approximately 63%; and
- (iii) Increase in electricity tariff by approximately 26%.

We were unable to pass most of the sudden and unexpected escalation in construction costs to our customers given that most of the construction contracts with our customers do not provide for upward revisions to the contract value for escalation in construction costs.

8. FINANCIAL INFORMATION (Cont'd)

The gross profit margin of our manufacturing and supply of concrete products segment improved from 20.52% in FYE 31 December 2007 to 26.38% in FYE 31 December 2008. The improvement was mainly attributable to larger proportion of our sales being contributed by better profit margin products especially in relation to customized pre-cast building components and a large cladding pipes order. The collective gross profit margin for the pre-cast building components and the cladding pipes order was 10.64 percentage points higher than the average gross profit margin of our Group's non-customised concrete products. Economies of scale arising from larger volume of business also contributed to improvement in gross profit margin of this segment.

The effect of the surge in cement and steel costs on our manufacturing and supply of concrete products segment was less severe as some of our clients supplied steels for the production of products ordered by them based on price which was mutually agreed upon at the point of finalisation of sales order. In addition, the time taken from confirmation of sales order to actual production is generally short. As such, the impact of an escalation in raw material costs can be passed on to our customers in subsequent sales orders fairly quickly.

Other Operating Income

Our other operating income remained relatively unchanged in FYE 31 December 2007 and FYE 31 December 2008.

Selling and Administrative Expenses

Our selling and administrative expenses increased by 26.85% or RM3.37 million in FYE 31 December 2008 mainly due to the following:-

- (i) increase in carriage outward expenses by RM0.69 million in line with our increased level of operations;
- (ii) increase in directors' remuneration by RM0.79 million mainly arising from the revisions in our directors' salaries in the second half of FYE 31 December 2007;
- (iii) increase in salary and staff related cost by RM0.74 million owing to increase in staff headcount in line with our increasing business activities, and annual revision of our staff salaries; and
- (iv) increase in production equipment written off by RM0.61 million.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

8. FINANCIAL INFORMATION (Cont'd)

Finance Costs

Our finance costs increased by 31.16% or RM0.67 million from RM2.15 million in FYE 31 December 2007 to RM2.82 million in FYE 31 December 2008 mainly due to the increase in our borrowings to meet increased working capital requirements arising from the expansion in our operating activities.

Taxation

Our taxation expense decreased by 12.56% or RM1.01 million from RM8.04 million in FYE 31 December 2007 to RM7.03 million in FYE 31 December 2008 mainly as a result of the decrease in our PBT.

Net Profit Attributable to Equity Holders

As a result of the above, our net profit attributable to equity holders decreased by 13.99% or RM3.61 million from RM25.81 million in FYE 31 December 2007 to RM22.20 million in FYE 31 December 2008.

Cash Flow Statement**KLSB**

As shown in sub-section 8.3 of Section 9 of this Prospectus, KLSB recorded net cash used in operating activities of RM4.15 million in FYE 31 December 2008. This is mainly attributable to the timing difference between construction costs incurred and billings to / collections from customers, especially during the initial stage of the projects undertaken. KLSB had secured and commenced larger scale projects with higher contract values for FYE 31 December 2008.

The timing difference between construction costs incurred and billings to / collections from customers is mainly due to the following:

- (a) Fabrication work carried out in the early stage of construction such as fabrication of steel bars and formwork, are billable to customers only when such items form an integral part of the permanent structures or buildings.
- (b) Certain contracts between KLSB and its customers provide for progress billings to commence only upon the work done reaches a certain percentage (generally 5%) of the contract value.
- (c) Upfront costs incurred by KLSB such as site preparation costs (site clearing, hoarding, construction of temporary access and other temporary site facilities), levy imposed by CIDB, insurance premiums, and bank charges on performance bonds, can only be charged to the project principal / customer progressively based on the progress of the project and upon the work being certified by the customer or consultant appointed by the customer ("**Certification Party**").
- (d) There is a time gap between the incurrence of construction costs and the certification of progress billings by the Certification Party. Before a progress claim is prepared, measurement and inspection of work done will be undertaken with the site representative of the Certification Party ("**SR**"). The site measurement and inspection will form the basis for the preparation of the progress billing which will be verified by the SR. The finalised progress claim will then be submitted to the Certification Party for verification and issuance of a progress certificate. The certification process generally takes approximately 2 months from the incurrence of construction costs.

The timing difference will progressively reverse with the progress of the construction work.

8. FINANCIAL INFORMATION (Cont'd)

The timing difference between construction costs incurred and collections from customers is also due to the fact that the credit period granted by suppliers and sub-contractors to KLSB ranges from 30 to 90 days from the delivery of goods and services, while the credit period granted by KLSB to customers ranges from 30 to 90 days although, in practice, this may extend up to 120 days from certification. As explained above, certification generally takes approximately 2 months from the incurrence of construction costs.

SPC

As shown in sub-section 8.5 of Section 9 of this Prospectus, SPC recorded net cash used in operating activities of RM0.53 million in FYE 31 March 2007. This is mainly due to slower collection from trade debtors and postponement of delivery schedule of tunnel lining segments products by a customer resulting in an increase in the stock holding period for finished goods, coupled with the decrease in outstanding trade payables.

FYE 31 December 2009 as compared to FYE 31 December 2008***Revenue***

Our revenue increased by 5.36% or RM22.15 million, from RM413.26 million in FYE 31 December 2008 to RM435.41 million in FYE 31 December 2009. This was attributable to the increase in revenue from our construction segment partly offset by the decline in revenue from our manufacturing and supply of concrete products segment.

Our revenue from the construction segment increased by 11.35% or RM39.83 million in FYE 31 December 2009 as a result of increase in revenue contribution from existing projects amounting to RM28.16 million from RM153.17 million in FYE 31 December 2008 to RM181.33 million in FYE 31 December 2009 and increase in revenue contribution from new projects amounting to RM11.67 million from RM197.64 million in FYE 31 December 2008 to RM209.31 million in FYE 31 December 2009.

Revenue contribution from existing projects rose in FYE 31 December 2009 mainly due to the progress of the following larger size projects, which were brought forward from FYE 31 December 2008, to more advance stages of construction:-

- Construction of a shopping complex on Lot PT 38263, Mukim Cheras, Daerah Ulu Langat, Selangor;
- Construction of a shopping complex in Kota Damansara, Selangor; and
- Construction of 154 units of terrace houses on Lot 2970 and Lot 2972, Mukim Pulai, Johor Bahru, Johor.

These existing projects collectively contributed 36.61% to the revenue from existing projects for FYE 31 December 2009.

Revenue contribution from new projects rose mainly due to the commencement of construction work of the following larger size projects which were secured towards the end of FYE 31 December 2008:-

- The construction of elevated interchanges along Johor Bahru Inner Ring Road (Package 3B Jalan Abu Bakar Interchange); and
- The construction of a commercial centre in East Ledang, Nusajaya, Johor Bahru, Johor.

These new projects collectively contributed 23.47% to the revenue from new projects for FYE 31 December 2009.

Our revenue from the manufacturing and supply of concrete products segment declined by 25.71% or RM17.56 million in FYE 31 December 2009 mainly due to lesser sales orders received for the supply of pre-cast concrete building components to Singapore.

8. FINANCIAL INFORMATION (Cont'd)

Our revenue from the Malaysia market rose by 12.24% or RM43.96 million, from RM359.14 million in FYE 31 December 2008 to RM403.10 million in FYE 31 December 2009, attributable to the increases in revenue from both construction and manufacturing and supply of concrete products segments. Our revenue from the manufacturing and supply of concrete products segment in the Malaysia market increased by 49.69% or RM4.14 million in FYE 31 December 2009 mainly as a result of a large sales order for the supply of cladding pipes to Labuan submarine pipe laying projects partially offset by a reduction in the sales of concrete piles and ready-mixed concrete by RM1.03 million.

Our revenue from the Singapore market declined by 40.30% or RM21.81 million, from RM54.12 million in FYE 31 December 2008 to RM32.31 million in FYE 31 December 2009 mainly attributable to lesser sales orders received for the supply of pre-cast concrete building components.

Gross Profit and Gross Profit Margin

Our gross profit increased by 30.49% or RM14.28 million from RM46.83 million in FYE 31 December 2008 to RM61.11 million in FYE 31 December 2009 mainly attributable to the increase in revenue and gross profit margin of our construction segment. Our overall gross profit margin improved from 11.33% in FYE 31 December 2008 to 14.03% in FYE 31 December 2009.

The gross profit margin of our construction segment improved from 8.21% in FYE 31 December 2008 to 12.29% in FYE 31 December 2009. The improvement in gross profit margin was mainly due to our undertaking of a few better profit margin projects and lower cost of steels. The average cost of steel per metric tonne for the construction segment decreased by approximately 29% in FYE 31 December 2009 as compared to the average cost per metric tonne in FYE 31 December 2008. To the best knowledge of our Directors, the cost of steel is driven by market forces. The average cost was lower during FYE 31 December 2009 due to lower international market prices of steel.

The gross profit margin of our manufacturing and supply of concrete products segment declined from 26.38% in FYE 31 December 2008 to 25.79% in FYE 31 December 2009 mainly due to higher contribution from IBT which has a lower gross profit margin when compared to SPC.

Other Operating Income

Our other operating income increased by 25.44% or RM0.29 million from RM1.14 million in FYE 31 December 2008 to RM1.43 million in FYE 31 December 2009. The increase mainly resulted from an increase in rental income from the lease of our machinery.

Selling and Administrative Expenses

Our selling and administrative expenses increased by 8.92% or RM1.42 million in FYE 31 December 2009 mainly due to the following:-

- (i) Write-off of deferred expenditure of RM1.30 million mainly comprising consultancy fees which no longer bring future benefits to our Group;
- (ii) Increase in legal fees by RM0.91 million incurred mainly for legal documentation in relation to banking facilities; and
- (iii) Increase in staff payroll costs by RM0.54 million owing to increase in staff headcount in line with our increasing business activities, and annual revision of our staff salaries;

partly offset by decrease in carriage outward expenses by RM1.57 million in line with lower sales of our manufacturing and supply of concrete products segment;

8. FINANCIAL INFORMATION (Cont'd)***Finance Costs***

Our finance costs decreased by 16.67% or RM0.47 million from RM2.82 million in FYE 31 December 2008 to RM2.35 million in FYE 31 December 2009 mainly due to higher utilisation of banker's acceptance, which is a cheaper mean of financing, vis-à-vis bank overdraft and advance against progressive claim.

Taxation

Our taxation expense increased by 61.02% or RM4.29 million from RM7.03 million in FYE 31 December 2008 to RM11.32 million in FYE 31 December 2009 as a result of an increase in PBT and non-deductible items such as deferred expenditure written off, certain bank charges and legal fees incurred for banking facilities.

Net Profit Attributable to Shareholders

As a result of the above, our net profit attributable to equity holders increased by 42.03% or RM9.33 million from RM22.20 million in FYE 31 December 2008 to RM31.53 million in FYE 31 December 2009.

Overall Commentary

Our revenue increased at an average compounded growth rate of approximately 9.03% per annum from RM366.28 million in FYE 31 December 2007 to RM435.41 million in FYE 31 December 2009 despite the challenging economic conditions in Malaysia and Singapore during the financial years under review. The growth in our revenue was mainly due to the expansion of KLSB's scope of services to include the construction of specialised infrastructure and commercial complexes and SPC's sales of tunnel lining segments and pre-cast concrete building components to the Singapore market.

Our gross profit increased at an average compounded growth rate of approximately 13.57% per annum from RM47.38 million in FYE 31 December 2007 to RM61.11 million in FYE 31 December 2009. Our gross profit suffered a marginal 1.17% decline in FYE 31 December 2008 due to the escalation in raw material costs, sub-contracting costs and overheads experienced by KLSB, offset partly by the increase in SPC's gross profit. The increase in SPC's gross profit was mainly attributable to higher sales of better profit margin products and economies of scale arising from larger volume of business. Overall, the gross profit of RM46.83 million registered for FYE 31 December 2008 was still sizable.

Our gross profit increased by 30.49% to RM61.11 million in FYE 31 December 2009 mainly attributable to the increase in revenue and gross profit margin of our construction segment as we secured and commenced a few better profit margin projects, and the decline in the cost of steels.

Moving forward, the revenue and profit contributions of KLSB, SPC and IBT will be dependent on many factors which include, amongst others, the size and timing of projects or orders to be undertaken, the prevailing economic conditions and the achievability of our Group's future plans. Hence, the revenue and profit contribution in percentage term from KLSB, SPC and IBT will fluctuate year from year.

8.3.4 Significant Factors Materially Affecting Our Group's Net Revenue and Profits

Our results of operations are affected by a number of factors, the most significant of which are described below:-

(i) Quality of Our Construction Services

Our ability to provide quality and cost efficient construction services and products on a timely manner to meet our customers' needs and requirements such that they

8. FINANCIAL INFORMATION (Cont'd)

would provide us with future opportunities to provide our services and products.

(ii) Growth

Our financial performance is dependent on the growth of the construction industry and the property market in Malaysia and Singapore. We believe that our competitive strengths and advantages as set out in Section 4.7 of this Prospectus provide the fundamentals for the sustainability of our future business and financial growth. Our business strategies and future plans as set out in Section 4.8 of this Prospectus will further contribute to sustainable growth in our financial performance.

(iii) Competition

The construction and concrete product industries in which we operate are competitive in nature. We face competition from various construction and concrete products companies, which include listed and non-listed companies. Intense competition may result in highly competitive pricing in order to secure projects and sales orders from new and existing customers

However, our Directors are of the opinion that, with our track record in the industries, our competitive strengths and advantages as set out in Section 4.7 of this Prospectus and our continuous emphasis on R&D to enhance product quality, cost effectiveness and to develop new products and construction methodologies / techniques, we are competent and ready to face the challenges ahead. Please refer to Section 4.5.4 of this Prospectus for further details on our Group's R&D and technology.

(iv) Tax considerations

Our Malaysia operations were subject to Malaysia statutory corporate tax rate of 27%, 26% and 25% for the FYE 31 December 2007, FYE 31 December 2008 and FYE 31 December 2009 respectively. Our Singapore subsidiary was subject to Singapore statutory corporate tax rate of 18% for 7-month FPE 31 December 2008 and 17% for FYE 31 December 2009.

In respect of our Malaysia operations, the effective tax rate in FYE 31 December 2009 was higher than the above stated Malaysia statutory tax rate as there were non-deductible items such as deferred expenditures written off, certain bank charges and legal fees incurred for banking facilities and some expenses of provisional nature. The effective tax rate in FYE 31 December 2007 and FYE 31 December 2008 was lower than the above stated Malaysia statutory tax rate mainly due to the utilisation of certain tax incentives available to SPC.

In respect of our Singapore operation, there was no tax payable for 7-month FPE 31 December 2008 as the company's operation was not profitable. The effective tax rate in FYE 31 December 2009 was lower than the above stated Singapore statutory tax rate as the company is eligible for partial tax exemption under tax exemption scheme for new start-up companies.

(v) Exceptional / Extraordinary Items

There were no exceptional or extraordinary items in the past 3 years up to FYE 31 December 2009.

8.3.5 Material Changes in Sales or Revenue

A discussion on the reasons on material changes in our revenue for the past 3 years up to the FYE 31 December 2009 is as set out in Section 8.3.3 of this Prospectus.

8. FINANCIAL INFORMATION (Cont'd)

8.3.6 Impact of Foreign Exchange/ Interest Rates/ Commodity Prices on Our Group's Operations

Our business operations and customers are primarily contained within Malaysia and Singapore. Therefore, we are affected by fluctuations in foreign exchange. For FYE 31 December 2009, 7.42% of our revenue was transacted in SGD. As such, any appreciation or depreciation of SGD against RM will result in us incurring foreign currency exchange gains or losses.

Risks relating to foreign exchange and interest rates, which may materially affect our operations, are as set out in Section 3.2.4 and Section 3.1.11 of this Prospectus, respectively.

Some of our raw materials are sourced from Singapore's suppliers and payments are denominated in SGD. This forms a natural hedge that mitigates the risk of foreign exchange fluctuation. In addition, as at the LPD, we have secured credit lines for foreign exchange forward contracts with a few financial institutions, which allow us to enter into forward contracts of up to RM7.0 million. Should the need arise, our management can readily utilise such forward contracts to hedge the fluctuations in exchange rates between RM and SGD, after taking into account the exposure period and the related transaction costs.

Save for the above and as disclosed in Section 8.3.3 of this Prospectus, there were no other material impacts of fluctuations of foreign currency, interest rates or commodity prices on the operating profits of our Group in the relevant financial years under review.

8.3.7 Impact of Inflation on Our Group's Operations

There is no material impact of inflation on our historical profit for the past 3 years up to FYE 31 December 2009.

8.3.8 Impact of Government, Economic, Fiscal or Monetary Policies on Our Group's Operations

Risks relating to government, economic, fiscal or monetary policies or factors, which may materially affect our operations, are as set out in Section 3 of this Prospectus.

Save for the above and as disclosed in Section 8.3.3 of this Prospectus, there is no material impact of government, economic, fiscal or monetary policies or factors on our historical profits for the past 3 years up to FYE 31 December 2009.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

8. FINANCIAL INFORMATION (Cont'd)

8.4 LIQUIDITY AND CAPITAL RESOURCES

8.4.1 Working Capital

Our business growth has been financed through a combination of shareholders' equity, cash generated from our operations and external borrowings mainly from financial institutions. Cash generated from operations is mainly from collection from customers. Our principal uses of cash have been for payments to trade suppliers, sub-contractors, fixed deposits pledged as collateral for banking facilities, and operating, administrative and financial expenses.

As at 31 December 2009, we had RM58.51 million of cash and bank balances (after deducting the Dividend Payment of RM9.50 million) and total borrowings of RM46.79 million. We had an aggregate of RM113.63 million of available credit facilities comprising amongst others, bank overdrafts, term loans, hire purchase loans and banker's acceptance, out of which approximately RM41.13 million had been utilised as at the LPD.

Our Directors are of the opinion that, after taking into account the cash flow position of our Group, banking facilities available and the proceeds to be raised from the Public Issue, we will have adequate working capital to meet our needs and requirements for a period of 12 months from the date of this Prospectus.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

8. FINANCIAL INFORMATION (Cont'd)**8.4.2 Proforma Cash Flows**

A summary of our Group's proforma cash flow for FYE 31 December 2009 based on the proforma consolidated cash flow statement as set out in Section 8.7 of this Prospectus is as follows:-

	Proforma FYE 31 December 2009 (RM'000)
Net cash flow from operating activities	75,309
Net cash flow used in investing activities	(44,762)
Net cash flow from financing activities	26,755
Net increase in cash and cash equivalents	57,302
Foreign currency translation differences	2
Opening balance of cash and cash equivalents	10,754
Closing balance of cash and cash equivalents	68,058

There are no legal or economic restrictions on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends. Some of our bankers, however, require us to seek their prior approval for dividend payments. We do not expect such approval to be unreasonably withheld by our bankers. Therefore, we are confident that we can meet our cash obligations.

Net Cash Flows from Operating Activities

For FYE 31 December 2009, we generated operating cash flow before working capital changes amounted to RM50.02 million. After adjustments for working capital changes which resulted in an inflow of RM34.88 million, interest paid of RM2.35 million, net taxes paid of RM7.67 million and interest received of RM0.43 million, we generated net cash from operating activities of RM75.31 million. Working capital changes arose mainly from the following:-

- (i) decrease in inventories amounting to RM3.59 million in line with lower sales volume and business activities of our manufacturing and supply of concrete products segment;
- (ii) increase in receivables amounting to RM1.71 million in line with the increase in construction work carried out; and
- (iii) increase in payables amounting to RM33.00 million mainly attributable to increase in advance payment and deposit received from our customers by RM17.88 million, and increase in trade and other payables amounting to RM15.12 million in line with the increase in construction work carried out.

Net Cash Flows Used in Investing Activities

For FYE 31 December 2009, we utilised net cash in investing activities amounting to RM3.66 million, mainly as a result of the following:-

- (i) acquisition of property, plant and equipment of RM3.92 million; and

8. FINANCIAL INFORMATION (Cont'd)

- (ii) proceeds from the disposal of investment property of RM0.26 million.

For proforma purposes, our actual cash flow used in investing activities has been adjusted to take into account the additional RM41.10 million that we are expected to incur for the construction of factories, and the purchase of land, plant and machinery as set out in Section 2.8 of this Prospectus. Upon completion of our IPO, our net cash used in investing activities would be RM44.76 million.

Net Cash Flows from Financing Activities

For FYE 31 December 2009, we utilised net cash in financing activities amounting to RM21.83 million, mainly as a result of the following:-

- (i) repayment of advance against progressive claim, short term borrowing and hire purchase of RM10.30 million, RM4.59 million, and RM2.57 million respectively;
- (ii) repayment of loan from related parties of RM2.53 million;
- (iii) payment of dividend of RM15.10 million; and
- (iv) net proceeds from banker's acceptance and term loan of RM7.87 million and RM5.39 million respectively.

For proforma purposes, our actual net cash flow from financing activities has been adjusted to take into account the following:-

- (i) gross proceeds raised via the Public Issue of RM62.08 million and the utilisation of RM4.00 million to defray the estimated listing expenses; and
- (ii) the Dividend Payment.

8.4.3 Borrowings

As at the LPD, we had total outstanding borrowings of RM42.00 million, details of which are set out below:-

	Amount (RM'000)
<u>Interest bearing short term borrowings</u>	
Bank borrowings	34,610
Hire purchase	1,529
Advance from a shareholder ⁽¹⁾	870
	<u>37,009</u>
<u>Interest bearing long term borrowings</u>	
Bank borrowings	4,133
Hire purchase	856
	<u>4,989</u>
Total interest-bearing borrowings	<u><u>41,998</u></u>
Gearing ratio as at the LPD (times) ⁽²⁾	0.44
Gearing ratio after IPO and utilisation of proceeds (times) ⁽³⁾	0.27

Notes:-

- (1) Denominated in SGD. The advance from a shareholder as at the LPD was SGD375,000 or RM869,666 based on the exchange rate of SGD1:RM2.3191.

8. FINANCIAL INFORMATION (Cont'd)

- (2) Based on total interest-bearing borrowings divided by proforma shareholders' funds as at 31 December 2009 of RM95,453,800 upon completion of the Dividend Payment and Acquisitions.
- (3) Based on total interest-bearing borrowings divided by proforma shareholders' funds as at 31 December 2009 of RM153,533,800 upon completion of the Public Issue and after the utilisation of proceeds.

There has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of our Group throughout the past 3 years up to FYE 31 December 2009 and the subsequent financial period up to the LPD which our Directors are aware of.

8.4.4 Breach of Terms and Conditions / Covenants Associated With Credit Arrangement / Bank Loan

To the best of our Directors' knowledge, as at LPD, neither us nor any of our subsidiaries are in breach of any terms and conditions or covenants associated with credit arrangements or bank loans, which can materially affect our financial results or business operations, or the investments by holders of securities in our Company.

8.4.5 Financial Instruments Used

In order to mitigate the effects of fluctuations in foreign currency on our Group, we have credit lines for foreign exchange forward contracts with a few financial institutions, as detailed in Section 8.3.6 of this Prospectus. Should the need arise, our management can readily utilise such forward contracts to hedge the fluctuations in exchange rates between RM and SGD, after taking into account the exposure period and the related transaction costs.

Our management will continue to assess the need for the use of any hedging instruments or techniques if necessary, after taking into account the future amount of foreign currency involved, exposure period and the related transaction costs.

Save for the above, we do not use any other financial instruments for hedging purposes.

8.4.6 Treasury Policies and Objectives

We have been financing our operations through a combination of shareholders' equity, cash generated from our operations and external source of funds. Our external source of funds mainly comprises credit terms provided by our suppliers as well as bank borrowings. The normal credit term granted by our suppliers is 30 to 90 days. Details of the borrowings are provided in Section 8.4.3 of this Prospectus.

The decision to either utilise banking facilities or internally generated funds for our operations depends on *inter alia*, our cash reserve, expected cash inflows or receipts from customers, future working capital requirements, future capital expenditure requirements and the interest rates of the banking facilities.

Our minimum cash reserves at any point in time is dependent on, *inter alia*, the expected cash inflows or receipts from customers, liquidity of our short-term investments and our future working capital requirements.

8. FINANCIAL INFORMATION (Cont'd)**8.4.7 Material Commitment**

As at the LPD, save for the parcel of industrial land detailed in Section 2.8(ii) of this Prospectus, approved and contracted for amounting to RM5.0 million (of which a deposit of RM0.1 million has been paid), the purchase of which will be funded by the proceeds from the Public Issue, we do not have any other material capital commitments for capital expenditure, which upon becoming enforceable, may have a material effect on our financial position.

8.4.8 Material Litigation / Arbitration

As at the LPD, neither we nor our subsidiaries are engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect and/or adverse effect on our financial position or business.

8.4.9 Contingent Liabilities

As at the LPD, we do not have any contingent liabilities which, have become enforceable or likely to become enforceable, which in the opinion of our Directors, will or may substantially affect our ability to meet our obligations as and when they fall due.

8.4.10 Key Financial Ratios

Our key financial ratios are as follows:-

KLSB

	FYE 31 December		
	2007	2008	2009
Trade receivables turnover period (months) ⁽¹⁾	3.16	2.68	2.49
Trade payables turnover period (months) ⁽²⁾	2.95	2.20	2.79

KLSB generally grants a credit period ranging from 30 to 90 days to its customers although, in practice, this may extend up to 120 days.

KLSB's trade receivables turnover period has been consistently within its normal credit period.

The credit period granted by sub-contractors and suppliers to KLSB ranges from 30 to 90 days. KLSB's trade payables turnover period has been consistently within the credit period granted by its sub-contractors and suppliers.

8. FINANCIAL INFORMATION (Cont'd)**SPC**

	FYE 31 March			9-month FPE 31 December
	2007	2008	2009	2009
Trade receivables turnover period (months) ^(1a)	3.68	3.40	2.97	2.29
Trade payables turnover period (months) ^(2a)	1.96	2.35	1.55	2.40
Inventories turnover period (months) ⁽³⁾	5.43	3.00	3.45	5.69

SPC generally grants a credit period of 60 days to its customers. However, this may extend up to 3 months for major customers. SPC's trade receivables turnover period exceeded its normal credit period for FYE 31 March 2007 and FYE 31 March 2008.

This was mainly attributable to debts owing by a trade debtor of RM0.66 million as at the end of FYE 31 March 2007 which were subsequently written off in FYE 31 March 2008. The debts arose during the period from June 2005 to May 2006. In addition, SPC had, in FYE 31 March 2009, provided for as doubtful debts / written off debts totalling RM0.38 million owing by 4 trade debtors. The debts arose during the period from September 2005 to May 2008. The provision for / write-off of debts, together with improved collection from other trade debtors, contributed to the improvement in trade receivables turnover in FYE 31 March 2009 and FPE 31 December 2009. All the 5 trade debtors are no longer our customers.

The credit period granted by sub-contractors and suppliers to SPC ranges from 30 to 90 days. SPC's trade payables turnover period has been consistently within the credit period granted by its sub-contractors and suppliers.

Save for tunnel lining segments, SPC generally maintains an average inventories holding level of 2.50 months to 3.50 months, inclusive of 28 days of curing time, depending on its sales forecast and production planning. Tunnel lining segments are customised and sales contract specific products, hence its inventory level is dependent on the moulds and delivery schedule provided by the customers. It is a general requirement of all tunnel lining segment orders to commence production a few months ahead of the first scheduled delivery. It is attributable to the expected fast depletion of inventory level after active delivery commences, during which daily delivery may be up to 3 to 4 times of the daily production of the products. SPC collects from its customers deposits of at least 50% of the sale value of the inventory in hand.

The fluctuation in SPC's inventories turnover period is mainly attributable to tunnel lining segments, which made up of about 34% to 58% of SPC's inventories as at the end of each respective financial year/period. High inventories turnover period in FYE 31 March 2007 was mainly attributable to delay in delivery schedule after inventory built up. Improvement in inventory turnover period in FYE 31 March 2008 is mainly attributable to commencement of active delivery towards a tunnel lining segment order for which SPC commenced inventory build-up in FYE 31 March 2007. High inventories turnover period in FYE 31 March 2009 was mainly attributable to inventory build-up for new tunnel lining segment orders. High inventories turnover period in 9-month FPE 31 December 2009 was attributable to inventory build-up for a new tunnel lining segment order while there was a delay in delivery schedule of an existing tunnel lining segment order after inventory has been built up.

8. FINANCIAL INFORMATION (Cont'd)**IBT**

	FPE 31 December	FYE 31 December
	2008	2009
Trade receivables turnover period (months) ^(1b)	2.34	0.09
Trade payables turnover period (months) ^(2b)	1.48	0.10
Inventories turnover period (months) ^(3a)	6.18	0.00

IBT generally grants a credit period of 30 to 35 days to its customers although, in practice, this may extend up to 60 days. The credit period granted by suppliers to IBT ranges from 30 to 60 days.

IBT's trade receivables turnover period and trade payables turnover period were low in FYE 31 December 2009 due to lower sales and purchases during the second half of the financial year.

IBT's inventories comprise unamortised project specific mould costs. Generally, moulds have to be purchased upfront and supplied to our sub-contractors for production of the requisite products. The costs of these project specific moulds are amortised based on the proportion of finished products produced and delivered to the total amount expected to be delivered under each project. Inventories turnover period for 7-month FPE 31 December 2008 was high owing to low amortisation of mould costs. All project specified mould costs have been fully amortised as at 31 December 2009.

Notes:-

(1) Calculated as follows:-

(Trade receivables for certified work as at the end of the relevant financial year / Revenue for the relevant financial year) x 12 months

Trade receivables for certified work - (i) are net of provision for doubtful debts; (ii) exclude retention sums that were withheld by our customers for on-going and completed projects; and (iii) exclude amounts due from customers on contracts representing construction works which have been carried out but are pending consultant's certification.

(1a) Calculated as follows:-

(Trade receivables as at the end of the relevant financial year or period / Revenue for the relevant financial year or period) x 12 months for financial year or 9 months for 9-month FPE 31 December 2009

Trade receivables - (i) are net of provision for doubtful debts; and (ii) exclude retention sums that were withheld by our customers in relation to certain customised products sales orders.

(1b) Calculated as follows:-

(Trade receivables as at the end of the relevant financial year or period / Revenue for the relevant financial year or period) x 7 months for 7-month FPE 31 December 2008 or 12 months for financial year.

Trade receivables exclude retention sums that were withheld by our customers in relation to certain customised products sales orders.

(2) Calculated as follows:-

(Trade payables as at the end of the relevant financial year / Construction expenses for the relevant financial year of which credit period is granted by suppliers or sub-contractors) x 12 months

8. FINANCIAL INFORMATION (Cont'd)

Trade payables exclude - (i) retention sums accruing to sub-contractors that were withheld by us and which are not due for payment; and (ii) amounts due to customers on contracts which represent progress billings in excess of construction work in progress.

(2a) Calculated as follows:-

(Trade payables as at the end of the relevant financial year or period / Production expenses for the relevant financial year or period of which credit period is granted by suppliers or sub-contractors) x 12 months for financial year or 9 months for 9-month FPE 31 December 2009

(2b) Calculated as follows:-

(Trade payables as at the end of the relevant financial year or period / Purchases for the relevant financial year or period of which credit period is granted by suppliers or sub-contractors) x 7 months for 7-month FPE 31 December 2008 or 12 months for financial year.

Trade payables exclude retention sums accruing to sub-contractors that were withheld by us and which are not due for payment.

(3) Calculated as follows:-

(Inventories as at the end of the relevant financial year or period / Cost of sales for the relevant financial year or period) x 12 months for financial year or 9 months for 9-month FPE 31 December 2009

(3a) Calculated as follows:-

(Inventories as at the end of the relevant financial year or period / Cost of sales for the relevant financial year or period) x 7 months for 7-month FPE 31 December 2008 or 12 months for financial year.

Trade Receivables Turnover

The ageing analysis of our trade receivables as at 31 December 2009 is as follows:-

	Within credit period				Exceeding credit period		Total
	0-30 days	31-60 days	61-90 days	91-120 days	121-180 days	>180	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables ^	44,713	15,997	9,773	3,883	2,157	11,987	88,510
Less: Provision for doubtful debts	-	-	-	-	-	(481)	(481)
	44,713	15,997	9,773	3,883	2,157	11,506	88,029
Percentage of total trade receivables	50.80%	18.17%	11.10%	4.41%	2.45%	13.07%	100.00%

8. FINANCIAL INFORMATION (Cont'd)**Note:-**

[^] Exclude (i) retention sums that are withheld by our customers and (ii) amounts due from customers on contracts representing construction works which have been carried out but are pending consultant's certification.

The normal credit period given to our trade debtors ranges from 30 days to 90 days, although in practice, this may extend up to 120 days.

Allowance for doubtful debts amounting to RM0.48 million has been made for the trade receivables where collections are doubtful.

It is our policy to make full provisions for all trade receivables that are in dispute, under legal action or where recoveries are considered to be doubtful.

During the period between 1 January 2010 and the LPD, we have collected approximately RM9.01 million or 65.96% of the amount exceeding credit period. Our Directors are of the opinion that the remaining approximately RM4.65 million or 34.04% of the amount exceeding credit period (net of provision for doubtful debts) are recoverable taking into consideration the long term relationship between most of these customers and us, and various credit control measures being implemented by us to minimise customer default.

Trade Payables Turnover

The ageing analysis of our trade payables as at 31 December 2009 is as follows:-

	Within credit period			Exceeding credit period			Total
	0-30 days	31-60 days	61-90 days	91-120 days	121-180 days	>180	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade payables [^]	33,630	29,455	14,302	1,799	95	679	79,960
Percentage of total trade payable	42.06%	36.84%	17.89%	2.25%	0.12%	0.84%	100.00%

Note:-

[^] Exclude (i) retention sums accruing to sub-contractors that are withheld by us; and (ii) amounts due to customers on contracts which represent progress billings in excess of construction work in progress.

The normal credit period given to our trade creditors ranges from 30 days to 90 days.

As at the LPD, no legal or other action has been taken against us due to our non-payment or late payment in the amount owed to our suppliers / sub-contractors.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

8. FINANCIAL INFORMATION (Cont'd)

8.5 Trend Information**(a) Business and Financial Prospects**

As at the LPD, to the best of our Directors' knowledge and belief, our conditions and 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 this section and Section 3 and Section 4 of this Prospectus;
- (ii) material commitment for capital expenditures set out in Section 8.4.7 of this Prospectus;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save as disclosed in this section and in Section 3 of this Prospectus;
- (iv) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our Group revenue and/or profits save for those that have been disclosed in this section, industry overview as set out in Section 4.9 of this Prospectus and business strategies and future plans as set out in Section 4.8 of this Prospectus;
- (v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position other than those disclosed in this section and in Section 3 of this Prospectus; and
- (vi) 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 liquidity and capital resources, other than those discussed in this section and in Section 3 and Section 4 of this Prospectus.

Our Board is optimistic about our future prospect given the favourable outlook as set out in Section 4.10 of this Prospectus, our competitive strengths and advantages set out in Section 4.7 of this Prospectus and our dedication to implement the business strategies and future plans set out in Section 4.8 of this Prospectus.

(b) Order Book

As at the LPD, our balance order book for the construction services amounted to approximately RM648.92 million. As the revenue from our construction projects is recognised based on the percentage-of-completion method, our balance order book excludes the value of completed works in respect of on-going projects which have been recognised as revenue.

Our balance order book for the manufacturing and supply of concrete products as at LPD is approximately RM81.98 million.

Our orders in hand for the construction services and the manufacturing and supply of concrete products are however subject to cancellation, deferral or rescheduling by our customers. Accordingly, our order book as at any particular date may not be indicative of our revenue for any succeeding period.

8. FINANCIAL INFORMATION (Cont'd)

Going forward, we are confident that our order book will remain strong as we have earned the confidence and recognition of our customers due to our track record of delivering high quality services / products in a consistent and prompt manner as well as our ability to meet the stringent requirements of our customers.

8.6 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 our shareholders' approval. It is our intention of paying dividends to shareholders in the future. However, such payments will depend upon a number of factors as follows:-

- (i) the availability of adequate distributable reserves and cash flows;
- (ii) our operating cash flow requirements and financing commitments;
- (iii) our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans; and
- (iv) any material impact of tax laws and other regulatory requirements.

Actual dividends proposed and declared in the future may vary depending on the financial performance and cash flow of our Group, and may be waived if the payment of the dividends would adversely affect the cash flows and operations of our Group.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

8. FINANCIAL INFORMATION (Cont'd)

8.7 PROFORMA CONSOLIDATED FINANCIAL INFORMATION



Ernst & Young
AF: 0039
Suite 11.2, Level 11
Menara Pelangi
2, Jalan Kuning
Taman Pelangi
80400 Johor Bahru
Johor Darul Ta'zim, Malaysia
Tel : +607 334 1740
Fax: +607 334 1749
www.ey.com

8.7 Reporting Accountants' Letter on the Proforma Consolidated Financial Information

(Prepared for inclusion in this Prospectus)
31 May 2010

The Board of Directors
Kimlun Corporation Berhad
Level 18, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

Dear Sirs

Kimlun Corporation Berhad ("KIMLUN") Reporting accountants' letter on the proforma consolidated financial information

We report on the proforma consolidated financial information of KIMLUN and its subsidiaries ("Group") as set out in the Prospectus to be dated 14 June 2010, which we have stamped for the purpose of identification. The proforma consolidated financial information have been prepared for illustrative purposes only on the basis of assumptions as set out in the Prospectus and after making certain adjustments to show what :

- (a) the financial results of the Group for the financial years ended 31 December 2007 to 2009 would have been, if the Group structure as at the date of this Prospectus had been in place since the beginning of the years being reported thereon;
- (b) the financial position of the Group as at 31 December 2009 would have been, if the Group structure as at the date of this Prospectus had been in place on that date, adjusted for the Dividend Payment, Acquisitions, Public Issue (as defined herein) and the utilisation of listing proceed; and
- (c) the cash flows of the Group for the financial year ended 31 December 2009 would have been if the Group structure as of the date of this Prospectus had been in existence throughout the financial year ended 31 December 2009, adjusted for the Dividend Payment, Acquisitions, Public Issue and utilisation of listing proceed.

The proforma consolidated financial information, because of its nature, would not be reflective of the Group's actual financial results, financial position and cash flows.

8. FINANCIAL INFORMATION (Cont'd)



Kimlun Corporation Berhad
Reporting accountants' letter on the proforma consolidated financial information (cont'd)

It is solely the responsibility of the Board of Directors of KIMLUN to prepare the proforma consolidated financial information. Our responsibility is to form an opinion on the proforma consolidated financial information and to report our opinion to you based on our work.

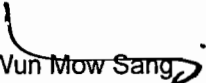
Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the proforma consolidated financial information to the audited financial statements of the subsidiaries of KIMLUN for the financial years ended 31 December 2007 to 2009, financial years ended 31 March 2007 to 2009 and financial period ended 31 December 2008, audited financial statement of KIMLUN for financial period ended 31 December 2009, considering the evidence supporting the adjustments and discussing the proforma consolidated financial information with the Directors of KIMLUN.

In our opinion :

- (i) the proforma consolidated financial information has been properly prepared, using merger accounting principles, based on the audited financial statements of the subsidiaries which have been prepared in accordance with applicable Private Entity Reporting Standards for subsidiaries incorporated in Malaysia for financial years ended 31 December 2007 and 2008 and financial years ended 31 March 2007 to 2009 and Singapore Financial Reporting Standards for a subsidiary incorporated in Singapore for financial period ended 31 December 2008 and financial year ended 31 December 2009 but converted to comply with Financial Reporting Standards in Malaysia in a manner consistent with both the format of the financial statements and the accounting policies adopted by KIMLUN Group; and
- (ii) each material adjustment made to the information used in the preparation of the proforma consolidated financial information is appropriate for the purposes of preparing the proforma consolidated financial information.

Yours faithfully


Ernst & Young
AF: 0039
Chartered Accountants


Wun Mow Sang
1821/12/10 (J)
Chartered Accountant

Johor Bahru, Malaysia

8. FINANCIAL INFORMATION (Cont'd)**KIMLUN CORPORATION BERHAD
(Incorporated In Malaysia)****PROFORMA CONSOLIDATED FINANCIAL INFORMATION****1. Introduction**

The proforma consolidated financial information, comprising the proforma consolidated income statements for the financial years ended 31 December 2007 to 2009, the proforma consolidated balance sheet as at 31 December 2009, and the proforma consolidated cash flow statement for the financial year ended 31 December 2009, have been prepared for inclusion in this Prospectus in connection with the listing of and quotation of the entire issued and paid-up share capital of KIMLUN on the Main Market of Bursa Malaysia Securities Berhad.

2. Abbreviations

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:

Acquisitions	Acquisition of KLSB, SPC and IBT by KIMLUN
Dividend Payment	Prior to the Acquisitions, KLSB and SPC had, on 7 May 2010, declared to their shareholders a dividend of RM8.5 million and RM1.0 million, respectively
FPE	Financial period ended
FRS	Financial Reporting Standards
FYE	Financial year ended
IBT	I-Buildtech Solutions Pte Ltd
IPO	Initial public offering in Malaysia comprising the Public Issue and Offer for Sale, collectively
IPO Price	RM0.97 per IPO Share, being the price payable by investors under the Public Issue/Offer for Sale
Group	KIMLUN and its subsidiaries namely KLSB, SPC and IBT
KIMLUN or Company	Kimlun Corporation Berhad
Share(s)	Ordinary share(s) of RM0.50 each in KIMLUN
KLSB	Kimlun Sdn Bhd
MITI	Ministry of International Trade and Industry, Malaysia
Offeror	Phang Piow @ Pang Choo Ing
Offer for Sale	The invitation by the Offeror to eligible Directors and selected investors to purchase the Offer Shares at the IPO Price, payable in full upon application, subject to the terms and conditions of this Prospectus
Offer Shares	The 11,300,000 Shares, which are the subject of the Offer for Sale
PERS	Private Entity Reporting Standards
Public Issue	The invitation by KIMLUN to the public, eligible employees and/or business associates and selected investors (including Bumiputera investors approved by the MITI) to subscribe for the Public Issue Shares at the IPO Price, payable in full upon application, subject to the terms and conditions of this Prospectus
Public Issue Shares	The 64,000,000 new Shares, which are the subject of the Public Issue
RM	Ringgit Malaysia
SPC	SPC Industries Sdn Bhd

8. FINANCIAL INFORMATION (Cont'd)

3. Listing Scheme

As part of the listing scheme, KIMLUN undertook the following:

3.1 Dividend Payment

Prior to the Acquisitions, KLSB and SPC had, on 7 May 2010, declared to their shareholders a dividend of RM8.5 million and RM1.0 million, respectively.

The dividends were paid on 8 May 2010.

3.2 Acquisitions

On 6 November 2009, KIMLUN entered into share sale agreements with the vendors of KLSB, SPC and IBT for the acquisition of the entire equity interest in KLSB, SPC and IBT, comprising 1,000,000 ordinary shares of RM1.00 each, 2,000,000 ordinary shares of RM1.00 each and 80 ordinary shares respectively. The purchase considerations for the Acquisitions are RM66,164,000, RM15,995,999 and RM340,000 respectively, which were fully satisfied by the issuance of 132,328,000, 31,991,998 and 680,000 Shares to the respective vendors of KLSB, SPC and IBT at an issue price of RM0.50 per Share. The Acquisitions were completed on 10 Mei 2010.

3.3 Public Issue

In conjunction with the listing, KIMLUN will undertake a public issue of 64,000,000 new Shares, representing 27.95% of the enlarged issued and paid-up share capital of KIMLUN, at the IPO Price to be allocated and allotted in the following manner:

(a) 11,450,000 Public Issue Shares, representing 5.00% of the enlarged issued and paid-up share capital of KIMLUN, will be made available for application by the Malaysian public, to be allocated via ballot;

(b) 1,500,000 Public Issue Shares, representing 0.66% of the enlarged issued and paid-up share capital of KIMLUN, will be reserved for the eligible employees and/or business associates of the Group;

(c) 33,050,000 Public Issue Shares, representing 14.43% of the enlarged issued and paid-up share capital of KIMLUN, will be made available for private placement to selected investors; and

(d) 18,000,000 Public Issue Shares, representing 7.86% of the enlarged issued and paid up share capital of KIMLUN, will be made available for private placement to Bumiputera investors approved by MITI.

3.4 Offer for Sale

The offer for sale of 11,300,000 representing 4.93% of the enlarged issued and paid-up share capital of KIMLUN, will be offered at the IPO Price and will be allocated and allotted in the following manner:

(a) 380,000 Offer Shares, representing 0.17% of the enlarged issued and paid-up share capital of KIMLUN, will be reserved for eligible Directors of the Group;

(b) 5,460,000 Offer Shares, representing 2.38% of the enlarged issued and paid-up share capital of KIMLUN, will be made available for private placement to selected investors; and

(c) 5,460,000 Offer Shares, representing 2.38% of the enlarged issued and paid-up share capital of KIMLUN, will be made available for private placement to Bumiputera investors approved by MITI.

8. FINANCIAL INFORMATION (Cont'd)

3. Listing Scheme (cont'd)

3.5 Listing

Upon completion of the Public Issue and Offer for Sale, KIMLUN will seek the listing of and quotation for its entire enlarged issued and paid-up share capital on the Main Market of Bursa Malaysia Securities Berhad.

4. Basis of preparation of proforma consolidated financial information

4.1 The proforma consolidated financial information has been prepared to illustrate:

- (a) the financial results of the Group for the three (3) FYE 31 December 2007 to 2009 would have been if the Group structure as at the date of this Prospectus had been in existence throughout the financial years under review;
- (b) the financial position of the Group as at 31 December 2009 would have been, if the Group structure as at the date of the Prospectus had been in place on that date, adjusted for the Dividend Payment, Acquisitions, Public Issue and the utilisation of listing proceed; and
- (c) the cash flows of the Group for the FYE 31 December 2009 would have been if the Group structure as of the date of this Prospectus had been in existence throughout the FYE 31 December 2009, adjusted for the Dividend Payment, Acquisitions, Public Issue and the utilisation of listing proceed.

The above proforma consolidated financial information has been accounted for using merger accounting principles.

4.2 The proforma financial results have been prepared for illustrative purposes, based on the audited financial statements of KIMLUN for the FPE 31 December 2009, KLSB for the past three (3) FYE 31 December 2007 to 2009, time apportionment of audited financial statements of SPC for the past three (3) FYE 31 March 2007 to 2009 and nine (9) months FPE 31 December 2009, and audited financial statements of IBT for the FPE 31 December 2008 and FYE 31 December 2009.

4.3 For the purpose of preparation of proforma consolidated financial information, the financial statements of these subsidiaries were converted to comply with applicable FRS in Malaysia. We have reviewed the financial statements of KLSB for FYE 31 December 2007 to 2008, SPC for FYE 31 March 2007 to 2009 for the conversion of PERS in Malaysia to applicable FRS in Malaysia and IBT for FPE 31 December 2008 and FYE 31 December 2009 for the conversion of Singapore FRS to applicable FRS in Malaysia, prepared for the purpose of this report. The adoption of applicable FRS in Malaysia did not have any material financial effect on the financial statements of these companies.

The audited financial statements of KLSB for the FYE 31 December 2009, KIMLUN and SPC for the FPE 31 December 2009 have been prepared in accordance with the applicable FRS in Malaysia.

The auditors' reports on the respective financial statements were not subject to any qualification or modifications for all the financial years/period under review.

8. FINANCIAL INFORMATION (Cont'd)

4. Basis of preparation of proforma consolidated financial information (cont'd)

4.4 The proforma consolidated cash flow statements have been prepared for illustration purposes, based on the audited financial statements of the Group for the FYE 31 December 2009 except for SPC, whose financial year ends on 31 March. SPC has changed its financial year ends from 31 March to 31 December in year 2009. The following assumptions are made for SPC for the inclusion in the proforma consolidated cash flow statement:

- (a) cash movements for balance sheet items are based on management accounts as at 31 December 2008 and audited balance sheet as at 31 December 2009.
- (b) cash movements for profit and loss items are based on time-apportioned amounts.

8. FINANCIAL INFORMATION (Cont'd)**5. Proforma consolidated income statements of the Group**

- 5.1** The proforma consolidated income statements for the past three (3) FYE 31 December 2007 to 2009, which have been prepared for illustrative purposes to show the aggregate results of the Group, are prepared on the assumption that the current structure of the Group existed throughout the financial years under review.

	2007 RM	2008 RM	2009 RM
Revenue	366,275,815	413,254,933	435,412,968
Cost of sales	(318,897,251)	(366,428,288)	(374,307,498)
Gross profit	47,378,564	46,826,645	61,105,470
Other income	1,164,426	1,138,889	1,430,162
Selling and administrative expenses	(12,550,600)	(15,920,386)	(17,336,425)
Operating profit	35,992,390	32,045,148	45,199,207
Finance costs	(2,150,458)	(2,816,022)	(2,354,098)
Profit before tax	33,841,932	29,229,126	42,845,109
Income tax expense	(8,036,389)	(7,029,346)	(11,318,562)
Profit for the year	<u>25,805,543</u>	<u>22,199,780</u>	<u>31,526,547</u>
Attributable to :			
Equity holders of KIMLUN	<u>25,805,543</u>	<u>22,199,780</u>	<u>31,526,547</u>

- 5.2** The performance indices of the Group based on the proforma consolidated income statements for the past three (3) FYE 31 December 2007 to 2009 are as follows:

	2007	2008	2009
Number of ordinary shares assumed in issue*	165,000,000	165,000,000	165,000,000
Revenue (RM)	366,275,815	413,254,933	435,412,968
Gross profit (RM)	47,378,564	46,826,645	61,105,470
Profit before tax (RM)	33,841,932	29,229,126	42,845,109
Gross earnings per share (RM)	0.21	0.18	0.26
Net earnings per share (RM)	0.16	0.13	0.19
Gross profit margin	12.94	11.33	14.03
Profit before tax margin	9.24	7.07	9.84
Profit after tax margin	7.05	5.37	7.24
Effective tax rate	23.75	24.05	26.42
Interest expense (RM)	2,150,458	2,816,022	2,354,098
Interest coverage ratio (times)	16.74	11.38	19.20

* Based on the number of ordinary shares in issue after the completion of the Acquisitions but before the Public Issue.

8. FINANCIAL INFORMATION (Cont'd)

6. Proforma consolidated balance sheets

The proforma consolidated balance sheets of the Group as set out below are prepared solely for illustrative purposes only to show the effects of the Acquisitions and Public Issue referred to in Section 3 had these transactions been effected on 31 December 2009.

	Audited Company Balance Sheet as at 31 December 2009 RM	Adjustment for Dividend Payment and Acquisitions RM	(I) Proforma Group after Dividend Payment and Acquisitions RM	Subscription of IPO and Utilisation of funds RM	(II) Proforma Group after Proforma (I) and subscription of IPO and Utilisation of funds RM
ASSETS					
Non-current assets					
Property, plant and equipment	-	17,797,895	17,797,895	41,100,000	58,897,895
Investment properties	-	567,445	567,445		567,445
Other investments	-	40,000	40,000		40,000
			18,405,340		59,505,340
Current assets					
Properties held for sale	-	1,337,816	1,337,816		1,337,816
Inventories	-	12,959,274	12,959,274		12,959,274
Trade receivables	-	191,198,183	191,198,183		191,198,183
Other receivables	-	5,210,516	5,210,516		5,210,516
Cash and bank balances	1	58,513,369	58,513,369	16,980,000	75,493,369
	1		269,219,158		286,199,158
	1		287,624,498		345,704,498
TOTAL ASSETS					

8. FINANCIAL INFORMATION (Cont'd)

6. Proforma consolidated balance sheets (cont'd)

	Audited Company Balance Sheet as at 31 December 2009 RM	Adjustment for Dividend Payment and Acquisitions RM	Proforma Group after Dividend Payment and Acquisitions RM	Subscription of IPO and Utilisation of funds RM	Proforma Group after Proforma (I) and subscription of IPO and Utilisation of funds RM
EQUITY AND LIABILITIES					
Equity					
Share capital	1	82,499,999	82,500,000	32,000,000	114,500,000
Share premium	-	-	-	26,740,000	26,740,000
Translation reserves	-	2,171	2,171		2,171
Merger deficit	-	(79,499,811)	(79,499,811)		(79,499,811)
(Accumulated losses)/Retained earnings	(10,095)	92,461,535	92,451,440	(660,000)	91,791,440
	(10,094)		95,453,800		153,533,800
Non-current liabilities					
Borrowings	-	5,487,619	5,487,619		5,487,619
Deferred tax liabilities	-	955,000	955,000		955,000
	-		6,442,619		6,442,619
Current liabilities					
Borrowings	-	40,389,729	40,389,729		40,389,729
Trade payables	-	105,623,626	105,623,626		105,623,626
Other payables	10,095	34,180,004	34,190,099		34,190,099
Tax payable	-	5,524,625	5,524,625		5,524,625
	10,095		185,728,079		185,728,079
	10,095		192,170,698		192,170,698
Total liabilities			287,624,498		345,704,498
TOTAL EQUITY AND LIABILITIES	1				
Number of ordinary shares in issue	2		165,000,000		229,000,000
Net (liabilities)/assets (RM)	(10,094)		95,453,800		153,533,800
Net (liabilities)/assets per share (RM)	(5,047)		0.58		0.67

8. FINANCIAL INFORMATION (Cont'd)

6.1 Notes to the proforma consolidated balance sheets

The proforma consolidated balance sheets include, on a proforma basis, the following transactions assuming they were effected on 31 December 2009:

Proforma (I)

Proforma (I) incorporates the effect of the Dividend Payment and Acquisitions.

On 6 November 2009, KIMLUN entered into share sale agreements with the vendors of KLSB, SPC and IBT for the acquisition of the entire equity interest in KLSB, SPC and IBT, comprising 1,000,000 ordinary shares of RM1.00 each, 2,000,000 ordinary shares of RM1.00 each and 80 ordinary shares respectively. The purchase considerations for the Acquisitions are RM66,164,000, RM15,995,999 and RM340,000 respectively, which were fully satisfied by the issuance of 132,328,000, 31,991,998 and 680,000 Shares to the respective vendors of KLSB, SPC and IBT at an issue price of RM0.50 per Share. The Acquisitions were completed on 10 May 2010.

The merger deficit in Proforma (I) is based on the difference between the amount recorded as cost of merger of RM66,164,000, RM15,995,999 and RM340,000 for KLSB, SPC and IBT respectively and the nominal value of KLSB, SPC and IBT's share capital acquired as follows:

	RM
Cost of merger	82,499,999
Less: Share capital of Acquisitions	<u>(3,000,188)</u>
Merger deficit	<u>79,499,811</u>

Proforma (II)

Proforma (II) incorporates the effects of Proforma (I) and the Public Issue of 64,000,000 new Shares at the IPO Price as set out in Section 3.3 and the proposed utilisation of the gross proceeds from the Public Issue as follows:

	RM
<u>Utilisation of proceeds</u>	
Construction of factories and purchase of plants and machineries	35,900,000
Purchase of a parcel of industrial land (inclusive of incidental cost)	5,200,000
Estimated listing expenses	4,000,000
Working capital	<u>16,980,000</u>
	<u>62,080,000</u>

8. FINANCIAL INFORMATION (Cont'd)**6.1 Notes to the proforma consolidated balance sheets (cont'd)****Proforma (II) (cont'd)**

The movements in the cash and bank balances are as follows:-

	RM
As at 31 December 2009	1
Arising from the Acquisitions	68,013,368
Less: Dividend paid*	<u>(9,500,000)</u>
As per Proforma I	58,513,369
Add: Proceeds from the Proposed Public Issue	62,080,000
Less: Estimated listing expenses	(4,000,000)
Less: Construction of factories and purchase of plants and machineries	(35,900,000)
Less: Purchase of a parcel of industrial land	<u>(5,200,000)</u>
As per Proforma II	<u>75,493,369</u>

* Prior to the Acquisitions, KLSB and SPC had, on 7 May 2010, declared to their shareholders a dividend of RM8.5 million and RM1.0 million, respectively.

The dividends were paid on 8 May 2010.

The movements in the issued and paid-up share capital account are as follows:-

	Number of Ordinary Shares	Amount of Share Capital RM
Audited as at 31 December 2009	2	1
Issuance of shares for the Acquisitions	<u>164,999,998</u>	<u>82,499,999</u>
As per Proforma I	165,000,000	82,500,000
Public Issue	<u>64,000,000</u>	<u>32,000,000</u>
As per Proforma II	<u>229,000,000</u>	<u>114,500,000</u>

The movements in the share premium account are as follows:-

	RM
Share premium arising from Public Issue	30,080,000
Less: Estimated listing expenses**	<u>(3,340,000)</u>
	<u>26,740,000</u>

** Estimated listing expenses relating to the issue of shares of RM3,340,000 and RM660,000 will be set off against share premium account and retained earnings respectively. For the purpose of this proforma, these expenses have been settled using the proceeds from the Public Issue.

8. FINANCIAL INFORMATION (Cont'd)**7.0 Proforma consolidated cash flow statement**

The proforma consolidated cash flow statement of the Group for the FYE 31 December 2009, which has been prepared for illustrative purposes only, are prepared based on the assumption that the current structure of the Group existed throughout the financial year under review.

	After Dividend Payment, Acquisitions and Public Issue RM
Cash flows from operating activities	
Profit before tax	42,845,109
Adjustment for:	
Provision for doubtful debts	118,021
Bad debts written off	17,396
Plant and equipment written off	282,011
Gain on disposal of investment property	(36,000)
Depreciation	3,888,353
Loss on disposal of properties held for sale	123,065
Unrealised forex loss	861,263
Interest expenses	2,354,098
Interest income	(432,192)
Operating profit before working capital changes	50,021,124
Inventories	3,590,453
Receivables	(1,715,530)
Payables	33,005,505
Cash generated from operating activities	84,901,552
Interest paid	(2,354,098)
Tax paid	(7,670,130)
Interest received	432,192
Net cash generated from operating activities	75,309,516
Cash flows from investing activities	
Purchase of property, plant and equipment	(45,018,496)
Proceeds from disposal of investment property	256,000
Net cash used in investing activities	(44,762,496)
Cash flows from financing activities	
Proceeds from issuance of ordinary shares	1
Proceeds from public issue	62,080,000
Dividend payment	(24,600,000)
Repayment of loan from directors	(2,525,000)
Proceeds from bankers' acceptances	7,867,320
Repayment of short term borrowing	(4,585,000)
Repayment of advance against progressive claim	(10,301,089)
Drawdown of term loan	5,390,480
Repayment of hire purchase	(2,571,881)
Estimated listing expenses	(4,000,000)
Net cash generated from financing activities	26,754,831

8. FINANCIAL INFORMATION (Cont'd)

7.0 Proforma consolidated cash flow statement (cont'd)

	After Dividend Payment, Acquisitions and Public Issue RM
Net increase in cash and cash equivalents	57,301,851
Effect of foreign exchange rate changes	2,320
Cash and cash equivalents at beginning of year	10,753,629
Cash and cash equivalents at end of year	<u>68,057,800</u>
Cash and cash equivalents comprise:	
Cash and bank balances	75,493,369
Bank overdrafts	(7,435,569)
	<u>68,057,800</u>