

## **NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF AZAM JAYA BERHAD (“AZAM JAYA” OR THE “COMPANY”) DATED 18 OCTOBER 2024 (“ELECTRONIC PROSPECTUS”)**

*(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)*

### **Website**

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad's (“Bursa Securities”) website at [www.bursamalaysia.com](http://www.bursamalaysia.com) (“Website”).

### **Availability and Location of Paper/Printed Prospectus**

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, Inter-Pacific Securities (“Interpac”), or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Forms are not available in electronic format.

### **Jurisdictional Disclaimer**

The IPO and the distribution of the Electronic Prospectus are subject to the laws of Malaysia. Bursa Securities, the Company, Directors, Promoters, Offerors, Principal Adviser, Sole Underwriter and Sole Placement Agent have not authorised anyone and take no responsibility for the distribution of the Electronic Prospectus outside Malaysia. No action has been taken to permit any offering of the IPO Shares based on the Electronic Prospectus in any jurisdiction other than Malaysia. The Electronic Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase, any of our IPO Shares in any jurisdiction or in any circumstances in which such an offer is not authorised or is unlawful or to any person to whom it is unlawful to make such offer or invitation. Prospective applicants who may be in possession of the Electronic Prospectus are required to take note, to inform themselves and to observe such restrictions.

### **Close of Application**

Applications for the IPO Shares will be accepted from **10.00 a.m.** on **18 October 2024** and will close at **5.00 p.m.** on **24 October 2024**. Any change to the timetable will be advertised by Azam Jaya in a widely circulated Bahasa Malaysia and English daily newspapers within Malaysia.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

### **Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted**

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users' access to the website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus as provided by the Company to Bursa Securities are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.



# P R O S P E C T U S



## AZAM JAYA AZAM JAYA BERHAD

Registration No. 202201021432 (1467129-U)  
(Incorporated in Malaysia under the Companies Act, 2016)

**INITIAL PUBLIC OFFERING (“IPO”) OF 128,800,000 ORDINARY SHARES IN AZAM JAYA BERHAD (“AZAM JAYA”) (“SHARES”) (“IPO SHARES”) IN CONJUNCTION WITH THE LISTING OF AZAM JAYA ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING:**

- (A) PUBLIC ISSUE OF 78,800,000 NEW SHARES (“ISSUE SHARES”) COMPRISING:**
- (I) 25,000,000 ISSUE SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;**
  - (II) 10,000,000 ISSUE SHARES AVAILABLE FOR APPLICATION BY THE ELIGIBLE DIRECTORS AND EMPLOYEES OF AZAM JAYA AND ITS SUBSIDIARIES (“GROUP”) AS WELL AS OTHER PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF THE GROUP; AND**
  - (III) 43,800,000 ISSUE SHARES BY WAY OF PRIVATE PLACEMENT TO INSTITUTIONAL AND SELECTED INVESTORS; AND**
- (B) OFFER FOR SALE OF 50,000,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO INSTITUTIONAL AND SELECTED INVESTORS,**

**SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISIONS AS SET OUT IN THE PROSPECTUS, AT AN IPO PRICE OF RM0.78 PER IPO SHARE PAYABLE IN FULL ON APPLICATION.**

Principal Adviser, Sole Underwriter and Sole Placement Agent

**INTER-PACIFIC**  
SECURITIES SDN. BHD.  
INTER-PACIFIC SECURITIES SDN BHD  
Registration No. 197201001092 (12738-U)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Financial Adviser

**sierac**  
corporate advisers  
SIERAC CORPORATE ADVISERS SDN BHD  
Registration No. 200001013247 (515853-A)

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

**FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” COMMENCING ON PAGE 35.**

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

THE SECURITIES COMMISSION MALAYSIA (“SC”) HAS APPROVED THE ISSUE, OFFER OR INVITATION FOR THE OFFERING UNDER SECTION 214(1) OF THE CAPITAL MARKETS AND SERVICES ACT 2007 (“CMSA”). THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC. THE APPROVAL AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS OUR IPO OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SHARES BEING OFFERED FOR INVESTMENT.

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

**THIS PROSPECTUS IS DATED 18 OCTOBER 2024**

**AZAM JAYA BERHAD**

Registration No. 202201021432 (1467129-U)  
(Incorporated in Malaysia under the Companies Act, 2016)

**PROSPECTUS**



## AZAM JAYA AZAM JAYA BERHAD

Registration No. 202201021432 (1467129-U)  
(Incorporated in Malaysia under the Companies Act, 2016)

No.7, Jalan Kolam Centre 1  
Hilltop, 88300 Kota Kinabalu, Sabah

+6088-222 288

+6088-249 888

contact@azamjaya.my



*All defined terms used in this Prospectus are defined under "Presentation of Information", "Definitions" and "Glossary of Technical Terms" commencing on pages ix, xi and xvii respectively.*

### **RESPONSIBILITY STATEMENTS**

Our Directors, Promoters and Offerors have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

Inter-Pacific Securities Sdn Bhd, being our Principal Adviser, Sole Underwriter and Sole Placement Agent acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

### **STATEMENTS OF DISCLAIMER**

Our Company has obtained the approval of Bursa Securities for our Listing. Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

This Prospectus, together with the Application Forms, has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

### **OTHER STATEMENTS**

Investors should note that you may seek recourse under Sections 248, 249 and 357 of the CMSA for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this Prospectus or the conduct of any other person in relation to our Company.

Our Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

Our Shares are classified as Shariah-compliant by the SAC. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review undertaken by the SAC. The new status is released in the updated list of Shariah-compliant securities, on the last Friday of May and November.

Investors should not take the agreement by the Sole Underwriter named in this Prospectus to underwrite our Shares under the Retail Offering as an indication of the merits of our Shares being offered.

This Prospectus is prepared and published solely for our IPO. Our Shares being offered in our IPO are offered solely on the basis of the information contained and representations made in this Prospectus. Our Company, Directors, Promoters, Offerors, Principal Adviser, Sole Underwriter and Sole Placement Agent have not authorised anyone to provide any information or to make any representation not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Company, Directors, Promoters, Offerors, Principal Adviser, Sole Underwriter and Sole Placement Agent, any of their respective directors, or any other persons involved in our IPO.

The Prospectus has been prepared in the context of our IPO under to the laws of Malaysia. This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

Our Company, Directors, Promoters, Offerors, Principal Adviser, Sole Underwriter and Sole Placement Agent named in this Prospectus have not authorised anyone and take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase, any of our IPO Shares in any jurisdiction or in any circumstances in which such an offer is not authorised or is unlawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the sale of our IPO Shares in certain jurisdictions may be restricted by law. Persons who may be in possession of this Prospectus are required to inform themselves and to observe such restrictions.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia. We will not accept any liability whether or not any enquiry or investigation is made in connection to it.

It shall be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subject to. We will further assume that you had accepted our IPO in Malaysia and will at all applicable times be subject only to the laws of Malaysia in connection therewith.

However, we reserve 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.

It shall be your sole responsibility to consult your legal and/or other professional advisers on the laws to which our IPO or you are or might be subjected to. Neither we nor our Directors, Promoters, Offerors, the Principal Adviser, Sole Underwriter and Sole Placement Agent nor any other advisers in relation to our IPO will accept any responsibility or liability if any application made by you shall become illegal, unenforceable or void in any country or jurisdiction.

#### **ELECTRONIC PROSPECTUS / INTERNET SHARE APPLICATION**

This Prospectus can be viewed or downloaded from Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com). The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

The internet is not a fully secure medium. Your Internet Share Application (as defined herein) 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 the control of the Internet Participating Financial Institutions or Participating Securities Firms (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions or Participating Securities Firms.

If you are in doubt of the validity or integrity of an Electronic Prospectus, you should immediately request from us or the Issuing House (as defined herein), a paper / printed copy of this Prospectus. If there is any discrepancy between the contents of the Electronic Prospectus and the contents of the paper / printed copy of this Prospectus for any reason whatsoever, the contents of the paper / printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the SC, shall prevail.

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 with the Third-Party Internet Sites. Accordingly, we are not responsible for the availability of, or the content or any data, information, file or other material provided on, the Third-Party Internet Sites. You shall bear all risks associated with the access to or use of the Third-Party Internet Sites;
- (ii) we 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 agreement 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, information, files or other material provided by such parties; and
- (iii) any data, information, file or other material is downloaded from the Third-Party Internet Sites is done at your own discretion and risk. We are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institution or Participating Securities Firm, you are advised that:

- (i) the Internet Participating Financial Institution or Participating Securities Firm is only liable in respect of the integrity of the contents of the Electronic Prospectus, to the extent of the contents of the Electronic Prospectus on the web server of the Internet Participating Financial Institution which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institution or Participating Securities Firms is not responsible for the integrity of the contents of the Electronic Prospectus, which has been downloaded or obtained from the web server of the Internet Participating Financial Institution or Participating Securities Firm and subsequently communicated or disseminated in any manner to you or other parties;
- (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 secure medium; and
- (iii) the Internet Participating Financial Institution or Participating Securities Firm 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 inaccuracy, change, alteration, deletion or omission 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 or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institution or Participating Securities Firm, 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.

**INDICATIVE TIMETABLE**

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An indicative timetable for our IPO is set out below:

<b>Events</b>	<b>Date</b>
Issuance of this Prospectus / Opening date of our IPO	10.00 a.m., 18 October 2024
Closing date of our IPO	5.00 p.m., 24 October 2024
Balloting of applications for our IPO Shares	28 October 2024
Allotment of our IPO Shares to successful applicants	6 November 2024
Listing	11 November 2024

In the event there are any changes to the timetable, we will advertise the notice of the changes in a widely circulated English and Bahasa Malaysia daily newspapers within Malaysia and will make an announcement on the website of Bursa Securities.

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**TABLE OF CONTENTS**

	<b>Page</b>
<b>PRESENTATION OF INFORMATION</b>	<b>ix</b>
<b>FORWARD-LOOKING STATEMENTS</b>	<b>x</b>
<b>DEFINITIONS</b>	<b>xi</b>
<b>GLOSSARY OF TECHNICAL TERMS</b>	<b>xvii</b>
<b>1. CORPORATE DIRECTORY</b>	<b>1</b>
<b>2. INTRODUCTION</b>	<b>5</b>
2.1 Approvals and conditions	5
2.2 Moratorium on our Shares	7
<b>3. PROSPECTUS SUMMARY</b>	<b>8</b>
3.1 Background and overview	8
3.2 Our competitive strengths	9
3.3 Business strategies and future plans	10
3.4 Risk factors	11
3.5 Principal details of our IPO	13
3.6 Use of proceeds	14
3.7 Directors and Key Senior Management	14
3.8 Promoters and Substantial Shareholders	15
3.9 Financial highlights	16
3.10 Dividend policy	17
<b>4. DETAILS OF OUR IPO</b>	<b>18</b>
4.1 Opening and closing of Applications	18
4.2 Indicative timetable	18
4.3 Particulars of our IPO	18
4.4 Basis of arriving at the price of our IPO Shares	25
4.5 Dilution	25
4.6 Use of proceeds	27
4.7 Brokerage, underwriting commission and placement fees	30
4.8 Underwriting agreement	31
4.9 Trading and settlement in secondary market	34
<b>5. RISK FACTORS</b>	<b>35</b>
5.1 Risks affecting our business and operations	35
5.2 Risks affecting the industry in which we operate	45
5.3 Risks affecting our Shares	47

**TABLE OF CONTENTS (CONT'D)**

	<b>Page</b>
<b>6. INFORMATION ON OUR GROUP</b>	<b>50</b>
6.1 Our Company	50
6.2 Share capital of our Company	50
6.3 Our Group structure	50
6.4 Our Subsidiaries	53
6.5 Material capital expenditures and divestitures	56
6.6 Take-over offers	56
<b>7. BUSINESS OVERVIEW</b>	<b>57</b>
7.1 Group overview, background and history	57
7.2 Our competitive strengths	58
7.3 Business strategies and future plans	62
7.4 Principal activities, products and services	63
7.5 Principal market	69
7.6 Business locations	70
7.7 Business development and marketing activities	71
7.8 Process flow of our construction projects	72
7.9 Research and development	79
7.10 Technology used	79
7.11 Major clients	80
7.12 Major suppliers	81
7.13 Types, sources and availability of purchases	84
7.14 Dependency on contracts, agreements, documents or other arrangements	86
7.15 Insurance	93
7.16 Seasonality	94
7.17 Employees	94
7.18 Interruptions to business for the past 12 months	95
7.19 Material property, plant, machinery and equipment	95
7.20 Major licenses, permits and approvals	95
7.21 Brand names, trademarks, patents, license agreements and other intellectual property rights	95
7.22 Material regulatory requirements	96
7.23 Environmental, social and governance	100
7.24 Additional disclosure / Other matters	103
<b>8. INDUSTRY OVERVIEW</b>	<b>105</b>



**TABLE OF CONTENTS (CONT'D)**

	<b>Page</b>
<b>9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT</b>	<b>116</b>
9.1 Promoters and Substantial Shareholders	116
9.2 Board of Directors	125
9.3 Key Senior Management	148
9.4 Declaration by our Promoters, Directors and Key Senior Management	158
9.5 Associations or family relationships between our Promoters, Substantial Shareholders, Directors and Key Senior Management	158
9.6 Service agreements	159
9.7 Other matters	159
<b>10. RELATED PARTY TRANSACTIONS</b>	<b>160</b>
10.1 Our Group's related party transactions	160
10.2 Monitoring and oversight of related party transactions	175
<b>11. CONFLICTS OF INTEREST</b>	<b>176</b>
11.1 Interest in businesses which carry on a similar trade as our Group or which are our customers and suppliers	176
11.2 Declaration by advisers on conflict of interest	177
<b>12. FINANCIAL INFORMATION</b>	<b>179</b>
12.1 Historical financial information	179
12.2 Capitalisation and indebtedness	183
12.3 Management's discussion and analysis of financial condition and results of operations	183
12.4 Liquidity and capital resources	212
12.5 Key financial ratios	226
12.6 Accounting policies and audit qualification	231
12.7 Trend analysis	231
12.8 Impact of foreign exchange rates	231
12.9 Impact of commodity prices	231
12.10 Impact of interest rates	231
12.11 Order book	232
12.12 Significant changes	232
12.13 Dividend policy	233
12.14 Reporting Accountants' Report on the pro forma combined statements of financial position	235
<b>13. ACCOUNTANTS' REPORT</b>	<b>248</b>

**TABLE OF CONTENTS (CONT'D)**

	<b>Page</b>
<b>14. STATUTORY AND OTHER GENERAL INFORMATION</b>	<b>316</b>
14.1 Share capital	316
14.2 Extracts of our Constitution	316
14.3 Deposited securities and rights of Depositors	321
14.4 Repatriation of capital, remittance of profit and taxation	322
14.5 Material contracts	322
14.6 Material litigation	323
14.7 Consents	326
14.8 Documents available for inspection	326
<b>15. SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE</b>	<b>327</b>
15.1 Opening and closing of applications	327
15.2 Methods of Application	327
15.3 Eligibility	328
15.4 Procedures for application by way of Application Forms	329
15.5 Application by way of Electronic Share Applications	329
15.6 Application by way of Internet Share Applications	330
15.7 Authority of our Board and the Issuing House	330
15.8 Over / under-subscription	331
15.9 Unsuccessful / partially successful applicants	331
15.10 Successful applicants	332
15.11 Enquiries	333
<b>ANNEXURE A – MATERIAL PROPERTIES</b>	<b>334</b>
<b>ANNEXURE B – MAJOR LICENSES, PERMITS AND APPROVALS</b>	<b>341</b>

**PRESENTATION OF INFORMATION**

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All references to “our Company” or “the Company” and “Azam Jaya” in this Prospectus mean Azam Jaya Berhad, while references to “our Group” or “the Group” or “Azam Jaya Group” mean our Company and our subsidiaries. References to “we”, “us”, “our” and “ourselves” mean our Company, and where the context requires, our Group or any member of our Group. Unless the context otherwise requires, references to “Management” are to our Directors and Key Senior Management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

All references to the “Government” are to the Government of Malaysia; and references to “RM” and “sen” are to the lawful currency of Malaysia. The word “approximately” used in this Prospectus indicates that a number is not exact. Certain numbers presented in this Prospectus have subjected to rounding adjustments. As a result, any discrepancies in the tables or charts included in this Prospectus between the amounts listed and totals are due to rounding adjustments. Other abbreviations used here are defined in the “Definitions” and “Glossary of Technical Terms” sections of this Prospectus. Words denoting the singular will, where applicable, include the plural and vice versa and words denoting the masculine gender will, where applicable, include the feminine gender and/or neuter genders and vice versa. Reference to persons will, where applicable, include companies and corporations.

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

Any reference to a time or date shall be a reference to a time or date in Malaysia, unless otherwise stated.

All references to the “LPD” in this Prospectus are to 20 September 2024, being latest practicable date prior to the registration of this Prospectus with the SC.

This Prospectus includes statistical data provided by various third parties and us and cites third party projections regarding growth and performance of the market and industry in which we operate and our estimated market share. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is acknowledged in this Prospectus, provided that where no source is acknowledged, it can be assumed that the information originates from us. In addition, certain information in this Prospectus is extracted or derived from the IMR Report prepared by Infobusiness Research & Consulting Sdn Bhd, an Independent Market Researcher, whom we have appointed to provide an independent market and industry review for inclusion in this Prospectus.

We believe that the statistical data and projections cited in this Prospectus are useful in helping you understand the major trends in the market and industry in which we operate. Third party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. No assurances are or can be given that the estimated figures will be achieved, and you should not place undue reliance on the third party projections cited in this Prospectus.

The information on our website or any website, directly or indirectly, linked to our website does not form part of this Prospectus and you should not rely on those information for the purposes of your decision whether or not to invest in our Shares. If there is any discrepancy between the contents of such website relating to our Company and this Prospectus, the information contained in this Prospectus shall prevail.

**FORWARD-LOOKING STATEMENTS**

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This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Company for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future result, performance or achievements or industry results, expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as the words “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “aim”, “plan”, “forecast” or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- our business strategies and potential growth opportunities;
- our plans and objectives for future operations;
- our financial position;
- our financial earnings, cash flows and liquidity;
- the general industry environment, including the supply and demand for our products and services, trends and competitive position;
- our ability to pay dividends; and
- the regulatory environment and the effects of future regulation.

Factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 5 of this Prospectus on “Risk factors” and Section 12.3.2 of this Prospectus on “Significant factors affecting our financial performance and results of operations”. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made based on information available to us as at the LPD and made only as at the LPD.

Should we become aware of any subsequent significant change or new matter arising from the date of registration of this Prospectus but before the date of allotment of our IPO Shares that will affect a matter disclosed in this Prospectus, we will issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMA and Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus).

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**DEFINITIONS**

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

<b>Acquisition of AJ Properties</b>	: Acquisition by Azam Jaya of the entire issued share capital of AJ Properties from Tan Sri Joseph, Datuk Jonathan, Johannes Lo and Lai Vui Kiong which was completed on 30 September 2024
<b>Acquisition of Kolopis Jaya</b>	: Acquisition by Azam Jaya of the entire issued share capital of Kolopis Jaya from Tan Sri Joseph and Datuk Jonathan which was completed on 30 September 2024
<b>Acquisition of Pembinaan AJ</b>	: Acquisition by Azam Jaya of the entire issued share capital of Pembinaan AJ from Tan Sri Joseph and Datuk Jonathan which was completed on 30 September 2024
<b>Acquisitions</b>	: Collectively, the Acquisition of AJ Properties, Acquisition of Kolopis Jaya and Acquisition of Pembinaan AJ
<b>Act</b>	: Companies Act 2016, as amended from time to time and any re-enactment thereof
<b>ADA</b>	: Authorised Depository Agent
<b>Application</b>	: Application for our IPO Shares under the Retail Offering by way of Application Form, Electronic Share Application or Internet Share Application
<b>Application Form</b>	: Application form accompanying this Prospectus for the Application
<b>ATM</b>	: Automated teller machine
<b>Authorised Financial Institution</b>	: Authorised financial institution participating in the Internet Share Application, with respect to payments for our IPO Shares under the Retail Offering
<b>Azam Jaya or Company</b>	: Azam Jaya Berhad
<b>Azam Jaya Group or Group</b>	: Azam Jaya and its subsidiaries
<b>Azam Jaya Shares or Shares</b>	: Ordinary shares in Azam Jaya
<b>Board</b>	: Board of Directors of our Company

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**DEFINITIONS (CONT'D)**

<b>Bumiputera</b>	: In the context of:
	(i) Individuals, Malays and the aborigines and the natives of Sabah and Sarawak as specified in the Federal Constitution of Malaysia;
	(ii) Companies, a company which fulfils, among others, the following criteria or such other criteria as may be imposed by the MITI:
	(a) registered under the Act as a private company;
	(b) its shareholders are 100.00% Bumiputera; and
	(c) its board of directors (including its staff) are at least 51.00% Bumiputera; and
	(iii) Cooperatives, a cooperative whose shareholders or cooperative members are at least 95.00% Bumiputera or such other criteria as may be imposed by the MITI
<b>Bursa Depository</b>	: Bursa Malaysia Depository Sdn Bhd
<b>Bursa Securities</b>	: Bursa Malaysia Securities Berhad
<b>CAGR</b>	: Compounded annual growth rate
<b>CCM</b>	: Companies Commission of Malaysia
<b>CDS</b>	: Central Depository System
<b>CDS Account</b>	: An account established by Bursa Depository by a Depositor for the recording of securities and for dealing in such securities by the Depositor
<b>CIDB</b>	: Construction Industry Development Board
<b>CMSA</b>	: Capital Markets and Services Act, 2007
<b>Constitution</b>	: Constitution of our Company
<b>COVID-19</b>	: Novel coronavirus disease 2019, an infectious respiratory disease which first broke out in 2019
<b>Datuk Jessica</b>	: Datuk Lo Vun Che @ Jessica, our Non-Independent Executive Director, Promoter and Substantial Shareholder
<b>Datuk Jonathan</b>	: Datuk Jonathan Lo Chaw Loong, JP, our Non-Independent Managing Director, Promoter, Offeror and Substantial Shareholder
<b>Depositor</b>	: A holder of a CDS Account
<b>Director(s)</b>	: Director(s) of our Company within the meaning given in Section 2 of the CMSA
<b>EBITDA</b>	: Earnings before interest, taxation, depreciation and amortisation
<b>Electronic Prospectus</b>	: A copy of this Prospectus that is issued, circulated or disseminated via the Internet and/or any electronic storage medium, including but not limited to CD-ROMs (compact disc read-only memory)

**DEFINITIONS (CONT'D)**

<b>Electronic Share Application</b>	:	Application for our IPO Shares under the Retail Offering through a Participating Financial Institution's ATM
<b>Eligible Persons</b>	:	Collectively, our eligible Directors, employees and persons who have contributed to the success of the Group
<b>EPS</b>	:	Earnings per Share
<b>Equity Guidelines</b>	:	Equity guidelines issued by the SC
<b>FPE</b>	:	Financial period ended 30 June
<b>FYE</b>	:	Financial year ended / ending 31 December
<b>GDP</b>	:	Gross domestic product
<b>Government</b>	:	Government of Malaysia
<b>GP</b>	:	Gross profit
<b>IMR Report</b>	:	The independent market research report dated 27 September 2024 prepared by the Independent Market Researcher, as set out in Section 8 of this Prospectus
<b>Independent Market Researcher or Infobusiness</b>	:	Infobusiness Research & Consulting Sdn Bhd
<b>Institutional Offering</b>	:	Offering of 93,800,000 IPO Shares at the IPO Price by way of private placement to institutional and selected investors, subject to clawback and reallocation provisions
<b>Internet Participating Financial Institution or Participating Securities Firm</b>	:	Participating financial institution or participating securities firms for Internet Share Application, which is set out in Section 15.6 of this Prospectus
<b>Internet Share Application</b>	:	Application for our IPO Shares under the Retail Offering through an online share application service provided by the Internet Participating Financial Institution or Participating Securities Firm
<b>Interpac or Principal Adviser or Sole Underwriter or Sole Placement Agent</b>	:	Inter-Pacific Securities Sdn Bhd
<b>IPO</b>	:	Initial public offering comprising the Public Issue and Offer for Sale, collectively
<b>IPO Price</b>	:	The issue price of RM0.78 per IPO Share payable by you for our IPO Shares
<b>IPO Shares</b>	:	Collectively, the Issue Shares and the Offer Shares
<b>Issue Shares</b>	:	78,800,000 new Shares to be made available for application pursuant to the Public Issue
<b>Issuing House or Share Registrar</b>	:	Tricor Investor & Issuing House Services Sdn Bhd

**DEFINITIONS (CONT'D)**

<b>JKR Sabah</b>	:	Jabatan Kerja Raya Sabah
<b>Johannes Lo</b>	:	Johannes Lo Chaw Jack, Alternate Director to Tan Sri Joseph, our Head of Sustainability and Innovation, Promoter and Substantial Shareholder
<b>Key Senior Management</b>	:	Key senior management personnel of our Group comprising Johannes Lo, Datuk Ir. Wong Chung Teck @ George Wong, Chiang Chung Wing @ Edwin Chiang, Lai Vui Kiong, Wong Shing Yee and Chong Mui Har
<b>Listing</b>	:	Admission to the Official List and the listing of and quotation for our entire issued share capital on the Main Market of Bursa Securities
<b>Listing Requirements</b>	:	Main Market Listing Requirements of Bursa Securities
<b>Lokah Fortune</b>	:	Lokah Fortune Sdn Bhd, our Promoter and Substantial Shareholder
<b>LPD</b>	:	20 September 2024, being the latest practicable date prior to the registration of this Prospectus with the SC
<b>Market Day</b>	:	A day on which Bursa Securities is open for trading in securities
<b>MCO</b>	:	Movement control order which includes but is not limited to the conditional movement control order, recovery movement control order, full movement control order issued under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
<b>MFRS</b>	:	Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board
<b>MITI</b>	:	Ministry of Investment, Trade and Industry of Malaysia
<b>MyIPO</b>	:	Intellectual Property Corporation of Malaysia
<b>N/A</b>	:	Not applicable
<b>NBV</b>	:	Net book value
<b>Offerors</b>	:	The offerors pursuant to the Offer for Sale, namely Tan Sri Joseph and Datuk Jonathan, details of which are set out in Section 4.3.2 of this Prospectus
<b>Offer for Sale</b>	:	Offer for sale of the Offer Shares by the Offerors, representing 10.00% of the enlarged total number of Shares to institutional and selected investors, subject to clawback and reallocation provisions
<b>Offer Shares</b>	:	50,000,000 existing Shares to be offered by the Offerors pursuant to the Offer for Sale
<b>Official List</b>	:	A list specifying all securities which have been admitted for listing and which have not been removed from the Main Market of Bursa Securities
<b>Participating Financial Institution</b>	:	Participating financial institution for Electronic Share Application
<b>Participating Securities Firm</b>	:	Participating securities firm for Internet Share Application
<b>PAT</b>	:	Profit after taxation

**DEFINITIONS (CONT'D)**

<b>PBT</b>	:	Profit before taxation
<b>PE Multiple</b>	:	Price-to-earnings multiple
<b>Period under Review</b>	:	FYE 2021, FYE 2022, FYE 2023 and FPE 2024, collectively
<b>Pink Form Allocations</b>	:	The allocation of 10,000,000 Issue Shares to the Eligible Persons
<b>Prescribed Security</b>	:	Shares of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provisions of the SICDA and the Rules of Bursa Depository
<b>Promoters</b>	:	Collectively refers to Lokah Fortune, Tan Sri Joseph, Datuk Jonathan, Datuk Jessica and Johannes Lo
<b>Prospectus</b>	:	This Prospectus dated 18 October 2024 issued by our Company in respect of our IPO
<b>Prospectus Guidelines</b>	:	Prospectus Guidelines issued by the SC
<b>Public or Malaysian Public</b>	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
<b>Public Issue</b>	:	Public issue of 78,800,000 Issue Shares at the IPO Price by our Company
<b>Record of Depositors</b>	:	A record provided by Bursa Depository to our Company under the Rules of Bursa Depository
<b>Retail Offering</b>	:	Offering of 35,000,000 IPO Shares at the IPO Price comprising: <ul style="list-style-type: none"> <li>(i) 25,000,000 Issue Shares made available to the Malaysian Public, (of which at least 50% is reserved for subscription by Bumiputera public); and</li> <li>(ii) 10,000,000 Issue Shares made available to Eligible Persons, subject to clawback and reallocation provisions</li> </ul>
<b>RM and sen</b>	:	Ringgit Malaysia and sen
<b>Rules of Bursa Depository</b>	:	The rules of Bursa Depository
<b>SAC</b>	:	Shariah Advisory Council of the SC
<b>SC</b>	:	Securities Commission Malaysia
<b>Share Split</b>	:	Share split involving the subdivision of 71,669,805 Shares (after the completion of the Acquisitions) into 421,200,000 Shares which was completed on 30 September 2024
<b>SICDA</b>	:	Securities Industry (Central Depositories) Act, 1991
<b>sq.ft.</b>	:	Square feet
<b>sq.m.</b>	:	Square meter(s)

**DEFINITIONS (CONT'D)**

<b>Subsidiaries</b>	: Collectively, refers to AJ Land, AJ Properties, Kolopis Jaya and Pembinaan AJ
<b>Substantial Shareholders</b>	: Collectively, refers to Lokah Fortune, Tan Sri Joseph, Datuk Jonathan, Datuk Jessica, Johannes Lo, Lo Vun Yee @ Josephine Lo, Lo Vun Jiun, Jacqueline Lo Ker Jack and Joanna Lo Vun Shii who prior to the Listing each have an interest (direct and/or indirect) in our Shares which is not less than 5% of the total number of all the voting shares of our Company
<b>Tan Sri Joseph</b>	: Tan Sri Datuk Seri Panglima Joseph Lo @ Lo Tain Foh, our Non-Independent Executive Chairman, Promoter, Offeror and Substantial Shareholder
<b>Underwriting Agreement</b>	: Underwriting agreement dated 1 October 2024 entered into between our Company and the Sole Underwriter for the underwriting of all the Issue Shares under the Retail Offering

**SUBSIDIARIES**

<b>AJ Land</b>	: Azam Jaya Land Sdn Bhd
<b>AJ Properties</b>	: Azam Jaya Properties Sdn Bhd
<b>Kolopis Jaya</b>	: Kolopis Jaya Sdn Bhd
<b>Pembinaan AJ</b>	: Pembinaan Azam Jaya Sdn Bhd

**PROJECTS**

<b>DBKK Sewerage Project</b>	: Refers to the ongoing relocation of a sewerage pipe on Jalan Lintas, Kota Kinabalu, Sabah
<b>Jalan Lintas Upgrading Project</b>	: Refers to the ongoing road widening and upgrading works on Jalan Lintas, including the construction of 3 flyovers in Kota Kinabalu, Sabah
<b>Jalan UMS Upgrading Project</b>	: Refers to the ongoing road upgrading works on Jalan UMS and Jalan Sepanggar, including the construction of 4 flyovers in Kota Kinabalu, Sabah
<b>Kota Belud Road Project</b>	: Refers to the ongoing upgrading works on Jalan Tengkurus Lahanas Siba to Lahanas Sokib, Kota Belud, Sabah
<b>Pan Borneo Highway (WP06) Project</b>	: Refers to the ongoing construction of a 21.7 km highway from Putatan to Inanam, Kota Kinabalu, Sabah, including the construction of 6 interchanges and 3 bridges
<b>Pan Borneo Highway (WP12) Project</b>	: Refers to the ongoing construction of a 14.8 km dual carriage highway from Sarang to Temuno, Sabah, including the construction of 4 bridges
<b>Pan Borneo Highway (WP13) Project</b>	: Refers to the ongoing construction of a 21.2 km dual carriage highway from Temuno to Bingolon, Sabah, including the construction of 3 bridges
<b>Pan Borneo Highway (WP26) Project</b>	: Refers to the ongoing construction of a 18.0 km dual carriage highway from Sukau to Kampung Lot. M, Sabah, including the construction of 2 interchanges and 1 bridge
<b>Pulau Sebatik Road Project</b>	: Refers to the ongoing construction of a 7.6 km road connecting Kampung Sungai Pukul to Kampung Sungai Bergosong on Pulau Sebatik, Tawau, Sabah



**GLOSSARY OF TECHNICAL TERMS**

This glossary contains explanations of certain terms used throughout this Prospectus in connection with our Group and our business. The terminologies and their meanings may not correspond to the standard industry meanings or usage of these terms.

<b>3D</b>	:	3-dimensional
<b>Aggregate</b>	:	A category of construction materials comprising crushed stone of a uniform size
<b>Bore piling</b>	:	Construction of bored piles, formed by boring or excavating a hole into the soil to a required depth followed by the insertion of a reinforcement cage made of steel bars upon which wet concrete is poured in and left to set
<b>Bridge</b>	:	An elevated roadway spanning across a water body, stream or river
<b>BQ</b>	:	Bill of quantity
<b>CCC / OC</b>	:	Certificate of completion and compliance, a document issued by the submitting person who is either a professional architect or professional engineer to certify that the building is completed in accordance with the approved building plans and is safe and fit for occupation
<b>CMGD</b>	:	Certificate for making good defects, a document issued by the client or architect to the contractor, after identified defects have been rectified upon expiry of the DLP
<b>CPC</b>	:	Certificate of practical completion, a document issued by the client or architect to the contractor when the contractor has completed its assigned obligations and handed the work to the client
<b>CPO</b>	:	Certificate of partial occupation, a document required by the client to occupy a portion of an ongoing project with the permission of the contractor, issued by the contractor
<b>DLP</b>	:	Defect liability period, a period of time after the issuance of the CPC where the contractor is obliged to return to the site to remedy defects, if any and carry out routine maintenance works
<b>Earthworks</b>	:	Construction works involving a substantial modification to the existing ground terrain, land form or slope, including excavation works, formation or a new slope or embankment and cut and fill operations as provided in the construction drawings
<b>EOT</b>	:	Extension of time which is granted by the client for valid reasons, which will result in an extension to the contract period
<b>Flyover</b>	:	An elevated roadway over land or above a road
<b>Formwork</b>	:	Temporary structures made of steel / aluminium / timber materials to serve as moulds for concrete to be placed in
<b>GPS</b>	:	Global positioning system
<b>ISO</b>	:	International Organisation for Standardisation, a non-government organisation based in Geneva, Switzerland. A developer and publisher of international standards. International standards give state of the art specialisations for products, services and good practice, helping to make industries more efficient and effective

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

<b>km</b>	:	kilometre
<b>LAD</b>	:	Liquidated and ascertained damages, which are damages due to a client, calculated at a rate as stated in the contract when a contractor fails to deliver the completed work within the period stipulated in the said contract agreement
<b>Letter of Award</b>	:	A formal award of a project by a client to the contractor
<b>LiDAR</b>	:	Light detection and ranging
<b>Main contractor</b>	:	A person or a firm who receives the letter of award directly from the client and is generally responsible for overseeing and completing the entire construction job. The main contractor may engage subcontractors to carry out a certain portion of the construction work
<b>Mould</b>	:	A hollow container used to give shape to a liquid or soft substance when it cools or hardens
<b>Precast concrete</b>	:	A construction product produced by casting concrete in a reusable mould which is then cured in a controlled environment, before being transported and installed at the construction site
<b>PUKONSA</b>	:	Pusat Pendaftaran Kontraktor Kerja Bekalan / Perkhidmatan dan Juruperunding, Menteri Kewangan Sabah
<b>Rebar</b>	:	Reinforcement bar, which are steel bars or mesh of steel wires used in reinforced concrete
<b>Rectification works</b>	:	Also known as remedial works, refers to any improvements or correction of defects in workmanships which are identified during the defect liability period to make good our works
<b>Reinforced concrete</b>	:	Concrete with embedded steel, including rods, bars and mesh, to provide reinforcement
<b>Retention sum</b>	:	A portion of the contract price that is withheld by the client as security against any defects, faults, or incomplete work that may arise during the construction process and is released after the work is satisfactorily completed
<b>SPKK</b>	:	Certificate of Government Procurement Works (Sijil Perolehan Kerja Kerajaan) issued by CIDB
<b>Staging area(s)</b>	:	Designated area(s) at the construction sites where all the vehicles, machinery, materials and tools are located for access
<b>Subcontractor</b>	:	A person or a firm appointed by the property developer, building owner or main contractor to carry out a certain portion of a construction project
<b>Substructure</b>	:	In relation to bridge and flyover construction, the lower part of a continuous structure including abutments, piers, piles and other support structures
<b>Superstructure</b>	:	In relation to bridge and flyover construction, the upper part of the structure comprising the platform spanning the length of the bridge or flyover as well as everything on and above the span
<b>SUV</b>	:	Sports utility vehicle

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

<b>Name</b>	<b>Designation</b>	<b>Nationality</b>	<b>Address</b>
Tan Sri Joseph	Non-Independent Executive Chairman	Malaysian	Lot 1-8 Puteri Damai Lorong Alpha, Jalan Damai 88300 Kota Kinabalu Sabah
Datuk Jonathan	Non-Independent Managing Director	Malaysian	Lot 1-8 Puteri Damai Lorong Alpha, Jalan Damai 88300 Kota Kinabalu Sabah
Datuk Jessica	Non-Independent Executive Director	Malaysian	Lot 1-8 Puteri Damai Lorong Alpha, Jalan Damai 88300 Kota Kinabalu Sabah
Datuk Anjin Bin Ajik	Independent Non-Executive Director	Malaysian	Lot 86, Taman Sri Gaya 111 Luyang 88300 Kota Kinabalu Sabah
Chua Chai Hua	Independent Non-Executive Director	Malaysian	Unit 23A-3 Bay 21 Condominium Jalan Teluk Likas 88400 Kota Kinabalu Sabah
Chung Yue Lin @ Erica	Independent Non-Executive Director	Malaysian	Lot 11, Taman Forget Me Not Lorong Everclicked 2 Jalan Penampang 88300 Kota Kinabalu Sabah
Emmeline Michael Paitin	Independent Non-Executive Director	Malaysian	Suite 10D Harrington Suites Off Jalan Seladang D 88400 Kota Kinabalu Sabah
Johannes Lo	Alternate Director to Tan Sri Joseph	Malaysian	Lot 1-8 Puteri Damai Lorong Alpha, Jalan Damai 88300 Kota Kinabalu Sabah

**AUDIT AND RISK MANAGEMENT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Chung Yue Lin @ Erica	Chairman	Independent Non-Executive Director
Chua Chai Hua	Member	Independent Non-Executive Director
Emmeline Michael Paitin	Member	Independent Non-Executive Director

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

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Emmeline Michael Paitin	Chairman	Independent Non-Executive Director
Datuk Anjin Bin Ajik	Member	Independent Non-Executive Director
Chung Yue Lin @ Erica	Member	Independent Non-Executive Director

**NOMINATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Datuk Anjin Bin Ajik	Chairman	Independent Non-Executive Director
Emmeline Michael Paitin	Member	Independent Non-Executive Director
Chua Chai Hua	Member	Independent Non-Executive Director

<b>COMPANY SECRETARIES</b>	:	<b>Wong Youn Kim</b>	
		Professional qualification	: The Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA")
		Membership No.	: MAICSA 7018778
		CCM Practising Certificate No.	: 201908000410
		<b>Lim Li Heong</b>	
		Professional qualification	: The Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA")
		Membership No.	: MAICSA 7054716
		CCM Practising Certificate No.	: 202008001981
		<b>Wong Mee Kiat</b>	
		Professional qualification	: MAICSA
		Membership No.	: MAICSA 7058813
		CCM Practising Certificate No.	: 202008001958
		Level 5, Tower 8, Avenue 5, Horizon 2 Bangsar South City 59200 Kuala Lumpur Wilayah Persekutuan	
		Tel no.	: +603 2280 6388

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

- REGISTERED OFFICE** : Level 5, Tower 8, Avenue 5, Horizon 2  
Bangsar South City  
59200 Kuala Lumpur  
Wilayah Persekutuan  
  
Tel no. : +603-2280 6388
- CORPORATE OFFICE** : Lot 7, Jalan Kolam Centre 1  
Hilltop  
88300 Kota Kinabalu  
Sabah  
  
Tel no. : +608-822 2288  
E-mail : contact@azamjaya.my  
Website : www.azamjaya.my
- PRINCIPAL ADVISER, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT** : **Inter-Pacific Securities Sdn Bhd**  
West Wing, Level 13, Berjaya Times Square  
No. 1, Jalan Imbi  
55100 Kuala Lumpur  
Wilayah Persekutuan  
  
Tel no. : +603-2177 1888
- FINANCIAL ADVISER** : **Sierac Corporate Advisers Sdn Bhd**  
Suite 12-07, Menara 1MK  
Kompleks 1 Mont Kiara  
No. 1, Jalan Kiara, Mont Kiara  
50450 Kuala Lumpur  
Wilayah Persekutuan  
  
Tel no. : +603-2389 3697
- AUDITORS AND REPORTING ACCOUNTANTS** : **Russell Bedford LC PLT** (LLP0030621-LCA & AF 1237)  
Suite 37, Level 21, Mercu 3  
No. 3, Jalan Bangsar, KL Eco City  
59200 Kuala Lumpur  
Wilayah Persekutuan  
  
Tel no. : +603-2202 6666  
Partner in charge : Gavin Foo Tun Xiang  
Approval no. : 03405/12/2024 J  
Professional : CPA Australia, Member of Malaysian Institute of Accountants ("**MIA**") (MIA membership no.: 37308)
- SOLICITORS** : **David Lai & Tan**  
Level 8-3 & 8-4, Wisma Miramas  
No. 1, Jalan 2/109E  
Taman Desa, Jalan Klang Lama  
58100 Kuala Lumpur  
Wilayah Persekutuan  
  
Tel no. : +603-7972 7968



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

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<b>INDEPENDENT MARKET RESEARCHER</b>	<p><b>: Infobusiness Research &amp; Consulting Sdn Bhd</b>  C4-3A-3, Solaris Dutamas  No. 1, Jalan Dutamas 1  50480 Kuala Lumpur  Wilayah Persekutuan</p> <p>Tel no. : +603-6205 3930  Person in charge : Leow Hock Bee  Qualification : Master of Business Administration  Bachelor of Science (Hons) Geology</p>
<b>SHARE REGISTRAR AND ISSUING HOUSE</b>	<p><b>: Tricor Investor &amp; Issuing House Services Sdn Bhd</b>  Unit 32-01, Level 32, Tower A  Vertical Business Suite, Avenue 3  Bangsar South  No. 8, Jalan Kerinchi  59200 Kuala Lumpur</p> <p>Tel no. : +603-2783 9299</p>
<b>LISTING SOUGHT</b>	<p><b>: Main Market of Bursa Securities</b></p>
<b>SHARIAH STATUS</b>	<p><b>: Approved by the SAC</b></p>

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## 2. INTRODUCTION

### 2.1 APPROVALS AND CONDITIONS

#### 2.1.1 SC

The SC has, vide its letter dated 30 August 2024, approved our IPO and Listing under Section 214(1) of the CMSA, subject to the compliance with the following conditions:

<b>No.</b>	<b>Conditions imposed</b>	<b>Status of compliance</b>
1.	<p>Azam Jaya to comply with the Bumiputera equity requirements for public listed companies, as follows:</p> <p>(i) Azam Jaya to obtain MITI's approval for recognition of Tan Sri Joseph, Datuk Jonathan, Johannes Lo, Datuk Jessica, Lo Vun Yee @ Josephine Lo, Lo Vun Jiun, Jacqueline Lo Ker Jack, Joanna Lo Vun Shii and Lokah Fortune as Bumiputera shareholders; or</p> <p>(ii) Azam Jaya allocating 12.5% of its enlarged number of issued shares to Bumiputera investors to be approved by MITI in conjunction with the Listing.</p> <p>Azam Jaya is to make available at least 50.0% of the Shares offered to the Malaysian public investors via balloting to Bumiputera public investors.</p>	Complied <sup>(1)</sup>
2.	Interpac and Azam Jaya to fully comply with the requirements of the Equity Guidelines and Prospectus Guidelines pertaining to the implementation of the Listing.	To be complied

**Note:**

(1) Pursuant to the Bumiputera equity requirement for public listed companies, corporations with predominantly Malaysian-based operations seeking listing on the Main Market of Bursa Malaysia are required to allocate 12.5% of the enlarged number of issued shares to Bumiputera investors to be approved or recognised by MITI, at the point of listing ("**Bumiputera Equity Requirement**").

However, corporations undertaking a listing exercise which have Bumiputera shareholdings of more than 50% equity interest before and after the corporate proposal will not be imposed with the Bumiputera Equity Requirement. In view of this, on 27 June 2024, Azam Jaya had submitted an application to the MITI to seek its recognition of Tan Sri Joseph, Datuk Jonathan, Johannes Lo, Datuk Jessica, Lo Vun Yee @ Josephine Lo, Lo Vun Jiun, Jacqueline Lo Ker Jack, Joanna Lo Vun Shii and Lokah Fortune as Bumiputera shareholders.

The MITI had, vide its letter dated 30 August 2024, granted our Company an exemption from complying with the Bumiputera Equity Requirement in view that our existing Bumiputera shareholders hold more than 50% equity interest before and after our Listing.

The SC has, via its letter dated 30 August 2024, approved the resultant equity structure of our Company pursuant to our Listing under the equity requirement for public listed companies, subject to the condition set out in item 1 above.

## 2. INTRODUCTION (CONT'D)

### 2.1.2 Bursa Securities

Bursa Securities had, vide its letter dated 30 September 2024, approved our admission to the Official List and the listing of and quotation for our entire enlarged issued share capital on the Main Market of Bursa Securities.

The approval from Bursa Securities is subject to compliance with the following conditions:

No.	Conditions imposed	Status of compliance
1.	Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Practice Note 21 of the Listing Requirements. In this respect, Azam Jaya is advised to include the Stock Code, Stock Short Name and ISIN Code upon making the announcement on Timetable for IPO; and	To be complied
2.	Furnish Bursa Securities with a copy of the schedule of distribution showing compliance with the public share spread requirements based on the entire issued share capital of Azam Jaya on the first day of listing.	To be complied

### 2.1.3 MITI

The MITI had, vide its letter dated 30 August 2024, taken note of and has no objection to our Listing.

In view that corporations undertaking a listing exercise which have Bumiputera shareholdings of more than 50% equity interest before and after the corporate proposal will not be imposed with the Bumiputera Equity Requirement, on 27 June 2024, Azam Jaya had submitted an application to the MITI to seek its recognition of Tan Sri Joseph, Datuk Jonathan, Johannes Lo, Datuk Jessica, Lo Vun Yee @ Josephine Lo, Lo Vun Jiun, Jacqueline Lo Ker Jack, Joanna Lo Vun Shii and Lokah Fortune as Bumiputera shareholders.

The MITI had vide its letter dated 30 August 2024, granted our Company an exemption from complying with the Bumiputera Equity Requirement in view that our existing Bumiputera shareholders hold more than 50% equity interest before and after our Listing.

### 2.1.4 SAC

The SAC had on 17 September 2024, classified our Shares as Shariah-compliant securities based on our latest audited consolidated financial statements for the FYE 2023.

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**2. INTRODUCTION (CONT'D)****2.2 MORATORIUM ON OUR SHARES**

In accordance with the Equity Guidelines, our Promoters and persons connected to them will not be allowed to sell, transfer or assign any of their shareholdings in our Company as at the date of our Listing, for a period of 6 months from the date of our Listing ("**Moratorium Period**").

The details of our Shares which will be subject to moratorium are as follows:

<b>Name</b>	<b>Direct shareholdings</b>	
	<b>No. of Shares</b>	<b>(1)%</b>
Lokah Fortune	200,982,400	40.20
Johannes Lo	50,000,000	10.00
Datuk Jessica	50,000,000	10.00
Lo Vun Yee @ Josephine Lo	16,670,000	3.33
Lo Vun Jiun	16,670,000	3.33
Jacqueline Lo Ker Jack	16,670,000	3.33
Joanna Lo Vun Shii	16,670,000	3.33
<b>Total</b>	<b>367,662,400</b>	<b>73.53</b>

**Note:**

(1) Based on the enlarged issued share capital of 500,000,000 Shares.

The moratorium has been fully accepted by our Promoters and Substantial Shareholders, who have provided written undertaking that they will not sell, transfer or assign any part of their respective shareholdings under moratorium during the Moratorium Period, in accordance with the Equity Guidelines.

The sole shareholder of Lokah Fortune, namely Datuk Jonathan has undertaken not to sell, transfer or assign any of his shareholdings in Lokah Fortune during the Moratorium Period.

The above moratorium restriction is specifically endorsed on the share certificates representing the Shares which are under the moratorium to ensure that our Share Registrar does not register any transfer that contravenes such restrictions.

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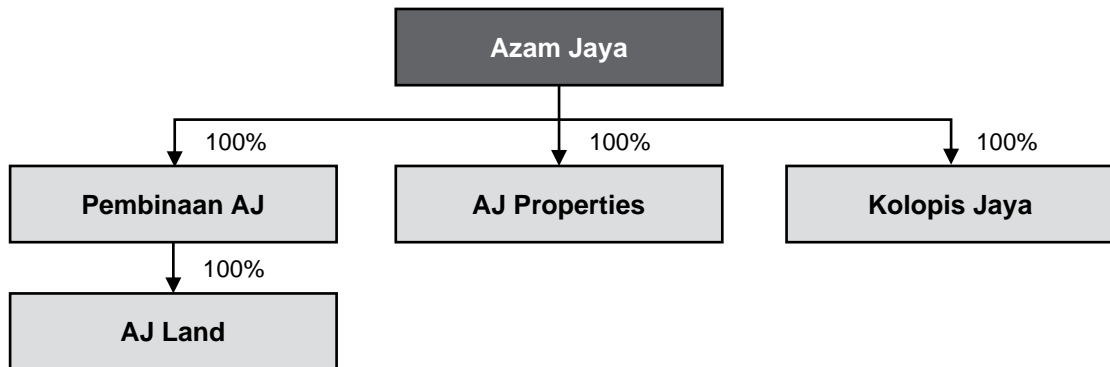
### 3. PROSPECTUS SUMMARY

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

#### 3.1 BACKGROUND AND OVERVIEW

Our Company was incorporated in Malaysia under the Act as a private limited company on 16 June 2022 under the name of Azam Jaya Sdn Bhd and was subsequently converted to a public limited company on 27 June 2024 where we assumed our present name, Azam Jaya Berhad.

We are an investment holding company and through our Subsidiaries, we are principally involved in the provision of construction services. During the Period under Review, all of our Group's revenue was generated from business activities in Sabah, Malaysia. Our Group structure as at the date of this Prospectus and after our IPO is as follows:



Our Group's history can be traced back to the acquisition of 50% of Pembinaan AJ (formerly known as Zaramo Sdn Bhd) by Tan Sri Joseph from his relatives in 1992. Tan Sri Joseph subsequently increased his stake to 75% in 1994. Over the years, our Group was awarded and has completed larger and more prominent road infrastructure construction projects within the state of Sabah including:

- (i) the construction of 3 flyovers at the Kolam interchange, the Wawasan interchange and the Karamunsing interchange, as well as upgrading of roads at Jalan Nenas, Karamunsing in 2001, which was completed in 2008;
- (ii) the construction of the longest pre-stressed vehicular bridge in Sabah connecting Binsuluk and Kuala Penyu across Sungai Sitompok, in 2010, which was completed in 2012;
- (iii) the construction of the first vehicular tunnel constructed in Sabah connecting Kota Kinabalu Industrial Park with the Sepanggar Bay Container Port in 2010, which was completed in 2015; and
- (iv) road widening and upgrading works on Jalan Lintas and the construction of 2 interchanges in Kota Kinabalu in 2014, which was completed in 2017.

In addition to the above, our Group has also secured several work packages of the Pan Borneo Highway project, namely the Pan Borneo Highway (WP06) Project in 2019 and the Pan Borneo Highway (WP12) Project, Pan Borneo Highway (WP13) Project and Pan Borneo Highway (WP26) Project in 2024, all 4 of which are ongoing as at the LPD.

Apart from road infrastructure projects, our Group has also been involved in building improvement works for government structures. Whilst it is not our primary focus, we have completed 6 building improvement projects for government schools in Sabah to-date.

### 3. PROSPECTUS SUMMARY (CONT'D)

In 2015, our Group ventured into industrial property development via the development of an industrial park known as “The Factory @ Inanam” which comprised 29 units of detached, semi-detached and terrace industrial buildings in Inanam, Kota Kinabalu. This project had a gross development value of RM89.38 million and was our Group’s sole property development project. As at the LPD, our Group does not intend to undertake any property development projects in the future.

Our Group has 4 Subsidiaries, namely Pembinaan AJ, AJ Land, AJ Properties and Kolopis Jaya and as at the LPD, all of our Subsidiaries are registered with the CIDB as Grade 7 contractors in Malaysia.

Over the Period under Review, our Group generated our revenues from the provision of construction services and from the sale of factory units from the development of “The Factory @ Inanam”. Our revenues by business segments for the Period under Review are as follows:

	Construction		Property development		Total	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
FYE 2021	212,040	91.61	19,417	8.39	231,457	100.00
FYE 2022	289,377	97.49	7,461	2.51	296,838	100.00
FYE 2023	274,766	97.86	6,000	2.14	280,766	100.00
FPE 2024	148,824	100.00	-	-	148,824	100.00

Please refer to Section 12.3.3(i) of this Prospectus for the breakdown of our construction revenue by construction projects undertaken by our Group.

As at the LPD, our Group has an outstanding order book of approximately RM1.45 billion which is expected to be recognised for the FYEs 2024 to 2028.

#### 3.2 OUR COMPETITIVE STRENGTHS

Our competitive strengths are as follows:

##### (i) Established track record in the construction industry in Sabah

- We have established a track record of more than 30 years in the construction industry in Sabah and have completed over 50 construction projects of varying sizes, complexity, scope and contract values.
- All 4 of our Subsidiaries are registered as Grade 7 contractors with the CIDB which allows us to undertake construction projects with unlimited tendering capacity in Malaysia. In addition, Pembinaan AJ is registered as a holder of the Certificate of Government Procurement Works issued by CIDB as well as a Class A contractor with the Registration Centre for Supply / Service Works Contractors and Consultants, Ministry of Finance, Sabah (PUKONSA) which allows Pembinaan AJ to participate in any government procurement in the field of construction with tendering capacity of RM5,000,001 and above in the State of Sabah. Pembinaan AJ has also been granted Bumiputera status certification from the Ministry of Entrepreneur and Cooperatives Development of Malaysia.

##### (ii) Specialise in road infrastructure construction and is one of the major players in road infrastructure construction in Sabah

- We have evolved from a small construction company into a major road infrastructure specialist capable of delivering comprehensive solutions, encompassing project planning, development, civil engineering, project management and the construction of any road infrastructure in Sabah.

### 3. PROSPECTUS SUMMARY (CONT'D)

- According to the IMR Report as included in Section 8 of this Prospectus, we are a major infrastructure contractor in Sabah by market share, with a market share of 5.94% based on the value of civil engineering works (infrastructure construction) done in Sabah in 2023 of approximately RM4.62 billion and our construction revenue of approximately RM274.77 million for the FYE 2023.
- As at the LPD, we have 9 ongoing construction projects with an unbilled contract value (order book) of RM1.45 billion.

**(iii) Commitment to deliver innovative and quality construction projects in a timely manner**

- We have introduced several construction techniques which were the first of its kind in Sabah such as the use of bored piling technology, the balanced cantilever method for bridge or flyover construction as well as other techniques as further described in Section 7.2(iii) of this Prospectus.
- We are also adopters of new and innovative construction technologies, such as the use of autonomous vehicle control modules for certain construction equipment and LiDAR-equipped drones which help our Group to boost productivity and operational efficiency as well as optimise cost and resources.

**(iv) We are led by experienced key management team with expertise and technical knowledge in the construction industry**

- Our Promoter and Non-Independent Executive Chairman, Tan Sri Joseph has over 45 years of experience in the construction industry and has played a vital role in charting the strategic direction of our Group and continues to do so as at to-date.
- The Group is currently helmed by Datuk Jonathan, our Non-Independent Managing Director who is responsible for securing new construction projects and overseeing the implementation of our Group's business strategy, and Datuk Jessica, our Non-Independent Executive Director who oversees and manages our Group's financial functions and accounting matters.
- Datuk Jonathan and Datuk Jessica are supported by our Key Senior Management with expertise across a broad spectrum of business activities, including project management and procurement.

**(v) Strong relationship with subcontractors and materials suppliers**

- We have established long-term business relationships with our subcontractors and suppliers.
- During the Period under Review, we have engaged over 80 subcontractors for various construction services including earthworks, piling, road surfacing, installation of road finishings (such as lane markings, building of lane dividers, installation of lights and signboards) and relocation of utilities services.

### 3.3 BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans are as follows:

**(i) To maintain / enhance our position as one of the major road infrastructure players in Sabah**

- We intend to continue focusing and enhancing our core strengths in road infrastructure construction by enhancing our construction capabilities and

### 3. PROSPECTUS SUMMARY (CONT'D)

increasing our operational efficiency by reducing our reliance on subcontractors in order to gain more control on project timelines and quality.

- We intend to reduce the percentage of subcontractor costs of our total cost of sales by expanding our existing fleet of construction machinery and equipment. We plan to spend approximately RM30.00 million from the LPD until the end-2025 to acquire construction machinery and equipment such as excavators, dump trucks, motor graders, bulldozers and staff vehicles such as light trucks and SUVs to reduce our reliance on subcontractors.
- We also intend to spend approximately RM2.50 million from the LPD until end-2025 on technological upgrades which will minimise mistakes and further improve operational efficiency.

**(ii) To maximise equipment utilisation by continuously tendering for more construction projects**

- For the Period under Review, our Group generated all our construction revenue from large-scale road infrastructure projects in Sabah (contract value above RM50 million). Our Group benefits when the Government decides to undertake large scale road infrastructure projects in Sabah as our Group is a road infrastructure specialist and one of the major players in the development of road infrastructure in Sabah.
- Moving forward, we intend to secure more road infrastructure projects of a similar scale including the future phases of the Pan Borneo Highway Project (i.e., Phases 2 and 3) as well as other rural road projects.
- Should we be unable to secure a sufficient amount of Government road construction contracts to fully utilise our financial capabilities, construction machineries, equipment and direct labour, we will tender for smaller road construction projects offered by non-governmental project owners as well as non-road infrastructure projects for which we are licensed and capable of performing to maximise equipment utilisation.

### 3.4 RISK FACTORS

Before investing in our IPO Shares, you should carefully consider all risk factors set out in Section 5 of this Prospectus as summarised below:

**(i) We are highly dependent on the Ministry of Works, Malaysia and JKR Sabah as our major clients**

During the Period under Review and up to the LPD, all of our construction revenue was contributed by construction contracts for the Ministry of Works, Malaysia and JKR Sabah. The termination of any of our ongoing construction projects by the Ministry of Works, Malaysia or JKR Sabah would result in a decrease in our order book which will in turn have a material adverse impact on our business and financial performance. In addition, our Group's sustainability, revenue and financial performance will be materially and adversely affected if there is any termination of our business relationship with the Ministry of Works, Malaysia or JKR Sabah.

**(ii) Our business is dependent on our ability to secure new projects and replenish our order book**

Our business and financial performance is dependent on our ability to secure new projects to continuously replenish our order book as our revenue relies on the execution and completion of construction projects. The failure to secure new construction projects



### 3. PROSPECTUS SUMMARY (CONT'D)

to replenish our order book will result in the value of our order book decreasing, and this may have a material adverse impact on our business and financial performance.

**(iii) We are dependent on the continued Government infrastructure spending in the state of Sabah**

For the Period under Review, all of our projects are infrastructure-related projects in the state of Sabah and were derived from contracts with Government agencies, specifically the Ministry of Works, Malaysia and JKR Sabah. Any adverse changes in Government development policies, particularly a reduction on infrastructure spending or the termination or suspension of any of our ongoing projects may have a material adverse impact on our business, results of operations and financial condition.

**(iv) We depend on the services of our subcontractors to perform specific tasks for our projects**

Subcontractor costs comprise between 20% to 70% of our total construction cost of sales for the Period under Review. We are subject to the risks associated with poor, late or non-performance by our subcontractors. Failure of our subcontractors to complete such subcontracted works to the required standards or at all, may result in us bearing some or all the costs of the claims from our clients, which may in turn have a material adverse impact on our results of operations and financial performance and/or our reputation.

**(v) We are subject to unanticipated increases in the cost of construction materials, subcontractors and labour costs**

Our construction contracts are typically based on a fixed rate contract where the contract value and the price of the scope of work is agreed at the point our Group is awarded the contract. However, we are able to claim for the increased cost of construction materials from the client in the event of construction delays which were caused by events outside our Group's control, subject to the client's approval. In the event of construction delays attributable to us, we will be required to absorb any such increase in the construction costs. Should we encounter any increase in costs that we are unable to pass on to our clients, it could result in project cost overruns, potentially exerting a negative impact on our profit margins and financial performance.

**(vi) Our joint arrangements with other construction companies to undertake construction projects are subject to risk of non-performance / termination**

Our Group undertakes certain construction projects jointly with other construction companies. There is no guarantee that our construction partner(s) will be able or willing to continue fulfilling their agreed contractual obligations and the failure to do so may result in the termination of the joint arrangement or the termination of the construction contract by the client, even if the termination of the joint arrangement or construction contract was due to no fault of our Group. In the event the construction contract is terminated, there is no guarantee that the client will re-award the contract to either our Group or to a construction partner of our Group and such termination may have a material adverse effect on our reputation, business, financial performance and future prospects.

**(vii) We may experience a delay in / non completion of our projects**

We are obligated to complete our construction projects within the timeframe as stipulated in the construction contracts awarded to us. In the event of a delay such as relocation of utilities, obtaining possession of site, obtaining approval from the client on the design drawing submitted by the Group and delays in land acquisition, we would usually seek an EOT from our client, which is subject to their approval. Any unapproved extension in the amount of time it takes for us to fulfil our contracted obligations may subject us to LAD claims from our clients, which may have a material adverse effect on our reputation and financial performance.

### 3. PROSPECTUS SUMMARY (CONT'D)

**(viii) Our construction activities are dependent on our continued ability to obtain the requisite permits, licenses, approvals and certifications**

All 4 of our Subsidiaries are registered as Grade 7 contractors with the CIDB which allows us to undertake construction projects with unlimited tendering capacity in Malaysia. In addition, Pembinaan AJ is registered as a holder of the SPKK issued by CIDB, as a Class A contractor with the Registration Centre for Supply / Service Works Contractors and Consultants, Ministry of Finance, Sabah (PUKONSA) and has been granted Bumiputera status certification from the Ministry of Entrepreneur and Cooperatives Development of Malaysia. Failure to maintain any or all of the above licenses, as well as the planning permits, construction plans approvals, advertising and sale permits and certificates or confirmation of completion for individual projects may result in termination of our contracts, thereby materially adversely affecting our business, reputation, financial performance as well as our future growth and prospects.

Please refer to Section 5 of this Prospectus for further details and the full list of risk factors affecting our business and operations, the industry in which we operate and our Shares.

### 3.5 PRINCIPAL DETAILS OF OUR IPO

Our IPO Shares will be allocated at the IPO Price as summarised in the table below:

Categories	Issue Shares		Offer Shares		Total	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(1)%
<b><u>Retail Offering</u></b>						
Malaysian Public (via balloting):						
▪ Bumiputera	12,500,000	2.50	-	-	12,500,000	2.50
▪ Non-Bumiputera	12,500,000	2.50	-	-	12,500,000	2.50
Eligible Persons	10,000,000	2.00	-	-	10,000,000	2.00
<b>Subtotal</b>	<b>35,000,000</b>	<b>7.00</b>	<b>-</b>	<b>-</b>	<b>35,000,000</b>	<b>7.00</b>
<b><u>Institutional Offering</u></b> <sup>(2)</sup> (by way of private placement)						
Institutional and selected investors	43,800,000	8.76	50,000,000	10.00	93,800,000	18.76
<b>Total</b>	<b>78,800,000</b>	<b>15.76</b>	<b>50,000,000</b>	<b>10.00</b>	<b>128,800,000</b>	<b>25.76</b>

**Notes:**

- (1) Based on the enlarged total number of 500,000,000 Shares after our IPO.
- (2) For information, there is no offering to Bumiputera investors approved by MITI as the MITI had vide its letter dated 30 August 2024, granted our Company an exemption from complying with the Bumiputera equity requirements in view that our existing Bumiputera shareholders hold more than 50% equity interest before and after our Listing, as further elaborated in Section 2.1.3 of this Prospectus.

The Public Issue will increase our issued share capital from RM71,669,805 comprising 421,200,000 Shares to RM131,555,865 comprising 500,000,000 Shares. Based on the IPO Price of RM0.78 per IPO Share, the total market capitalisation of our Company will be RM390.00 million upon Listing.

In accordance with the Equity Guidelines, our Promoters and persons connected to them will not be allowed to sell, transfer or assign any of their shareholdings in our Company as at the date of our Listing, for a period of 6 months from the date of our Listing.

### 3. PROSPECTUS SUMMARY (CONT'D)

For further information on our IPO and the moratorium on our Shares, please refer to Sections 4.3 and 2.2 of this Prospectus respectively.

#### 3.6 USE OF PROCEEDS

We intend to use the gross proceeds from the Public Issue of RM61.46 million in the following manner:

Details of use of proceeds	Estimated timeframe for use from the date of our Listing	RM'000	%
(i) Enhancing our construction capabilities	Within 36 months	8,000	13.01
(ii) Working capital for our construction projects	Within 12 months	28,400	46.21
(iii) Repayment of bank borrowings	Within 6 months	20,000	32.54
(iv) Estimated listing expenses	Within 3 months	5,064	8.24
<b>Total</b>		<b>61,464</b>	<b>100.00</b>

The Offer for Sale will raise gross proceeds of RM39.00 million which will accrue entirely to our Offerors. For further details on our use of proceeds arising from the Public Issue, please refer to Section 4.6 of this Prospectus.

#### 3.7 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and Key Senior Management are as listed below:

Name	Designation
<b><u>Directors</u></b>	
Tan Sri Joseph	Non-Independent Executive Chairman
Datuk Jonathan	Non-Independent Managing Director
Datuk Jessica	Non-Independent Executive Director
Datuk Anjin Bin Ajik	Independent Non-Executive Director
Chua Chai Hua	Independent Non-Executive Director
Chung Yue Lin @ Erica	Independent Non-Executive Director
Emmeline Michael Paitin	Independent Non-Executive Director
Johannes Lo	Alternate Director to Tan Sri Joseph
<b><u>Key Senior Management</u></b>	
Johannes Lo	Head of Sustainability and Innovation
Datuk Ir. Wong Chung Teck @ George Wong	Head of Projects
Chiang Chung Wing @ Edwin Chiang	Head of Procurement
Lai Vui Kiong	Head of Corporate Affairs and Finance
Wong Shing Yee	Head of Accounts
Chong Mui Har	Head of HR and Administration

For further information on our Directors and Key Senior Management, please refer to Sections 9.1.2, 9.2.2 and 9.3.1 of this Prospectus, respectively.

### 3. PROSPECTUS SUMMARY (CONT'D)

#### 3.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

Our Promoters and Substantial Shareholders as well as their respective shareholdings in our Company before and after our IPO are as follows:

Name	Country of incorporation / Nationality	Before our IPO			After our IPO		
		Direct No. of Shares	Indirect No. of Shares	% <sup>(1)</sup>	Direct No. of Shares	Indirect No. of Shares	% <sup>(2)</sup>
<b>Promoters and Substantial Shareholders</b>							
Lokah Fortune	Malaysia	200,982,400	-	47.72	200,982,400	-	40.20
Tan Sri Joseph	Malaysian	33,249,200	(3)116,680,000	7.89	(4)-	(3)116,680,000	23.34
Datuk Jonathan	Malaysian	16,750,800	(5)267,662,400	3.98	(4)-	(5)267,662,400	53.53
Datuk Jessica	Malaysian	50,000,000	(6)66,680,000	11.87	50,000,000	(6)66,680,000	13.34
Johannes Lo	Malaysian	50,000,000	(6)66,680,000	11.87	50,000,000	(6)66,680,000	13.34
<b>Substantial Shareholders</b>							
Lo Yun Yee @ Josephine Lo	Malaysian	16,670,000	(7)50,010,000	3.96	16,670,000	(7)50,010,000	10.00
Lo Yun Jiun	Malaysian	16,670,000	(7)50,010,000	3.96	16,670,000	(7)50,010,000	10.00
Jacqueline Lo Ker Jack	Malaysian	16,670,000	(7)50,010,000	3.96	16,670,000	(7)50,010,000	10.00
Joanna Lo Yun Shii	Malaysian	16,670,000	(7)50,010,000	3.96	16,670,000	(7)50,010,000	10.00

**Notes:**

- (1) Based on the total number of 421,200,000 Shares after the Acquisitions and Share Split, but before our IPO.
- (2) Based on the enlarged total number of 500,000,000 Shares after our IPO.
- (3) Deemed interested by virtue of the shares held by his children, Johannes Lo, Lo Yun Yee @ Josephine Lo, Lo Yun Jiun, Jacqueline Lo Ker Jack and Joanna Lo Yun Shii pursuant to Section 59 of the Act.
- (4) After the Offer for Sale of 50,000,000 Shares to institutional and selected investors.
- (5) Deemed interested by virtue of his direct interest in Lokah Fortune pursuant to Section 8 of the Act and the Shares held by his siblings, Lo Yun Yee @ Josephine Lo, Lo Yun Jiun, Jacqueline Lo Ker Jack and Joanna Lo Yun Shii.
- (6) Deemed interested by virtue of the Shares held by his/her siblings, Lo Yun Yee @ Josephine Lo, Lo Yun Jiun, Jacqueline Lo Ker Jack and Joanna Lo Yun Shii.
- (7) Lo Yun Yee @ Josephine Lo, Lo Yun Jiun, Jacqueline Lo Ker Jack and Joanna Lo Yun Shii are deemed interested in the Shares held by each other.

For information, Datuk Jonathan is the sole shareholder of Lokah Fortune. For further information on our Promoters and Substantial Shareholders, please refer to Section 9.1 of this Prospectus.

**3. PROSPECTUS SUMMARY (CONT'D)****3.9 FINANCIAL HIGHLIGHTS**

The table below sets out the audited combined statements of profit or loss and other comprehensive income of our Group for the Period under Review:

	<b>Audited</b>			
	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FPE 2024</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
Revenue	231,457	296,838	280,766	148,824
Cost of sales	(161,529)	(206,044)	(203,188)	(110,213)
GP	69,928	90,794	77,578	38,611
PBT	46,027	45,984	38,566	12,592
PAT attributable to the owners of the Company	34,142	31,691	25,983	7,822
Total equity	54,551	76,265	88,749	96,571
Total borrowings	130,348	139,539	143,024	178,967
Cash and bank balances	9,306	17,731	29,691	1,068
EBITDA <sup>(1)</sup> (RM'000)	61,229	65,671	57,609	25,181
GP margin <sup>(2)</sup> (%)	30.21	30.59	27.63	25.94
EBITDA margin <sup>(3)</sup>	26.45	22.12	20.52	16.92
PBT margin <sup>(4)</sup> (%)	19.89	15.49	13.74	8.46
PAT margin <sup>(5)</sup> (%)	14.77	10.68	9.25	5.26
Basic EPS <sup>(6)</sup> (sen)	8.11	7.52	6.17	1.86
Diluted EPS <sup>(7)</sup> (sen)	6.83	6.34	5.20	1.56
Effective tax rate (%)	25.72	31.03	32.62	37.88
Gearing ratio (times) <sup>(8)</sup>	2.39	1.83	1.61	1.85

**Notes:**

- (1) EBITDA represents earnings before net finance cost, taxation, depreciation and amortisation.
- (2) GP margin is computed based on GP over revenue.
- (3) EBITDA margin is computed based on EBITDA over revenue.
- (4) PBT margin is computed based on PBT over revenue.
- (5) PAT margin is computed based on PAT over revenue.
- (6) Basic EPS is computed based on PAT attributable to the owners of the Company divided by the total number of 421,200,000 Shares after the Acquisitions and the Share Split.
- (7) Diluted EPS is computed based on PAT attributable to the owners of the Company divided by the enlarged total number of 500,000,000 Shares after the IPO. For information, our Company does not have any outstanding convertible securities.
- (8) Computed based on total borrowings divided by total equity as at the end of the respective financial year.

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### 3. PROSPECTUS SUMMARY (CONT'D)

The table below sets out the audited combined statements of financial position of our Group as at 31 December 2021, 2022 and 2023 as well as 30 June 2024:

	<b>Audited</b>			
	<b>As at 31 December</b>			<b>As at 30</b>
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>June 2024</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
Non-current assets	71,117	81,726	88,973	88,333
Current assets	250,399	255,709	249,808	298,252
<b>Total assets</b>	<b>321,516</b>	<b>337,435</b>	<b>338,781</b>	<b>386,585</b>
Invested equity	6,800	6,800	6,800	6,800
Retained profits	47,151	68,842	81,949	89,771
Equity attributable to the owners of the Company	53,951	75,642	88,749	96,571
Non-controlling interests	600	623	-	-
<b>Total equity / Net assets</b>	<b>54,551</b>	<b>76,265</b>	<b>88,749</b>	<b>96,571</b>
Non-current liabilities	56,071	58,196	64,978	58,382
Current liabilities	210,894	202,974	185,054	231,632
<b>Total liabilities</b>	<b>266,965</b>	<b>261,170</b>	<b>250,032</b>	<b>290,014</b>
<b>Total equity and liabilities</b>	<b>321,516</b>	<b>337,435</b>	<b>338,781</b>	<b>386,585</b>

For further details on our financial information, please refer to Section 12 of this Prospectus.

#### 3.10 DIVIDEND POLICY

For the FYEs 2021, 2022 and 2023, our Group's dividend payout ratio was 20.50%, 31.55% and 50.03%, respectively, which were either set off against amounts owing by Tan Sri Joseph, Datuk Jonathan and a related company in which Tan Sri Joseph and Datuk Jonathan have an interest in or funded via internally-generated funds.

For information, we do not intend to declare and pay any dividends before the completion of the Listing. Moving forward, we target a payout ratio of at least 30% of our net profit attributable to the owners of our Company for each financial year on a consolidated basis subject to the following:

- (i) our Board's discretion as well as any applicable law, licence conditions and contractual obligations; and
- (ii) provided that such distribution will not be detrimental to our Group's cash requirements or any plans approved by our Board.

Investors should take note that this dividend policy merely describes our present intention and shall not constitute a legally binding obligation on our Company or legally binding statement in respect of our future dividends which are subject to modification (including non-declaration thereof) at our Board's discretion. For further details on our dividend policy, please refer to Section 12.13 of this Prospectus.

## 4. DETAILS OF OUR IPO

### 4.1 OPENING AND CLOSING OF APPLICATIONS

The application period will open at 10.00 a.m. on 18 October 2024 and close at 5.00 p.m. on 24 October 2024. Late Applications will not be accepted.

### 4.2 INDICATIVE TIMETABLE

An indicative timetable for our IPO is set out below:

<b>Events</b>	<b>Date</b>
Issuance of this Prospectus / Opening date of our IPO	10.00 a.m., 18 October 2024
Closing date of our IPO	5.00 p.m., 24 October 2024
Balloting of applications for our IPO Shares	28 October 2024
Allotment of our IPO Shares to successful applicants	6 November 2024
Listing	11 November 2024

In the event there are any changes to the timetable, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia newspapers within Malaysia and will make an announcement on the website of Bursa Securities.

### 4.3 PARTICULARS OF OUR IPO

Our IPO is subject to terms and conditions of this Prospectus and upon acceptance, the IPO Shares are expected to be allocated and transferred in the manner described below, subject to the clawback and reallocation provisions as set out in Section 4.3.4 of this Prospectus.

Our IPO of 128,800,000 Shares, representing 25.76% of the enlarged issued share capital of our Company will be allocated in the following manner:

#### 4.3.1 Public Issue

Our Public Issue of 78,800,000 Issue Shares (representing 15.76% of the enlarged total number of Shares) at the IPO Price, payable in full on application, will be allocated in the following manner:

##### (a) Malaysian Public (via balloting)

25,000,000 Issue Shares (representing 5.00% of our enlarged total number of Shares) to be allocated via balloting, will be made available for Application by the Malaysian Public, of which at least 50% shall be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions.

**4. DETAILS OF OUR IPO (CONT'D)****(b) Eligible Persons**

10,000,000 Issue Shares (representing 2.00% of our enlarged total number of Shares) will be reserved for application by the Eligible Persons under the Pink Form Allocation as follows:

<b>Eligible Persons</b>	<b>Number of persons</b>	<b>Aggregate no. of IPO Shares allocated</b>
Directors of our Company <sup>(1)</sup>	4	400,000
Eligible employees of our Group <sup>(2)</sup>	Up to 500	4,600,000
Other persons who have contributed to the success of our Group <sup>(3)</sup>	Up to 35	5,000,000
<b>Total</b>	<b>Up to 539</b>	<b>10,000,000</b>

**Notes:**

- (1) Excluding Tan Sri Joseph, Datuk Jonathan, Datuk Jessica and Johannes Lo who will not be allocated any IPO Shares. The number of IPO Shares allocated to our Directors are as follows:

<b>Name</b>	<b>Designation</b>	<b>No. of IPO Shares allocated</b>
Datuk Anjin Bin Ajik	Independent Non-Executive Director	100,000
Chua Chai Hua	Independent Non-Executive Director	100,000
Chung Yue Lin @ Erica	Independent Non-Executive Director	100,000
Emmeline Michael Paitin	Independent Non-Executive Director	100,000
<b>Total</b>		<b>400,000</b>

- (2) The IPO Shares will be allocated to our eligible employees based on the following eligibility criteria as approved by our Board:

- (i) at least 18 years old;
- (ii) designation and position;
- (iii) length of service; and
- (iv) contribution to our Group.



**4. DETAILS OF OUR IPO (CONT'D)**

The number of IPO Shares to be allocated to our Key Senior Management (excluding Johannes Lo) under the Pink Form Allocation is as follows:

<u>Name</u>	<u>Designation</u>	<u>No. of IPO Shares allocated</u>
Datuk Ir. Wong Chung Teck @ George Wong	Head of Projects	200,000
Chiang Chung Wing @ Edwin Chiang	Head of Procurement	120,000
Lai Vui Kiong	Head of Corporate Affairs and Finance	60,000
Wong Shing Yee	Head of Accounts	20,000
Chong Mui Har	Head of HR and Administration	120,000
<b>Total</b>		<b>520,000</b>

- (3) The criteria for allocation of the IPO Shares to other persons who have contributed to the success of our Group under the Pink Form Allocation are based on, among others, their current and/or past contributions to our Group as well as the length of their business relationship with our Group.

**(c) Private placement to institutional and selected investors**

43,800,000 Issue Shares (representing 8.76% of our enlarged total number of Shares) to be allocated by way of private placement to institutions and identified investors.

The Public Issue will increase our issued share capital from RM71,669,805 comprising 421,200,000 Shares to RM131,555,865 comprising 500,000,000 Shares.

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#### 4. DETAILS OF OUR IPO (CONT'D)

##### 4.3.2 Offer for Sale

The Offerors are offering 50,000,000 Offer Shares (representing 10.00% of our enlarged total number of Shares), at the IPO Price by way of private placement to institutional and selected investors. The details of the Offerors, their relationship with our Group and details of their shareholdings in our Company are as follows:

Name and address of the Offerors	Relationship with our Group for the past 3 years up to the LPD	As at the date of this Prospectus		Offer for Sale		After the IPO	
		No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>
<b>Tan Sri Joseph</b> Lot 1-8 Puteri Damai Lorong Alpha, Jalan Damai 88300 Kota Kinabalu Sabah	Our Non-Independent Executive Chairman, Promoter and Substantial Shareholder	33,249,200	7.89	33,249,200	6.65	-	-
<b>Datuk Jonathan</b> Lot 1-8 Puteri Damai Lorong Alpha, Jalan Damai 88300 Kota Kinabalu Sabah	Our Non-Independent Managing Director, Promoter and Substantial Shareholder	16,750,800	3.98	16,750,800	3.35	-	-

**Notes:**

(1) Based on the total number of 421,200,000 Shares after the Acquisitions and Share Split but before our IPO.

(2) Based on the enlarged total number of 500,000,000 Shares after taking into account of the new Shares issued pursuant to the Public Issue.

The entire proceeds of RM39.00 million arising from the Offer for Sale will accrue entirely to the Offerors. All expenses relating to the Offer for Sale will be fully borne by the Offerors.

#### 4. DETAILS OF OUR IPO (CONT'D)

##### 4.3.3 Summary of IPO Shares to be allocated and underwritten

In summary, our IPO Shares offered under our Retail Offering and Institutional Offering (subject to clawback and reallocation provisions) are as follows:

Categories	Issue Shares		Offer Shares		Total	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(1)%
<b>Retail Offering</b>						
Malaysian Public (via balloting)						
▪ Bumiputera	12,500,000	2.50	-	-	12,500,000	2.50
▪ Non-Bumiputera	12,500,000	2.50	-	-	12,500,000	2.50
Eligible Persons	10,000,000	2.00	-	-	10,000,000	2.00
<b>Institutional Offering<sup>(2)</sup></b>						
(by way of private placement)						
Institutional and selected investors	43,800,000	8.76	50,000,000	10.00	93,800,000	18.76
<b>Total</b>	<b>78,800,000</b>	<b>15.76</b>	<b>50,000,000</b>	<b>10.00</b>	<b>128,800,000</b>	<b>25.76</b>

**Notes:**

- (1) Based on the enlarged total number of 500,000,000 Shares after our IPO.
- (2) Pursuant to the Bumiputera equity requirement for public listed companies, corporations with predominantly Malaysian-based operations seeking listing on the Main Market of Bursa Malaysia are required to allocate 12.5% of the enlarged number of issued shares to Bumiputera investors to be approved or recognised by MITI, at the point of listing ("**Bumiputera Equity Requirement**"). For information, there is no offering to Bumiputera investors approved by MITI as the MITI had vide its letter dated 30 August 2024, granted our Company an exemption from complying with the Bumiputera Equity Requirement in view that our existing Bumiputera shareholders hold more than 50% equity interest before and after our Listing, as further elaborated in Section 2.1.3 of this Prospectus.

The Retail Offering has been fully underwritten. The Institutional Offering is not underwritten. Irrevocable undertakings have been or will be obtained from investors who subscribe for our IPO Shares made available under the Institutional Offering.

The Retail Offering will be allocated on a fair and equitable manner and the basis of allocation for the Issue Shares shall take into account the desirability of distributing the Issue Shares to a reasonable number of applicants in view of broadening our shareholding base to meet the public spread requirements and to establish a liquid and adequate market for our Shares. Applicants for the Institutional Offering will be selected in such manner as may be determined by our Sole Placement Agent, in consultation with our Company, to be in the best interest of our Company. Our Sole Placement Agent, in consultation with our Company, has the absolute discretion to decide whether to accept or reject any placement application.

There is no over-allotment or 'greenshoe' option which will increase the number of our IPO Shares.

#### 4. DETAILS OF OUR IPO (CONT'D)

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##### 4.3.4 Clawback and reallocation

The Retail Offering and Institutional Offering shall be subject to the following clawback and reallocation provisions:

- (i) if there is an under-subscription in the Institutional Offering and an over-subscription in the Retail Offering, the IPO Shares not taken up may be clawed back from the Institutional Offering and reallocated to the Retail Offering; and
- (ii) if there is an under-subscription of the Retail Offering and an over-subscription in the Institutional Offering, the IPO Shares not taken up may be clawed back from the Retail Offering and reallocated to the Institutional Offering.

The clawback and reallocation provisions will not apply in the event there is an over-subscription or under-subscription in both the Retail Offering and the Institutional Offering or an under-subscription in either the Retail Offering or the Institutional Offering but no over-subscription in the other.

Any IPO Shares allocated to Eligible Persons but not taken up by them shall be made available to other Eligible Persons who have applied for excess IPO Shares (if any) in addition to their pre-determined allocation of IPO Shares ("**Excess Shares**"). Such Excess Shares will be allocated to these other Eligible Persons on a fair and equitable basis in the following priority:

- (a) firstly, allocation on a proportionate basis to our Directors and eligible employees of our Group who have applied for Excess Shares based on the number of Excess Shares applied for;
- (b) secondly, allocation of any surplus Excess Shares after (a) above on a proportionate basis to persons who have contributed to the success of our Group who have applied for Excess Shares based on the number of Excess Shares applied for; and
- (c) thirdly, to minimise odd lots.

Our Board reserves the right to allot Excess Shares applied for in such manner as it may deem fit, expedient and in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in items (a) to (c) above is achieved. Our Board also reserves the right to accept or reject any Excess Shares application, in full or in part, without assigning any reason.

Any allocated IPO Shares not fully taken up by Eligible Persons will be made available for application by the Malaysian Public under the Retail Offering, with any remaining IPO Shares thereafter underwritten by our Sole Underwriter, subject to the clawback and reallocation set out above.

#### 4. DETAILS OF OUR IPO (CONT'D)

##### 4.3.5 Share capital

Upon completion of our IPO, our share capital will be as follows:

	<u>No. of Shares</u>	<u>RM</u>
Issued share capital as at the date of this Prospectus	421,200,000	71,669,805
New Shares to be issued pursuant to the Public Issue	78,800,000	<sup>(1)</sup> 59,886,060
<b>Enlarged issued share capital upon Listing</b>	<b><u>500,000,000</u></b>	<b><u>131,555,865</u></b>

**Note:**

- (1) Calculated based on the IPO Price and after deducting the estimated listing expenses of approximately RM1.58 million which is directly attributable to our Public Issue and allowed to be debited against the share capital of our Company.

##### 4.3.6 Classes of shares and ranking

As at the date of this Prospectus and upon completion of our IPO, we have only 1 class of shares, namely ordinary shares in our Company.

Our IPO Shares, upon allotment and issuance, will rank equally in all respects with our existing Shares including voting rights, and will be entitled to all dividends, rights and distributions that may be declared subsequent to the date of allotment of our IPO Shares, subject to any applicable Rules of Bursa Depository.

Subject to any special rights attached to any shares which we may issue in the future, our shareholders shall, in proportion to the amount paid up on the Shares held by them, be entitled to share the profits paid out by us as dividends or other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus (if any), in accordance with our Constitution, after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

At any general meeting of our Company, each shareholder shall be entitled to vote in person, by proxy, by attorney or by other duly authorised representative. A proxy may but need not be a member of our Company and there shall be no restriction as to the qualification of the proxy.

Any resolution set out in the notice of any general meeting, or in any notice of resolution which may be moved or is intended to be moved at any general meeting, is to be voted by poll. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have 1 vote for each Share held.

##### 4.3.7 Minimum subscription level

There is no minimum subscription level in terms of proceeds to be raised from our IPO. However, in order to comply with the public spread requirement under the Listing Requirements, the minimum subscription level in terms of number of Shares will be the number of Shares required to be held by public shareholders of our Company to comply with the minimum public shareholding spread requirement under the Listing Requirements or as approved by Bursa Securities.

Under the Listing Requirements, we are required to have a minimum of 25.00% of our Shares held by at least 1,000 public shareholders, each holding not less than 100 Shares at the point of our Listing.

#### 4. DETAILS OF OUR IPO (CONT'D)

If the abovesaid public spread requirement is not met, we may not be able to proceed with the Listing. See Section 5.3.2 of this Prospectus for details in the event there is a delay or failure of our Listing.

#### 4.4 BASIS OF ARRIVING AT THE PRICE OF OUR IPO SHARES

Our Directors and Promoters, together with Interpac, have determined and agreed on the IPO Price of RM0.78 per IPO Share, after considering the following factors:

- (i) our competitive strengths, business strategies and future plans (see Sections 7.2 and 7.3 of this Prospectus);
- (ii) the overview and prospects of our industry (see Section 8 of this Prospectus);
- (iii) our Company's financial performance and operating history as set out in Sections 12 and 13 of this Prospectus. Our EPS of 5.20 sen (based on our audited PAT attributable to the owners of our Company of RM25.98 million for the FYE 2023 and our enlarged total number of 500,000,000 Shares upon Listing) represents an implied PE Multiple of approximately 15.01 times;
- (iv) our pro forma NA per Share of RM0.31 after our IPO, computed based on the pro forma statement of financial position of our Company as at 30 June 2024 and our enlarged total number of 500,000,000 Shares upon Listing; and
- (v) the prevailing market conditions which include market performance of key global indices and companies which are in businesses similar to ours, as well as investors' sentiments.

Based on the IPO Price, the total market capitalisation of our Company will be RM390.00 million upon Listing.

You should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our IPO Shares before deciding to invest in our Shares. You are reminded to carefully consider the risk factors as set out in Section 5 of this Prospectus before deciding to invest in our Shares.

#### 4.5 DILUTION

Dilution is the amount by which the IPO Price exceeds our consolidated NA per Share after our IPO. Our pro forma consolidated NA per Share as at 30 June 2024 immediately before adjusting for our IPO was RM0.23, based on the total number of issued Shares of 421,200,000 Shares of our Company after the Acquisitions, Share Split and immediately prior to our IPO.

Upon issuance of the Issue Shares and after adjusting for effects of the utilisation of gross proceeds raised from our IPO, our pro forma NA per Share as at 30 June 2024 would be RM0.31 per Share based on our Company's enlarged total number of 500,000,000 Shares. This represents:

- (i) an immediate increase in NA per Share of RM0.08 to our existing shareholders; and
- (ii) an immediate dilution in NA per Share of RM0.47, representing a 60.26% dilution to our new investors.

**4. DETAILS OF OUR IPO (CONT'D)**

The following table illustrates such dilution on a per Share basis:

	<u>RM</u>
IPO Price	0.78
Pro forma consolidated NA per Share as at 30 June 2024 after the Acquisitions, Share Split and before adjusting for our IPO	0.23
Pro forma consolidated NA per Share as at 30 June 2024 after adjusting for our IPO	0.31
Increase in pro forma consolidated NA per Share to our existing shareholders	0.08
Dilution in pro forma consolidated NA per Share to new investors	0.47
Dilution in pro forma consolidated NA per Share to new investors as a percentage to the IPO Price	60.26%

Save as disclosed below, none of our Promoters, Directors, Key Senior Management, Substantial Shareholders and persons connected with them had acquired, obtained the right to acquire and/or subscribe for any of our Shares from the date of our incorporation up to the date of this Prospectus:

<u>Name</u>	<u>Date(s) of investment</u>	<u>No. of Shares allotted</u>	<u>Total consideration</u> (RM)	<u>No. of Shares after the Share Split</u>	<u>Effective cost per Share</u> (RM)
<b><u>Promoters and Substantial Shareholders</u></b>					
Lokah Fortune	30.09.2024 <sup>(1)</sup>	34,198,401	34,198,401	200,982,400	0.17
Tan Sri Joseph	16.06.2022 <sup>(2)</sup> , 30.09.2024 <sup>(1)</sup>	1 5,657,554	1 5,657,554	33,249,200	0.17
Datuk Jonathan	16.06.2022 <sup>(2)</sup> , 30.09.2024 <sup>(1)</sup>	1 2,850,252	1 2,850,252	16,750,800	0.17
Datuk Jessica	30.09.2024 <sup>(1)</sup>	8,507,814	8,507,814	50,000,000	0.17
Johannes Lo	30.09.2024 <sup>(1)</sup>	8,507,814	8,507,814	50,000,000	0.17
<b><u>Substantial Shareholders</u></b>					
Lo Vun Yee @ Josephine Lo	30.09.2024 <sup>(1)</sup>	2,836,504	2,836,504	16,670,000	0.17
Lo Vun Jiun	30.09.2024 <sup>(1)</sup>	2,836,504	2,836,504	16,670,000	0.17
Jacqueline Lo Ker Jack	30.09.2024 <sup>(1)</sup>	2,836,504	2,836,504	16,670,000	0.17
Joanna Lo Vun Shii	30.09.2024 <sup>(1)</sup>	2,836,504	2,836,504	16,670,000	0.17
<b><u>Key Senior Management</u></b>					
Lai Vui Kiong	30.09.2024 <sup>(1)</sup>	601,952	601,952	3,537,600	0.17

**Notes:**

(1) Representing Shares allotted pursuant to the Acquisitions.

(2) Representing Shares allotted upon incorporation of our Company.

Please refer to Section 6.3 of this Prospectus for further details of the issuance of Shares pursuant to the Acquisitions and Share Split.

#### 4. DETAILS OF OUR IPO (CONT'D)

##### 4.6 USE OF PROCEEDS

We intend to use the gross proceeds from the Public Issue of RM61.46 million in the following manner:

<b>Details of use of proceeds</b>		<b>Estimated timeframe for use from the date of our Listing</b>	<b>RM'000</b>	<b>%</b>
(i)	Enhance our construction capabilities	Within 36 months	8,000	13.01
(ii)	Working capital for our construction projects	Within 12 months	28,400	46.21
(iii)	Repayment of bank borrowings	Within 6 months	20,000	32.54
(iv)	Estimated listing expenses	Within 3 months	5,064	8.24
<b>Total</b>			<b>61,464</b>	<b>100.00</b>

As shown above, we intend to use most of our Public Issue proceeds for repayment of bank borrowings and enhance our construction capabilities, fund our ongoing construction projects and tender for more road infrastructure projects. Further details of our use of gross proceeds from the Public Issue are set out below whilst further information on our business strategies and future plans are set out in Section 7.3 of this Prospectus.

##### 4.6.1 Enhancing our construction capabilities

Our core business strategy revolves around maintaining and elevating our position as a preferred road infrastructure contractor in Sabah. We intend to continue focusing on and enhancing our core strengths in road infrastructure construction. Our capacity to undertake construction projects and execute them within a competitive timeframe is dependent on amongst others, the ready availability of construction machinery and equipment to undertake the various types of construction works required for any given project. During the Period under Review, we have subcontracted portions of our projects to subcontractors who possess the necessary construction machinery and equipment. Our Group also has our own fleet of construction machinery and equipment, further details of which are set out in Section 7.19 of this Prospectus.

We intend to allocate RM8.00 million from the Public Issue to enhance our construction capabilities in the following manner:

- (i) RM6.00 million for expansion of our existing fleet of construction machinery and equipment in order to both enhance our construction capabilities and reduce our reliance on subcontractors and equipment leasing suppliers; and
- (ii) RM2.00 million for investments in technological upgrades such as autonomous vehicle control modules for our existing vehicles, LiDAR-equipped drones and handheld augmented reality surveying equipment.

Based on our order book as at the LPD, we intend to spend approximately RM30.00 million from the LPD until end-2025 to acquire construction machinery and equipment such as excavators, dump trucks, motor graders, bulldozers and staff vehicles such as light trucks and SUVs. We intend to fund these acquisitions via the proceeds from the Public Issue as stated above, internally-generated funds and bank borrowings to be obtained.



#### 4. DETAILS OF OUR IPO (CONT'D)

An increase in our fleet size will enable us to improve our operational efficiency as we can better manage the use of our own fleet to undertake more construction works as opposed to relying on external subcontractors to perform such works. However, in order to maximise the utilisation of our fleet of construction machinery and equipment, we only intend to acquire such machines if such machines are required for our projects, and we do not own a sufficient number of such machines.

We also intend to spend approximately RM2.50 million from the LPD until end-2025 to purchase and install autonomous vehicle control modules on 2 motor graders, 2 bulldozers and 2 excavators (as at the LPD, 3 of our motor graders are equipped with such technological upgrades), purchase 1 LiDAR-equipped drone and purchase 4 sets of handheld augmented reality surveying equipment. We intend to fund these acquisitions via the proceeds from the Public Issue as stated above and internally-generated funds. Please refer to Section 7.10 of this Prospectus for further information on the technologies used by our Group.

From the LPD until the receipt of our IPO proceeds, we may proceed to acquire the above-mentioned machineries, equipment and vehicles by utilising our internally generated funds and/or bank borrowings. Upon the completion of our Proposed Listing, we will utilise the proceeds received from our Public Issue to enhance our construction capabilities to replenish our internally generated funds and/or repayment of bank borrowings.

##### 4.6.2 Working capital for our construction projects

Upon the commencement of our construction projects, our working capital requirements encompass cost of sales components and financing costs relating to performance bonds and retention sums. The core components of our cost of sales encompass subcontractor costs, construction materials, direct labour costs as well as project overhead and related costs. Together, these costs accounts for over 85% of our cost of sales during the Period under Review.

As our capacity to undertake construction projects is dependent on amongst others, our ability to secure new projects and our ability to fund our construction operations, we are required to have sufficient cash on hand in order to participate in project tenders, fulfil the requirements of newly awarded construction contracts, cover the mobilisation costs as well as fund the core components of our cost of sales.

We currently fund our working capital requirements through project financing facilities secured from banks as well as receipt of progress billings from our customers. As part of our internal cashflow plan, we also utilise overdraft facilities and revolving credit facilities to bridge the funding gap between disbursing payments to the subcontractors and suppliers and the receipt of progress billings from our customers.

As at the LPD, our Group is working on 9 ongoing construction projects and has an outstanding order book of approximately RM1.45 billion which is expected to contribute to our revenues for the FYEs 2024 to 2028. In addition, 3 of these projects were secured this year, namely the Pan Borneo Highway (WP12) Project, Pan Borneo Highway (WP13) Project and Pan Borneo Highway (WP26) Project and as at the LPD, these 3 projects have remaining revenues of approximately RM1.13 billion, which represents approximately 78% of our order book.

In view of the construction contracts secured this year as highlighted above, our Group's immediate working capital requirements have increased compared to previous years. Whilst we have sufficient financing facilities to fund our existing working capital requirements, we intend to reduce our use of such financing facilities to lower our interest expenses moving forward.

#### 4. DETAILS OF OUR IPO (CONT'D)

In view of our higher working capital requirements as mentioned above, we intend to allocate approximately RM28.40 million or 46.21% of our IPO proceeds for our general working capital which will reduce our use of overdraft facilities and revolving credit facilities as well as improve our liquidity and cashflow position. The allocation for our working capital is as follows:

<b>Details</b>	<b>Amount</b>
	<b>(RM'000)</b>
Payment to subcontractors for existing projects	12,000
Purchase of construction materials	12,000
Payment of direct labour costs	4,400
<b>Total</b>	<b>28,400</b>

The above allocation would reduce our Group's use of overdraft facilities and revolving credit facilities as well as free up more of our internally-generated funds, which would otherwise be used to meet such contractual obligations. This will improve our financial position, allowing us to reduce our reliance on external financing to fund the initial costs to be incurred prior to the commencement of a project as well as support our day-to-day construction operations. The freeing up of such funds will also allow us to fund more tender bonds, which are bonds provided by us when applying for a new tender to demonstrate our financial capabilities and intent to undertake the project, enabling us to tender for more road infrastructure projects as and when such opportunities arise, thereby fostering growth in our business operations.

##### 4.6.3 Repayment of bank borrowings

As at the LPD, our Group's total borrowings amounted to approximately RM162.31 million. We intend to use RM20.00 million from the proceeds of the Public Issue to partially repay a revolving credit line with an outstanding amount of RM59.98 million as at the LPD granted by CIMB Bank Berhad.

The revolving credit line was obtained by Pembinaan AJ in 2018 to finance the working capital required for the execution of construction projects awarded by the Government to Pembinaan AJ. This includes financing of performance guarantees, purchase of construction materials and payment to subcontractors. This revolving credit line has a tenure of 3 months and is subject to renewal prior to expiry. The Group has not encountered any difficulties in obtaining the renewal of this revolving credit line since the initial drawdown up to the LPD.

The revolving credit line to be repaid from the proceeds of the Public Issue bears a weighted average effective interest rate of 6.20% for the FYE 2023. From the LPD until the full repayment of these facilities, we will continue to service the monthly principal payments and interest expenses of these facilities from internally generated funds.

The repayment of the revolving credit line is expected to have a positive financial impact on our Group with interest savings of approximately RM1.24 million per annum based on the weighted average effective interest rate of 6.20%.

Further information on our bank borrowings are set out in Section 12.4.3 of this Prospectus.

#### 4. DETAILS OF OUR IPO (CONT'D)

##### 4.6.4 Estimated listing expenses

The estimated expenses and fees for our IPO and Listing to be borne by us are estimated to be RM5.06 million, details of which are as follows:

<b>Expenses</b>	<b>RM'000</b>
(i) Professional fees	2,390
(ii) Brokerage, underwriting and placement fees	1,578
(iii) Fees payable to authorities	400
(iv) Fees and expenses relating to printing of Prospectus and advertising	400
(v) Miscellaneous expenses and contingencies	296
<b>Total</b>	<b>5,064</b>

If the actual listing expenses are higher than budgeted above, the deficit will be funded from the proceeds allocated for general working capital described in Section 4.6.2 of this Prospectus and vice versa.

Pending the eventual use of the gross proceeds from the Public Issue for the above intended purposes, the funds will be placed in short-term deposits with licensed financial institutions and/or short-term money market instruments.

We will not receive any proceeds from the Offer for Sale. The Offer for Sale will raise gross proceeds of approximately RM39.00 million which will accrue entirely to our Offerors. Our Offerors will be bearing their own placement fees in respect of our IPO.

#### 4.7 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEES

For the services of Interpac, being our Sole Underwriter and Sole Placement Agent in managing the distribution of the IPO Shares, we will pay a non-refundable management fee at the rate of 0.50% of the total value of all the IPO Shares under both Retail Offering and Institutional Offering. The management fee is subject to the taxes prevailing in Malaysia.

##### 4.7.1 Brokerage fee

We will pay brokerage fee in respect of the 25,000,000 Issue Shares under the Retail Offering at the rate of 1.00% of the IPO Price for successful applications which bear the stamp of participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association in Malaysia and/or the Issuing House. The brokerage fee is subject to the taxes prevailing in Malaysia.

##### 4.7.2 Underwriting commission

Our Sole Underwriter has agreed to underwrite all the Issued Shares under the Retail Offering ("**Underwritten Shares**"). Notwithstanding this, the final number of IPO Shares to be taken up by our Sole Underwriter shall be such remaining Underwritten Shares not applied for after being subject to clawback and reallocation provisions set out in Section 4.3.4 above. We are obliged to pay our Sole Underwriter an underwriting commission at the rate of 1.75% of the total value of the Underwritten Shares

#### 4. DETAILS OF OUR IPO (CONT'D)

underwritten at the IPO Price. The underwriting commission is subject to the taxes prevailing in Malaysia.

##### 4.7.3 Placement fee

Our Sole Placement Agent has agreed to place out 93,800,000 IPO Shares under the Institutional Offering.

We are obliged to pay our Sole Placement Agent a placement fee at the rate of 1.75% of the total value of the Issue Shares successfully placed out to investors at the IPO Price. The placement fee is subject to the taxes prevailing in Malaysia.

The Offerors will bear the placement fee in respect of the Offer Shares.

#### 4.8 UNDERWRITING AGREEMENT

Pursuant to the Underwriting Agreement, our Sole Underwriter has agreed to underwrite all the 35,000,000 IPO Shares under the Retail Offering. Notwithstanding this, the final number of Issue Shares to be taken up by our Sole Underwriter shall be such remaining Issue Shares under the Retail Offering not applied for after being subject to clawback and reallocation provisions set out in Section 4.3.4 above. Details of the underwriting commission are set out in Section 4.7.2 above.

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

- (i) the obligations of the Sole Underwriter under the Underwriting Agreement are conditional on certain conditions precedent being satisfied or fulfilled;
- (ii) Notwithstanding anything contained in the Underwriting Agreement, the Sole Underwriter may in the discretion and without liability on their part, by giving notice in writing to us at any time before the closing date of our IPO, terminate, cancel and withdraw their commitment to underwrite the Underwritten Shares with immediate effect, if:-
  - (a) any approvals required in relation to our IPO or our Listing is revoked, suspended, withdrawn or ceases to have any effect whatsoever, or is varied or supplemented upon terms that would have or is reasonably likely to have a material adverse effect;
  - (b) there is any material breach by our Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given by the Sole Underwriter to us by the closing date of our IPO or the date of our Listing;
  - (c) there is a material failure on the part of our Company to perform any of its obligations contained in the Underwriting Agreement including but not limited to the conditions precedent as set out in the Underwriting Agreement;
  - (d) there is withholding of information of a material nature from the Sole Underwriter which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of our IPO or Listing, or the distribution or sale of our IPO Shares;

**4. DETAILS OF OUR IPO (CONT'D)**

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- (e) there shall have occurred, or happened any material adverse change in the business or financial condition of our Company or our Group from that set out in this Prospectus which is material in the context of the offering of the Issue Shares, our IPO and/or our Listing or any occurrence of any event rendering untrue or incorrect or misleading or not complied with to an extent which is material as aforesaid, any of the representations, warranties and undertakings contained in the Underwriting Agreement as though given or made on such dates up to the date of our Listing;
- (f) the Listing does not take place within 3 months from the date of the Underwriting Agreement or such other extended date as may be agreed by the Sole Underwriter;
- (g) trading of all securities on Bursa Securities has been suspended or other material form of general restriction in trading in securities is imposed for 3 consecutive Market Days or more;
- (h) the closing date of our IPO is not the day and time adopted in this Prospectus or such other extended date as may be agreed in writing by the Sole Underwriter; or
- (i) the placement agreement is terminated or rescinded in accordance with its terms or ceased to have any effect whatsoever; or
- (j) any commencement of legal proceedings or action against any member of our Group or any of their directors (excluding the independent non-executive directors of our Company) or major shareholders, which in the opinion of the Sole Underwriter, would have or is reasonably likely to have a material adverse effect or make it impracticable to market our IPO or to enforce contracts to allot and/or transfer our IPO Shares;
- (k) any material statements contained in this Prospectus has become or been discovered to be untrue, inaccurate or misleading in any respect;
- (l) the imposition of any moratorium, suspension or material restriction on trading in securities generally on Main Market of Bursa Securities due to exceptional financial circumstances which, in the opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of our IPO, or the distribution or sale of the Issue Shares;
- (m) our Company and any Subsidiaries and/or any of its major shareholders becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as they fall due or enters into any composition or arrangement with its creditors or make a general assignment for the benefits of its creditors;
- (n) there is any government requisition or occurrence of any other nature which materially and adversely affects or will materially and adversely affects the business or financial condition or operation of our Group;
- (o) a material adverse change in the stock market condition occurs, and for the purposes of this clause, a material adverse change in the stock market condition shall be deemed to have occurred if the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:
  - (aa) on or after the date of the Underwriting Agreement; and

**4. DETAILS OF OUR IPO (CONT'D)**

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

lower than 90% of the level of Index at the last close of normal trading on Bursa Securities on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least 3 consecutive Market Days or any other adverse change in the market conditions which the Sole Underwriter agrees to be sufficiently material and adverse to render it to be a terminating event; or

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

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

(bb) any new laws or change in laws in any jurisdiction or any event or series of events which could not have been avoided or prevented by reasonable foresight, planning and implementation (including without limitation, pandemics / epidemics, natural disasters, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, riot, uprising against constituted authority, disorder, rebellion, organised armed resistance to the government, insurrection, revolt, military or usurped power, sabotage, acts of war or accidents),

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

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#### 4. DETAILS OF OUR IPO (CONT'D)

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##### 4.9 TRADING AND SETTLEMENT IN SECONDARY MARKET

Pursuant to subsection 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Security. Upon our Listing, our Shares will be traded through Bursa Securities and settled by book-entry settlement through CDS (which is operated by Bursa Depository). This will be effected in accordance with the provisions of SICDA and the Rules of Bursa Depository. Accordingly, our Company will not deliver share certificates to the subscribers of our IPO Shares.

Beneficial owners of our Shares are required under the Rules of Bursa Depository to maintain the Shares in CDS Accounts, either directly in their name or through authorised nominees. Persons whose names appear in the Record of Depositors maintained by Bursa Depository will be treated as the shareholders of our Company in respect of the number of Shares credited to their respective CDS Accounts.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS Account being debited with the number of Shares sold and the buyer's CDS Account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10 payable for each transfer not transacted on the market.

All Shares held in CDS Accounts shall not be withdrawn from the CDS except in the following instances:

- (i) to facilitate a share buy-back;
- (ii) to facilitate conversion of non-equity securities;
- (iii) to facilitate company restructuring process;
- (iv) where a body corporate is removed from the Official List;
- (v) to facilitate a rectification of any error; and
- (vi) in any other circumstances as determined by Bursa Depository from time to time, after consultation with the SC.

Trading for shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares shall trade under the odd lot market. Settlement and payment of trades done on a "ready" basis on Bursa Securities generally takes place on the third Market Day following the transaction date.

It is expected that our Shares will not commence trading on Bursa Securities until about 10 Market Days after the close of our IPO. Holders of our Shares will not be able to sell or otherwise deal in our Shares (except by way of book-entry transfers to other CDS Accounts in circumstances which do not involve a change in beneficial ownership) prior to the commencement of trading on Bursa Securities.

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## 5. RISK FACTORS

**IN EVALUATING AN INVESTMENT OF OUR IPO SHARES, YOU SHOULD CAREFULLY CONSIDER ALL INFORMATION CONTAINED IN THIS PROSPECTUS INCLUDING THE FOLLOWING INVESTMENT CONSIDERATIONS AND RISKS.**

### 5.1 RISKS AFFECTING OUR BUSINESS AND OPERATIONS

#### 5.1.1 We are highly dependent on the Ministry of Works, Malaysia and JKR Sabah as our major clients

During the Period under Review and up to the LPD, all of our construction project revenue was contributed by construction contracts for the Ministry of Works, Malaysia and JKR Sabah. The revenue contributions of both clients are as follows:

	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
<b>Revenue from construction projects undertaken by our Group</b>								
- As sole contractor	212,040	91.61	287,801	96.96	263,440	93.83	138,169	92.84
- Via joint arrangements with another construction company <sup>(1)</sup>	-	-	712	0.24	10,231	3.64	8,665	5.82
<b>Total</b>	<b>212,040</b>	<b>91.61</b>	<b>288,513</b>	<b>97.20</b>	<b>273,671</b>	<b>97.47</b>	<b>146,834</b>	<b>98.66</b>
<b>Clients</b>								
- Ministry of Works, Malaysia	142,119	61.40	196,984	66.36	185,091	65.92	116,546	78.31
- JKR Sabah	69,921	30.21	91,529	30.83	88,580	31.55	30,288	20.35
<b>Total</b>	<b>212,040</b>	<b>91.61</b>	<b>288,513</b>	<b>97.20</b>	<b>273,671</b>	<b>97.47</b>	<b>146,834</b>	<b>98.66</b>
<b>Total revenue of our Group</b>	<b>231,457</b>	<b>100.00</b>	<b>296,838</b>	<b>100.00</b>	<b>280,766</b>	<b>100.00</b>	<b>148,824</b>	<b>100.00</b>

**Note:**

(1) Represents the Kota Belud Road Project and Pan Borneo Highway (WP13) Project which were awarded to our construction partners and we were brought on via joint arrangements to jointly execute the projects.



## 5. RISK FACTORS

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As at the LPD, we have 9 ongoing construction projects with a total unbilled contract value of RM1.45 billion, which is expected to contribute to our revenues for the FYEs 2024 to 2028. Based on our existing order book, our construction project revenue will continue to be generated from the Ministry of Works, Malaysia and JKR Sabah until all awarded contracts by them to our Group or to our construction partner are completed.

The termination of any of our ongoing construction projects by the Ministry of Works, Malaysia or JKR Sabah for any reason including our failure or the failure of construction partner in relation to the projects undertaken via joint arrangements to renew the existing licenses, certifications and registrations in a timely manner, fulfil any of the conditions as set out in the construction contracts or the premature termination of our joint arrangements resulting in the loss of our Group's right to participate in the remaining revenues of such projects, would result in a decrease in our order book which will in turn have a material adverse impact on our business and financial performance. Please refer to Section 7.4.1 of this Prospectus for the details of our ongoing construction projects.

Although we have not experienced any material disputes with the Ministry of Works, Malaysia or JKR Sabah to-date, there is no assurance that our current working relationship with them will not deteriorate for whatever reason including our failure to perform the construction works to meet the expectations of our clients or fulfil all of the conditions as set out in the construction contracts. The deterioration of our current working relationship with our clients may impact our Group's ability to secure new projects from them in the future upon completion of the existing construction projects. As such, our Group's sustainability, revenue and financial performance will be materially and adversely affected if there is any termination of our business relationship with the Ministry of Works, Malaysia or JKR Sabah.

### 5.1.2 Our business is dependent on our ability to secure new projects to replenish our order book

Due to the project-oriented nature of our construction business, our revenue relies on the execution and completion of construction projects. Such projects are contract-specific, requiring our Group to undertake amongst others, design and engineering work, project planning and management, and/or construction works for a period ranging from a few months to several years, depending on the scale and complexity of the projects awarded to us.

Therefore, our business and financial performance is dependent on our ability to secure new projects to continuously replenish our order book. Please refer to Section 7.7 of this Prospectus for details of the business development and marketing strategies employed by our Group in order to secure new projects.

As at the LPD, our order book is comprised of projects from the Ministry of Works, Malaysia and JKR Sabah. Any failure to comply with the conditions as set out in the construction contracts awarded from them may result in our Group not being considered for future project awards, which would have a material adverse impact on our ability to replenish our order book moving forward.

In addition, despite our continuous business development and marketing efforts, there is no assurance that we will be able to continuously secure new projects and replenish our order book from our existing or new clients in the future, nor can we assure that new construction projects secured in the future would be as commercially favourable to us in terms of overall project profitability as compared with our past or ongoing construction projects. If we fail to secure new projects, the value of our order book may decrease, and this may have a material adverse impact on our business and financial performance.

## 5. RISK FACTORS (CONT'D)

### 5.1.3 We depend on the services of our subcontractors to perform specific tasks for our projects

We engage external subcontractors to carry out specific construction works for our projects particularly those requiring specialised expertise which our Group does not possess such as piling work, and other construction works which we deemed more cost effective to be subcontracted to external subcontractors.

The proportion of construction works subcontracted out to third parties as compared to construction works performed in-house is dependent on various factors, including the economical costing, the specific work required for any given stage of construction, the timeframe available to complete such works and if our in-house capabilities are better utilised for other projects. During the Period under Review, our subcontractor costs have reduced from 66.06% to 23.42% of our total construction cost of sales for the FYE 2021 and FPE 2024, respectively.

We select our subcontractors after considering such factors as their track record, financial capability, work quality, resource capacity and pricing. Their scope of work, contract value as well as any other terms and conditions such as retention sum, and milestone deadlines are set out in the contracts awarded to our subcontractors. We can seek damages or compensation in the event of late performance or non-performance by our subcontractors.

Whilst we only work with subcontractors who meet our internal criteria for selection and appointment, we remain subject to the risks associated with poor, late or non-performance by our subcontractors after their appointment resulting from amongst others, subsequent financial difficulties, loss of the requisite permits, licenses and certificates or loss of key personnel. In such circumstances, we may be required to terminate our subcontractors and either appoint a replacement subcontractor or perform the works in-house, which may result in a delay in the project implementation or an unexpected diversion of our construction resources. While we may attempt to seek compensation from the relevant subcontractors, we may, from time to time, be required to compensate our clients before receiving the said compensation from the relevant subcontractors. For information, we have not experienced any material issues with our appointed subcontractors in relation to poor, late or non-performance of their work in the past save for our past dispute with OTA Tunnel Squad Sdn Bhd whereby we had attempted to claim from them for agreed liquidated damages for delays in the performance of their works. Please refer to Section 14.6(i) of this Prospectus for further details of this past dispute.

In the event that we are unable to seek compensation from the relevant subcontractors or the amount of the claims from our clients cannot be recovered in full or at all from the subcontractors, we may be required to bear some or all the costs of the claims from our clients, which may in turn materially adversely affect our results of operations and financial performance. Furthermore, if the works performed by our subcontractors do not meet the standards of our clients, our reputation may also be materially adversely affected.

For the Period under Review and up to the LPD, we have not experienced any material claims from our clients relating to the work completed by our subcontractors. Nevertheless, there is no assurance that we would not experience any claims from our clients relating to the poor, late or non-performance of our subcontractors in the future.

## 5. RISK FACTORS (CONT'D)

### 5.1.4 We are subject to unanticipated increases in the cost of construction materials, subcontractors and labour costs

Prior to entering into a construction contract, we base our pricing on preliminary cost estimates which takes into account amongst others, quotations from our suppliers and subcontractors, the quantity and cost of construction materials required, project duration and complexity. We also allocate a budgeted contingency cost when determining our pricing to account for potential increases in the prices of such inputs.

Our construction contracts are typically based on a fixed rate contract where the contract value, the price of the construction materials and the scope of work are agreed at the point our Group is awarded the contract. In addition, certain of our contracts allow us to claim additional money to cover the significant increases in the cost of our construction materials, subject to the approval of our clients.

During the Period under Review, the construction materials mainly used by our Group were concrete and cements, steel materials, guardrails, precast concrete products and geotextile filters. The largest components of this were concrete and cements and steel materials, which accounted for 40.03%, 45.68%, 62.78% and 63.42% of the total construction materials costs for the FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively. The supply and prices of such construction materials are subject to fluctuations in commodity prices which are outside of our Group's control and during the Period under Review, we had experienced material fluctuations in the prices of steel, concrete and cement as follows:

- (i) the average purchase price of steel increased by 13.64% in May 2021 as compared to April 2021 and decreased by 9.77% in August 2022 as compared to July 2022;
- (ii) the average purchase price of cement increased by 13.14% in November 2021 as compared to October 2021; and
- (iii) the average price of concrete increased by 7.67% in November 2021 as compared to October 2021.

However, despite the fluctuations above, we were able to pass on the increased cost in construction materials to our client through a variation of the price rates of common construction materials such as steel rebar, concrete, aggregate and cement. During the Period under Review, we have been able to claim for increases in the cost of construction materials in respect of our fixed rate contracts including the Pan Borneo Highway (WP06) Project due to the EOTs obtained from the client. As such, the fluctuations in construction materials above did not have any material impact to our financial performance.

In addition, in the event of a delay in the construction project which was caused by events outside of our Group's control (such as the imposition of the MCO, changes in the project design requested by the client and delays in land acquisition) and for which an EOT was granted by the client, we may claim additional monies from the client to cover increases in the cost of such construction materials, subject to the clients' approval. However, in the event of project delays attributable to us which may be caused by delays in works performed by our subcontractors or by our in-house labour, we will be required to absorb any such increase in the construction costs.

Should we encounter any increase in costs that we are unable to pass on to our clients, it could result in project cost overruns, potentially exerting a negative impact on our profit margins and financial performance.

## 5. RISK FACTORS (CONT'D)

During the Period under Review, subcontractor costs accounted for approximately 66.06%, 46.37%, 43.75% and 23.42% of the total construction cost of sales for the FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively, while labour costs accounted for approximately 11.07%, 7.90%, 7.43% and 7.85% for the FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively.

Due to the time gap between the original estimation of preliminary cost, to the hiring of subcontractors, and hiring of skilled and unskilled labour for each progressive stage of a construction contract, which could take years to complete, may result in the actual prices of subcontractor costs and labour costs being higher than originally estimated. Should we be unable to pass on such cost increases to our clients, this could have a material adverse impact on our business and financial performance.

For the Period under Review, save for the above, we did not experience any material unanticipated increase in the cost of construction materials, subcontractors and/or labour. Whilst we are experienced in project cost estimation, there is no assurance that we will not face any unforeseen or persistent increase in construction costs, the occurrence of which, coupled with an inability to pass on the increase to our clients, may materially adversely affect our profitability and financial performance.

### 5.1.5 Our joint arrangements with other construction companies to undertake construction projects are subject to the risk of non-performance / termination

Our Group undertakes certain construction projects jointly with other construction companies. Such arrangement may be established by way of the creation of a special purpose vehicle or construction consortium or by entering into a joint venture agreement to tender for and execute a particular construction project. For the avoidance of doubt, our Group has only undertaken joint arrangements which did not involve the incorporation of a special purpose vehicle or construction consortium.

Whilst our Group is selective in our choices of construction companies to partner with, taking into consideration amongst others, their reputation, track record and financial capability, there is no guarantee that our construction partner(s) will be able or willing to continue fulfilling their obligations under the terms of the construction contract awarded to us or the terms of any agreements entered into with our Group.

For contracts which were awarded by the client to our construction partner (including the 3 listed above), in the event such joint arrangements are terminated for any reason including the breach of the terms or non-performance of the obligations by our construction partner, our Group will lose the right to participate in the remaining revenues of such projects, which will have a material adverse impact on our business, financial performance and future prospects.

In addition, should our construction partner experience a suspension or loss of the necessary permits, licenses, approvals or certifications or is wound up, the client of those projects may be entitled to terminate the construction contract. In the event of such termination, there is no guarantee the client will re-award the contract to either our Group or to another consortium in which our Group is a member of. The termination of construction contracts may have a material adverse effect on our reputation, business, financial performance and future prospects.

In 2017, Borneo Highway PDP Sdn Bhd, a project delivery partner appointed by the Government, awarded a construction contract to Pembinaan AJ for the construction of work package 6 of the Pan Borneo Highway. This project was undertaken by our Group via joint arrangement with Kumpulan Liziz Sdn Bhd ("Liziz"). Subsequently, Liziz entered into financial difficulties, and on 25 July 2019, terminated our collaboration following which, Pembinaan AJ took over such works and continued to carry on the construction project.

## 5. RISK FACTORS (CONT'D)

Whilst there was no material impact to our Group's business operations, the termination of the collaboration with Liziz resulted in an allowance for expected credit losses of RM7.83 million and RM4.26 million to be recognised in FYE 2020 and FYE 2022, respectively. Save for the financial difficulties experienced by Liziz which resulted in the termination of our collaboration, there have been no other breaches of terms of any agreements and/or non-performance of obligations relating to our joint arrangements in the past. For information, Liziz has been wound up on 20 September 2021.

This construction project was terminated by Borneo Highway PDP Sdn Bhd vide their letter dated 22 July 2019 and was to take effect on 22 September 2019. This project was subsequently re-awarded to Pembinaan AJ by the Ministry of Works, Malaysia as the Pan Borneo Highway (WP06) Project vide their letter of award dated 2 December 2019. This was due to a change in Government policy to directly award the projects to the main contractor instead of via a project delivery partner appointed by the Government. This project is ongoing as at the LPD and Pembinaan AJ is the sole main contractor. Please refer to Section 7.24(ii) of this Prospectus for further information on our previous collaboration with Liziz.

For the Period under Review and up to the LPD, 3 of our ongoing projects, namely the Kota Belud Road Project, the Pan Borneo Highway (WP13) Project and the Pan Borneo Highway (WP26) Project, are undertaken via joint arrangements with another construction company. As at the LPD, these 3 projects have remaining revenues of RM867.85 million, which represents approximately 60% of our order book.

These 3 projects were awarded to our construction partners and we were brought on via joint arrangements. There is no assurance that such arrangements will not be terminated prematurely and such termination may have a material adverse effect on our reputation, business and financial performance.

### 5.1.6 We may experience a delay in / non completion of our projects

We are obligated to complete our construction projects within the timeframe as stipulated in the construction contracts awarded to us. In the event of a delay, we would usually seek an EOT from our client, which is subject to their approval. Any unapproved extension in the amount of time it takes for us to fulfil our contracted obligations may subject us to LAD claims from our clients, which may have a material adverse effect on our reputation and financial performance. Delays in our projects may also result in project cost overruns which may also have a material adverse effect on our financial performance.

Delays may occur due to various reasons including delays in obtaining necessary permits or approvals from regulatory authorities, disruption in the supply of construction materials and equipment, shortage of construction workers, delays by our subcontractors, natural disasters including floods and landslides as well as mandatory shutdowns by the authorities for amongst others, on-site accidents and outbreaks of pandemics or other infectious diseases.

In the past, we had experienced delays due to various factors including the outbreak of COVID-19 and the imposition of the MCO on 18 March 2020 which had affected all of our ongoing construction projects at that time, namely the Jalan Lintas Upgrading Project, Jalan UMS Upgrading Project and Pan Borneo Highway (WP06) Project. Our business operations were temporarily suspended from 18 March 2020 to 14 April 2020 during the first MCO, resulting in a slowdown in our completion of our ongoing projects. Furthermore, construction delays to our construction projects have also occurred due to amongst others, additional works required to be performed requested by the client, relocation of utilities by third party contractors engaged by the client and delays in the acquisition of land by the relevant government authorities.

## 5. RISK FACTORS (CONT'D)

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Nevertheless, we have applied for and were granted EOTs for all our ongoing projects, and as at the LPD, we are on track and expect to complete the projects within the current approved project timeline.

While we manage our projects closely to adhere to these timeframes, there is no assurance that factors beyond our control may hinder timely completion of our projects and such delays may have a material adverse effect on our financial performance.

### 5.1.7 We are subject to the risk of defect liability claims from clients for our projects

The DLP for our construction projects varies from contract to contract, typically ranging from 12 months to 24 months from the issuance of the CPC, which signifies the official handover date of our completed projects to our clients. During the DLP, we are liable for repairing and rectifying of any defects related to our construction works, including those carried out by our subcontractors.

We are allowed to seek damages or compensation from our subcontractors in the event of delays, non-performance or subpar performance on their part. If we are unable to seek redress from our subcontractors, we may need to bear the cost for such repair or rectification, leading to potential project cost overruns. If these repairs, damages or defect are material, it would have a material adverse impact on our business operations and financial performance. We have also purchased contractor all risks insurances for all our projects to protect us financially, including in the event of defect liability claims from our clients and other third-parties.

During the Period under Review up to the LPD, we have not experienced any material claims, including defect liability claims or compensation demands from our clients. However, while we strive to maintain the quality of our construction work, there can be no assurance that we will not be subject to any material claims from our clients in the future.

### 5.1.8 Our construction activities are dependent on our continued ability to obtain the requisite permits, licenses, approvals and certifications

As a contractor operating in the State of Sabah, our Group must comply with various requirements mandated by applicable laws and regulations, including the policies and procedures established by authorities for the enforcement of these legal provisions. All 4 of our Subsidiaries are registered as Grade 7 contractors with the CIDB which allows us to undertake construction projects with unlimited tendering capacity in Malaysia. In addition, Pembinaan AJ is registered as a holder of the SPKK as well as a Class A contractor with PUKONSA. The PUKONSA registration allows Pembinaan AJ to participate in any government procurement in the field of construction with tendering capacity of RM5,000,001 and above in the State of Sabah.

Pembinaan AJ has also been granted Bumiputera status certification from the Ministry of Entrepreneur and Cooperatives Development of Malaysia which allows Pembinaan AJ to participate in government projects requiring such certification. For information, this status granted to Pembinaan AJ had enabled our Group to secure Jalan UMS Upgrading Project, Pulau Sebatik Road Project and Pan Borneo Highway (WP12) Project.

## 5. RISK FACTORS (CONT'D)

The abovementioned licenses, certifications and registrations are subject to the conditions imposed by the relevant authority as further set out in Annexure B of this Prospectus. Failure to comply with such conditions could result in fines and penalties as well as the suspension, revocation or non-renewal of such licenses, certifications and registrations which will in-turn result in the termination of our ongoing construction contracts and an inability of our Group to secure new construction projects. As such, the loss of any such licenses, certifications and registrations would have a material adverse impact on our Group's business operations, financial performance, future growth and prospects.

In the past, Pembinaan AJ was subject to disciplinary actions by CIDB relating to the delay in payment of levy for work package 6 of the Pan Borneo Highway project and failure to furnish the list of its construction workers following a notice of the same issued by CIDB to Pembinaan AJ. As at the LPD, both disciplinary actions taken by CIDB against Pembinaan AJ have been withdrawn and there are no further disciplinary actions taken by CIDB against us. Please refer to Section 7.24(i) of this Prospectus for further information on the disciplinary actions taken by CIDB against Pembinaan AJ.

In addition, the requisite permits, licences, certificates and approvals required for the development and construction works includes, amongst others, planning permits, construction plans approvals, advertising and sale permits and certificates or confirmation of completion ("**Development and Construction Approvals**"). The Development and Construction Approvals must be obtained from the relevant authorities at the appropriate stage, corresponding to the development progress of our construction work and is subject to the satisfaction of the applicable conditions.

While we have thus far obtained the appropriate approvals in a timely manner, there can be no assurance that we will not encounter problems in obtaining such Development and Construction Approvals and fulfilling the associated conditions in the future.

There can be no guarantee that we will be able to comply with the existing laws, regulations or policies or adapt to new laws, regulations or policies that may come into effect from time to time with respect to our construction business. If we fail to obtain the renewals of our existing licenses, certifications and registrations or the relevant Development and Construction Approvals in a timely manner or fulfil any of the conditions required, our projects may not be completed in accordance with the agreed project schedule, which may in turn result in termination of our contracts, thereby materially adversely affecting our business, reputation, financial performance as well as our future growth and prospects.

### 5.1.9 We are dependent on our skilled and experienced personnel and the loss of their continued services may affect our operations and future growth

Our Promoter and Non-Independent Executive Chairman, Tan Sri Joseph, has over 45 years of experience in the construction industry and has played a vital role in charting the strategic direction of our Group. Throughout the years, Tan Sri Joseph has also been guiding his children in the management of various aspects of our business and currently, our Group is led by our Non-Independent Managing Director, Datuk Jonathan, and our Non-Independent Executive Director, Datuk Jessica. They are in turn, supported by our Key Senior Management team.

Our Group's continued success depends largely on the experience, expertise and continuous efforts of our Executive Directors and Key Senior Management who are directly responsible for our Group's daily operations. The unexpected departure of any one of them could disrupt our business operations and hamper our growth. There is no assurance that in the event we lose any of our key people, that we would be able to identify and/or recruit suitable replacements in a timely manner, or at all.

## 5. RISK FACTORS (CONT'D)

The smooth operation of our construction projects also depends on the contributions and expertise of our skilled project management teams for each project. In addition, the shortage of any skilled employees such as project managers, quantity surveyors, and equipment operators could affect our construction operations, potentially hampering our construction operations.

Nevertheless, there is no assurance that any change in the executive directors and key management team will not have a material adverse effect on our Group's business and future performance.

### 5.1.10 We are dependent on project financing and the associated interest rate risk

Our operations as well as the continued growth of our business are dependent on our ability to secure adequate project financing from financial institutions, thereby exposing us to the risk of unforeseen adverse interest rate fluctuations and potential financial distress should we fail to meet our obligation within our financing agreements.

Our primary sources of working capital funding encompass progress billings and bank borrowings including term loans, bank overdrafts and revolving credits. Furthermore, we may utilise bank guarantees to secure tender bonds and performance bonds, which are utilised throughout the entire construction contract lifecycle, from the initial tender process to the fulfilment of our obligations to our clients, in accordance with the respective contract terms.

Failure to secure the necessary project financing could limit our future growth as we would not be able to take on larger projects, adversely affecting our cash flow and working capital requirements. In the event we fail or experience challenges in meeting our financial commitments within our financing agreements, we could face financial distress which will materially adversely affect our operations and financial performance.

For the Period under Review and up to the LPD, we have managed all our project financing without defaults on either principal or interest payments relating to our borrowings. As at the LPD, our total borrowings amounted to RM162.31 million, comprising RM51.53 million subject to floating interest rates and RM110.78 million subject to fixed interest rates. Any adverse interest rate fluctuation may result in an increase in finance costs which may have a material adverse impact on our profitability and our financial performance.

### 5.1.11 We are subject to risk associated with workplace safety and health at our construction sites

Our construction projects are carried out by our employees and subcontractors along with their respective employees. Despite implementation of safety protocols and procedures in our operations, there is no assurance that these protocols and procedures are all encompassing, or that our employees will consistently adhere to them.

In the event of personal injuries or fatal accidents occurring at our construction sites, we may be liable to claims or legal actions. Furthermore, we could also be subject to fines, penalties, investigation by relevant authorities such as the Department of Occupational Safety and Health, or receive prohibition notices and stop-work orders, potentially resulting in suspensions, disruptions in our operations and project completion delays. Although we have instituted control measures at our construction sites, there is no assurance that accidents can be averted. Any fines and penalties issued, or investigation conducted by relevant authorities in relation to accidents at our construction sites that occurred beyond our control, our business operations and financial performance may be materially adversely affected.



## 5. RISK FACTORS (CONT'D)

On 28 May 2023, we had an accident involving one of our site engineers at one of our construction sites which resulted in the amputation of a limb of said site engineer. Following an internal investigation conducted by our safety and health officer and reported to the Department of Occupational Safety and Health and JKR Sabah, it was concluded that the incident occurred due to a lack of supervision by our subcontractor and a malfunction in the reverse horn siren/alarm of the construction machinery of our subcontractor.

As at the LPD, there were no fines, penalties or further investigations brought upon us by the authorities on the incident. Although we had existing safety measures in place at our construction sites at the time when the accident occurred, we have nevertheless implemented additional safety measures including conducting site safety briefing to all site personnels as well as requiring a daily inspection on all heavy machinery to be conducted.

We have not experienced any claims or legal proceedings relating to personal injuries or fatal accidents for the Period under Review and up to the LPD. Nevertheless, there is no assurance that we would not experience such claims in the future.

We face operational risks that encompass accidents occurring at the project sites and damage to our construction equipment. To mitigate this risk, we have been maintaining certain insurance policies, including contractors' all risks insurance (providing coverage for damages to contract works or property and third-party liability in cases of accidental bodily injury or property damage involving third parties) workmen's compensation insurance for every project, coverage for our construction equipment and fire for our business operations. Despite our insurance coverage across various facets of our business, there can be no assurance that it will fully cover all losses, damages or liabilities that may arise during our business operations. Any losses or damages exceeding of our insured limits or occurring in areas where we lack insurance coverage could have a materially adverse effect on our business operations, financial performance and results of operations.

### 5.1.12 We may be materially and adversely affected by events relating to outbreak of diseases, epidemics or pandemics

The pandemics of the recent years have demonstrated the speed at which contagious diseases is able to spread globally. Examples of recent contagious diseases include the COVID-19 virus, Middle East respiratory syndrome, Ebola, severe acute respiratory syndrome, swine flu (e.g., H1N1) and avian flu (e.g., H5N1), and Zika virus highlight the continuing risks of contagious diseases that may affect our business and operations. The recent COVID-19 pandemic had caused a major economic crisis globally. As a result, during the Period under Review, we had experienced delays in our construction projects due to the outbreak of COVID-19. However, we have applied for and were granted EOTs for all our ongoing projects, and we were not penalised from the delay in our projects from our client, which may have caused an impact on our financial condition.

Should the COVID-19 outbreak becomes severe again or an outbreak of a contagious disease occurs that result in restrictions imposed by the Malaysian government such that we and/or our suppliers and subcontractors are required to suspend all or parts of their business operations, we may experience a delay or shortage of construction materials, halt in our construction activities by our internal construction teams or subcontractors which may cause delays in project deliveries, etc. In such an event, our business, financial condition and results of operations may be materially and adversely affected. Our revenue and profitability may also be materially affected if any infectious disease outbreak affect Malaysia's overall economic and market conditions, resulting in an economy slowdown and/or negative business sentiments.

## 5. RISK FACTORS (CONT'D)

While the impact of the COVID-19 pandemic on our Group's business has not been material to date, there is no assurance that the risks associated from the outbreaks of any contagious diseases will not have a material adverse effect on our business operations and financial performance in the future.

### 5.2 RISKS RELATING TO OUR INDUSTRY

#### 5.2.1 We are dependent on the continued Government infrastructure spending in the state of Sabah

We are principally involved in the provision of construction services and have established ourselves as a road infrastructure specialist. For the Period under Review, all of our projects are infrastructure-related projects in the State of Sabah with all of our construction revenue derived from contracts with Government agencies, namely the Ministry of Works, Malaysia and JKR Sabah. As such, our business is dependent on continued Government infrastructure spending in Sabah particularly on new infrastructure works.

Government infrastructure spending in Sabah is subject to Government development policies and any adverse changes in such policies, particularly on infrastructure spending could materially adversely affect the performance of the construction sector in Sabah. There can be no assurance that any future unfavourable changes in Government policies including any reduction in Government investment in new infrastructure in the state of Sabah or the termination or suspension of any of our ongoing projects, will not have a material adverse impact on our business, results of operations and financial performance.

There also no assurance that the Ministry of Works, Malaysia or JKR Sabah will continue to award us with new contracts in the future. The termination or suspension of ongoing construction contracts or our inability to secure new construction contracts from Government agencies would have a material adverse impact on our business, results of operations and financial performance.

#### 5.2.2 We face competition risk from other construction companies

The construction industry is highly fragmented and competitive. According to the IMR Report, there were 3,200 local Grade 7 contractors specialising in road and pavement construction under the civil engineering category in Malaysia as of 27 September 2024, out of which 324 contractors were located in Sabah (4 of which are our Subsidiaries). In addition, as at the LPD, 18 construction companies were awarded 19 work packages of the Pan Borneo Highway Project in Sabah, of which our Group were awarded 4 work packages (2 as the sole main contractor and 2 as part of a joint arrangement with another construction company).

These construction companies were either awarded the projects as the sole main contractor or as part of a joint venture. These other construction companies and joint ventures would have met the pre-qualification requirements of the Ministry of Works, Malaysia to be awarded such major construction projects, similarly to Pembinaan AJ. Please refer to Section 7.8 of this Prospectus for further information on the pre-qualification requirements to be met for construction projects.

## 5. RISK FACTORS (CONT'D)

These other construction companies who are able to meet the pre-qualification requirements to be met for the Pan Borneo Highway Project in Sabah can be considered to be our direct competitors. The existence of 17 other construction companies in Sabah qualified to undertake the Pan Borneo Highway Project in Sabah may result in greater competition in this space, which may lead to greater competitive pressures on pricing and timing of project delivery. In addition, certain of these competitors may have a longer operating track record and more resources in terms of capital, machinery and equipment, and manpower as compared to us.

According to the IMR Report, the value of civil engineering works (infrastructure construction) performed in the state of Sabah in 2023, was approximately RM4.62 billion and our construction revenue for the FYE 2023 of RM274.77 million represents approximately 5.94% of that amount.

Although we have our competitive strengths as further set out in Section 7.2 of this Prospectus, there is no assurance that we will be able to compete effectively against our competitors. In the event we are unable to build on our competitive strengths to remain competitive moving forward, our business and financial performance may be adversely affected.

### 5.2.3 We may be unable to procure an adequate supply of construction materials and/or construction workers particularly skilled machine operators

The primary inputs for construction activities are construction materials and labour. For construction works which are subcontracted out, our subcontractors are responsible for procuring the required construction materials and labour to fulfil such subcontracts. The inability of our Group or our subcontractors to procure adequate construction materials and/or labour in a timely manner would have a material adverse impact on our operations and financial performance.

During the Period under Review, the construction materials mainly used by our Group were concrete and cements, steel materials, guardrails, precast concrete products and geotextile filters. The largest components of this were concrete and cements and steel materials, which accounted for 40.03%, 45.68%, 62.78% and 63.42% of the total construction materials costs for the FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively. The supply of certain of these construction materials may fluctuate in tandem with the global commodity prices which are outside of our Group's control.

For the Period under Review, a majority of our construction materials are supplied by local suppliers, and we have not encountered any major disruptions in the supply of construction materials. However, there can be no assurance that any shortages of construction materials or any increase in construction material prices will not have any material adverse effect on our business operations and financial performance.

Construction activities are labour intensive, and any shortage of labour may potentially lead to delays in project completion and the risk of LAD claims from our clients. We and our subcontractors rely on both local and foreign labour to carry out our construction activities. As at the LPD, 313 or 89.68% of our construction workers are local while only 36 or 10.32% of our construction workers are foreign, all of whom possessed valid work permits. For avoidance of doubt, any foreign workers pending renewed work permits will not engage in work at our sites until such work permits are renewed. Accordingly, our workforce may face shortages in the event the work permits are not renewed.

## 5. RISK FACTORS (CONT'D)

We compete with other construction players in Malaysia for construction workers, particularly for skilled machine operators who are able to operate specialised construction machinery such as bulldozers, excavators and motor graders. Although we mainly employ local workers, our construction operations remain contingent on the availability of labour, which is subject to the overall supply and demand for labour in the state of Sabah. The supply of foreign workers in the Malaysian construction industry is subject to Government regulations that may undergo changes over time. Should there be restrictions imposed on the hiring of foreign workers, the construction industry could experience foreign labour shortages which would increase competition for local labour which may in turn affect our ability to hire our desired number of local workmen to undertake our projects efficiently. In addition, there is no assurance that we will not require more foreign workers, nor can we assure that we would be able to procure an adequate supply of both local and foreign workers in the future. Shortages in our labour may have a material adverse effect on our business, operations and financial performance.

For the Period under Review up to the LPD, our Group has not experienced a shortage of workers (local and foreign), nor has it had any LAD claims from our clients. In respect of securing sufficient skilled machine operators to operate our construction machinery, we train our workmen to operate such construction machinery through on the job training under skilled operators as part of our ongoing operations. However, there is no assurance that we will be able to retain these skilled machine operators upon completion of their training or replace them in a timely manner. The loss of these skilled machine operators without their timely replacement may have a material adverse effect on our business, operations and financial performance.

### 5.2.4 We are subject to economic, social, political and regulatory risks

Our operations are solely in the state of Sabah in Malaysia and are governed by the terms of the licences awarded by relevant local authorities and federal government agencies. As such, the business prospects and financial performance of our Group depend on the political, economic and regulatory conditions in Malaysia, in particular the Sabah State Government. Any adverse developments or uncertainties in political, economic or regulatory conditions could unfavourably affect our financial position and business prospects.

Any other adverse change in the economic conditions of Malaysia including any unfavourable change in inflation rates, interest rates and foreign exchange rates, expropriations, changes in political leadership, unfavourable change in government policies and regulations such as introduction of new regulations, and changes in accounting and tax policies may have an adverse impact on our business, financial performance and prospects.

## 5.3 RISKS RELATING TO INVESTMENT IN OUR SHARES

### 5.3.1 There is no prior market for our Shares

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

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

## 5. RISK FACTORS (CONT'D)

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

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

- (i) our Sole Underwriter exercising its rights under the Underwriting Agreement to discharge itself from its obligations therein;
- (ii) we are unable to meet the public shareholding spread requirement set by Bursa Securities, whereby at least 25.00% of our total number of Shares for which listing is sought must be held by a minimum number of 1,000 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing; or
- (iii) the revocation of approvals from the relevant authorities prior to our Listing and/or admission to the Official List for whatever reason.

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

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

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

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

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

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

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

The performance of Bursa Securities is also affected by external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our Shares.

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

Our Promoters and persons connected to them will collectively hold approximately 73.53% of our enlarged share capital upon Listing. As a result, our Promoters will have significant influence on the outcome of certain matters requiring the vote of shareholders unless they are required to abstain from voting by law and/or as required by the relevant authorities.

**5.3.5 Uncertainty of dividend payments**

Our ability to declare dividends to our shareholders is dependent on, among others, our future financial performance, cash flow position, capital requirements and other obligations such as litigation cases involving our Group, and our ability to implement our business plans. Deterioration of these factors could have an effect on our business, which in turn will affect our ability to declare dividends to our shareholders. As such, there is no assurance that we will be able to pay dividends to our shareholders.

We propose to pay dividends out of cash generated by our operations after setting aside necessary funding for capital expenditures and working capital needs. Dividend payments are not guaranteed, and our Board may decide, at its discretion, at any time and for any reason, not to pay dividends. If we do not pay dividends or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected and the value of any investment in our Shares may be reduced.

Further, our payment of dividends may adversely affect our ability to fund unexpected capital expenditures as well as our ability to make interest and principal repayments on any outstanding borrowings we may have at the time. As a result, we may be required to borrow additional money or raise capital by issuing equity securities, which may not be on favourable terms or available at all. Further, in the event we incur new borrowings subsequent to our Listing, we may be subject to covenants restricting our ability to pay dividends.

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## 6. INFORMATION ON OUR GROUP

### 6.1 OUR COMPANY

Our Company was incorporated in Malaysia under the Act as a private limited company on 16 June 2022 under the name of Azam Jaya Sdn Bhd and was subsequently converted to a public limited company on 27 June 2024 where we assumed our present name, Azam Jaya Berhad.

We are an investment holding company. The principal activities of our Subsidiaries are set out in Section 6.4 of this Prospectus.

### 6.2 SHARE CAPITAL OF OUR COMPANY

As at the date of this Prospectus, our issued share capital is RM71,669,805 comprising 421,200,000 Shares. Details of the changes in our issued share capital since the date of our incorporation up to the date of this Prospectus are as follows:

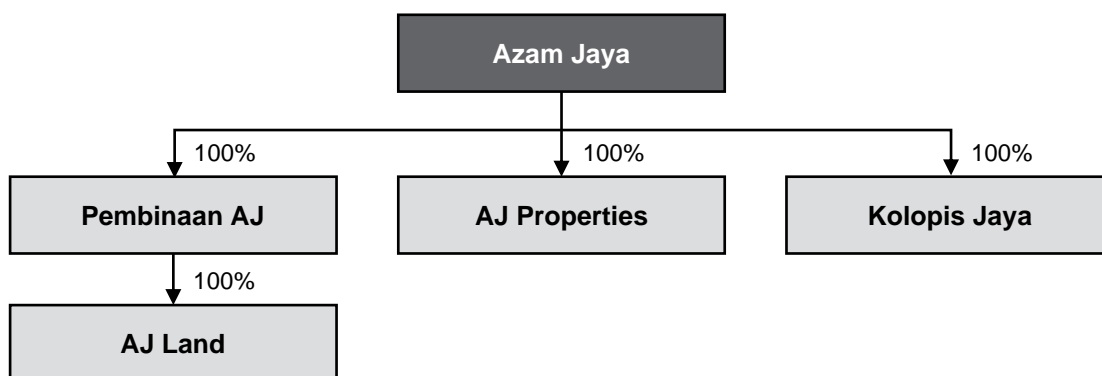
Date of allotment / subdivision	No. of Shares allotted	Consideration	Nature of transaction	Cumulative issued share capital	
				No. of Shares	RM
16 June 2022	2	Cash	Subscribers' shares	2	2
30 September 2024	71,669,803	Other than cash	Acquisitions	71,669,805	71,669,805
30 September 2024	421,200,000	N/A	Share Split	421,200,000	71,669,805

None of our Shares were issued at a discount, on special terms or based on instalment payment terms. As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital.

Upon completion of our Listing, our issued share capital will increase to RM131,555,865 comprising 500,000,000 Shares.

### 6.3 OUR GROUP STRUCTURE

As at the date of this Prospectus, our group structure is as follows:



Our Group was formed on 30 September 2024 upon the completion of the Acquisitions. Subsequent to the Acquisitions, we completed the Share Split on 30 September 2024. Further details on the Acquisitions and Share Split are set out in Section 6.3.1 and 6.3.2 below.

**6. INFORMATION ON OUR GROUP (CONT'D)****6.3.1 Acquisitions****(i) Acquisition of Pembinaan AJ**

On 5 June 2024, our Company entered into a conditional share sale agreement with Tan Sri Joseph and Datuk Jonathan for the acquisition of the entire issued share capital of Pembinaan AJ of RM5,000,000 comprising 5,000,000 ordinary shares in Pembinaan AJ for a purchase consideration of RM49,705,340. The purchase consideration was arrived at on a willing-buyer willing-seller basis and represents the audited consolidated net assets of Pembinaan AJ as at 31 December 2023.

The Acquisition of Pembinaan AJ was completed on 30 September 2024 and the purchase consideration was wholly satisfied via the issuance of 49,705,340 new Shares at an issue price of RM1.00 per Share in the following manner:

Name	Shareholdings in Pembinaan AJ		Purchase consideration (RM)	No. of Azam Jaya Shares issued
	No. of ordinary shares	%		
Tan Sri Joseph	2,400,000	48.00	23,858,563	1,945,133
Datuk Jonathan	2,600,000	52.00	25,846,777	2,850,252
Datuk Jessica	-	-	-	(1)8,507,814
Johannes Lo	-	-	-	(1)4,896,104
Lo Vun Yee @ Josephine Lo	-	-	-	(1)2,836,504
Lo Vun Jiun	-	-	-	(1)2,836,504
Jacqueline Lo Ker Jack	-	-	-	(1)2,836,504
Lokah Fortune	-	-	-	(2)22,996,525
<b>Total</b>	<b>5,000,000</b>	<b>100.00</b>	<b>49,705,340</b>	<b>49,705,340</b>

**Notes:**

- (1) Tan Sri Joseph had nominated 5 of his children namely, Datuk Jessica, Johannes Lo, Lo Vun Yee @ Josephine Lo, Lo Vun Jiun and Jacqueline Lo Ker Jack to receive this portion of the Azam Jaya Shares.
- (2) Datuk Jonathan had nominated Lokah Fortune to receive this portion of the Azam Jaya Shares on his behalf.

**(ii) Acquisition of AJ Properties**

On 5 June 2024, our Company entered into a conditional share sale agreement with Tan Sri Joseph, Datuk Jonathan, Johannes Lo and Lai Vui Kiong for the acquisition of the entire issued share capital of AJ Properties of RM800,000 comprising 800,000 ordinary shares in AJ Properties for a purchase consideration of RM12,039,034. The purchase consideration was arrived at on a willing-buyer willing-seller basis and represents the audited net assets of AJ Properties as at 31 December 2023.



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

The Acquisition of AJ Properties was completed on 30 September 2024 and the purchase consideration was wholly satisfied via the issuance of 12,039,034 new Shares at an issue price of RM1.00 per Share in the following manner:

Name	Shareholdings in AJ Properties		Purchase consideration (RM)	No. of Azam Jaya Shares issued
	No. of ordinary shares	%		
Tan Sri Joseph	112,000	14.00	1,685,465	1,685,465
Datuk Jonathan	408,000	51.00	6,139,907	-
Johannes Lo	240,000	30.00	3,611,710	3,611,710
Lai Vui Kiong	40,000	5.00	601,952	601,952
Lokah Fortune	-	-	-	<sup>(1)</sup> 6,139,907
<b>Total</b>	<b>800,000</b>	<b>100.00</b>	<b>12,039,034</b>	<b>12,039,034</b>

**Note:**

- (1) Datuk Jonathan had nominated Lokah Fortune to receive this portion of the Azam Jaya Shares on his behalf.

**(iii) Acquisition of Kolopis Jaya**

On 5 June 2024, our Company entered into a conditional share sale agreement with Tan Sri Joseph and Datuk Jonathan for the acquisition of the entire issued share capital of Kolopis Jaya of RM1,000,000 comprising 1,000,000 ordinary shares in Kolopis Jaya for a purchase consideration of RM9,925,429. The purchase consideration was arrived at on a willing-buyer willing-seller basis and represents the audited net assets of Kolopis Jaya as at 31 December 2023.

The Acquisition of Kolopis Jaya was completed on 30 September 2024 and the purchase consideration was wholly satisfied via the issuance of 9,925,429 new Shares at an issue price of RM1.00 per Share in the following manner:

Name	Shareholdings in Kolopis Jaya		Purchase consideration (RM)	No. of Azam Jaya Shares issued
	No. of ordinary shares	%		
Tan Sri Joseph	490,000	49.00	4,863,460	2,026,956
Datuk Jonathan	510,000	51.00	5,061,969	-
Joanna Lo Vun Shii	-	-	-	<sup>(1)</sup> 2,836,504
Lokah Fortune	-	-	-	<sup>(2)</sup> 5,061,969
<b>Total</b>	<b>1,000,000</b>	<b>100.00</b>	<b>9,925,429</b>	<b>9,925,429</b>

**Notes:**

- (1) Tan Sri Joseph had nominated his child, Joanna Lo Vun Shii to receive this portion of the Azam Jaya Shares.
- (2) Datuk Jonathan had nominated Lokah Fortune to receive this portion of the Azam Jaya Shares on his behalf.

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

After the completion of the Acquisitions, our issued share capital increased from RM2 comprising 2 Shares to RM71,669,805 comprising 71,669,805 Shares.

### 6.3.2 Share Split

Following the completion of the Acquisitions, our Company had subsequently on 30 September 2024 undertaken a subdivision of 71,669,805 existing Shares into 421,200,000 Shares to enhance the liquidity of our Shares at the time of our Listing.

## 6.4 OUR SUBSIDIARIES

As at the date of this Prospectus, we do not have any associated companies. Details of our Subsidiaries are summarised below:

<u>Subsidiaries and company registration no.</u>	<u>Date of incorporation</u>	<u>Place of incorporation and principal place of business</u>	<u>Effective equity interest (%)</u>	<u>Principal activities</u>
Pembinaan AJ 198701006595 (165309-W)	14 October 1987	Malaysia	100	Investment holding, undertaking construction work and road work under contracts
AJ Properties 201201003573 (977098-D)	7 February 2012	Malaysia	100	Construction and civil engineering work
Kolopis Jaya 201901010130 (1319458-T)	25 March 2019	Malaysia	100	Construction of motorways, streets, roads, other vehicular and pedestrian ways
<u>Held by</u> <u>Pembinaan AJ</u>				
AJ Land 200101018343 (554100-K)	23 July 2001	Malaysia	100	Construction work under contracts

### 6.4.1 Pembinaan AJ

#### (i) History and business

Pembinaan AJ was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 14 October 1987 under the name of Zaramo Sdn Bhd and subsequently changed its name to Pembinaan Azam Jaya Sdn Bhd on 19 January 2009. Pembinaan AJ is principally involved in investment holding, undertaking construction work and road work under contracts.

#### (ii) Share capital

As at the LPD, the issued share capital of Pembinaan AJ is RM5,000,000 comprising of 5,000,000 ordinary shares. There have been no changes in the issued share capital of Pembinaan AJ during the Period under Review up to the LPD.

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

As at the date of this Prospectus, Pembinaan AJ is our wholly-owned subsidiary.

**(iv) Subsidiary and associate**

As at the LPD, save for AJ Land which is a wholly-owned subsidiary of Pembinaan AJ, Pembinaan AJ does not have any other subsidiary or associated company.

**6.4.2 AJ Properties****(i) History and business**

AJ Properties was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 7 February 2012 under the name of Gerbang Kaya Sdn Bhd and subsequently changed its name to Azam Jaya Properties Sdn Bhd on 11 December 2014. AJ Properties is principally involved in construction and civil engineering work.

**(ii) Share capital**

As at the LPD, the issued share capital of AJ Properties is RM800,000 comprising of 800,000 ordinary shares. There have been no changes in the issued share capital of AJ Properties during the Period under Review up to the LPD.

**(iii) Shareholder**

As at the date of this Prospectus, AJ Properties is our wholly-owned subsidiary.

**(iv) Subsidiary and associate**

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

**6.4.3 Kolopis Jaya****(i) History and business**

Kolopis Jaya was incorporated in Malaysia under the Act as a private limited company on 25 March 2019 under the name of Kolopis Jaya Sdn Bhd. Kolopis Jaya is principally involved in construction of motorways, streets, roads, other vehicular and pedestrian ways.

**(ii) Share capital**

As at the LPD, the issued share capital of Kolopis Jaya is RM1,000,000 comprising of 1,000,000 ordinary shares. The changes in the issued share capital of Kolopis Jaya during the Period under Review up to the LPD are as follows:

<u>Date of allotment</u>	<u>No. of Shares allotted</u>	<u>Consideration</u>	<u>Cumulative issued share capital</u>	
			<u>No. of Shares</u>	<u>RM</u>
14 June 2021	750,000	Cash	1,000,000	1,000,000

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

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**(iii) Shareholder**

As at the date of this Prospectus, Kolopis Jaya is our wholly-owned subsidiary.

**(iv) Subsidiary and associate**

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

**6.4.4 AJ Land****(i) History and business**

AJ Land was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 23 July 2001 under the name of Zaramo Construction Sdn Bhd and subsequently changed its name to Azam Jaya Land Sdn Bhd on 23 September 2015. AJ Land is principally involved in construction work under contracts.

**(ii) Share capital**

As at the LPD, the issued share capital of AJ Land is RM30,500,000 comprising of 30,500,000 ordinary shares. There have been no changes in the issued share capital of AJ Land during the Period under Review up to the LPD.

**(iii) Shareholder**

As at the date of this Prospectus, AJ Land is a wholly-owned subsidiary of Pembinaan AJ and our indirect wholly-owned subsidiary.

**(iv) Subsidiary and associate**

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

None of the ordinary shares of our Subsidiaries were issued at a discount, on special terms or based on instalment payment terms. As at the LPD, our subsidiaries do not have any outstanding warrants, options, convertible securities and uncalled capital.

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**6. INFORMATION ON OUR GROUP (CONT'D)****6.5 MATERIAL CAPITAL EXPENDITURES AND DIVESTITURES**

Save as disclosed below, we do not have any other material investments and divestitures for the Period under Review and up to the LPD:

<b>Capital expenditures and divestitures</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FPE 2024</b>	<b>1 July 2024 up to the LPD</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
<b><u>Investments cost</u></b>					
Right of use assets <sup>(1)</sup>	12,942	15,542	4,418	1,500	9,057
Plant and machinery	1,557	560	502	609	2,532
Site equipment	985	1,097	256	274	28
Motor vehicles	641	2,763	19	1,560	244
Furniture and fittings	733	365	52	429	74
Freehold land	-	465	-	-	-
Renovation	306	237	123	23	-
Office equipment	116	24	133	62	13
Site container	18	-	-	-	-
Signboard and billboard	1	-	-	-	-
Leasehold land	-	-	9,759	-	-
Building	-	-	1,000	-	-
<b>Total investments</b>	<b>17,299</b>	<b>21,053</b>	<b>16,262</b>	<b>4,457</b>	<b>11,948</b>
<b><u>Divestitures proceeds</u></b>					
Right of use assets <sup>(1)</sup>	147	366	1,021	215	-
Plant and machinery	-	250	-	-	-
Motor vehicles	-	1,676	6	-	225
<b>Total divestitures</b>	<b>147</b>	<b>2,292</b>	<b>1,027</b>	<b>215</b>	<b>225</b>

**Note:**

(1) Mainly comprising leases of staff dwelling and office premises or acquisition of motor vehicles, plant and machinery as well as site equipment under lease arrangements and represents the present value of lease payments to be made over the lease term. For information, the same class of assets not obtained via leases are disclosed as separate line items in the table above.

The above material capital expenditures were made in Malaysia. They were mainly financed via a combination of internally-generated funds and bank borrowings.

Please refer to Section 7.19 of this Prospectus for further information on our material construction machinery and equipment as at the LPD.

**6.6 TAKE-OVER OFFERS**

Since our incorporation up to the LPD, there were no:

- (i) public take-over offers by third parties in respect of our Shares; and
- (ii) public take-over offers by our Company in respect of other companies' shares.

## 7. BUSINESS OVERVIEW

### 7.1 GROUP OVERVIEW, BACKGROUND AND HISTORY

Our Group is principally involved in the provision of construction services, and for over 30 years, we have positioned ourselves as a major road infrastructure specialist in the State of Sabah, Malaysia. Through our Subsidiaries, we specialise in the construction of road infrastructure, including roads, highways, bridges, flyovers and tunnels. Depending on the requirements of our clients, we are able to act as the main contractor or as a subcontractor, although for the Period under Review and up to the LPD, we have acted as the main contractor either solely or jointly with another construction company for all of our projects.

Our Group's history can be traced back to the acquisition of 50% of Pembinaan AJ (formerly known as Zaramo Sdn Bhd) by Tan Sri Joseph from his relatives in 1992. Tan Sri Joseph subsequently increased his stake to 75% in 1994.

In the early years since Tan Sri Joseph became a shareholder of Pembinaan AJ, our Group mainly undertook small-scale earthworks projects, and road construction and maintenance projects for JKR Sabah and property developers in Sabah.

Over the years as our Group continued to grow and acquire experience in various construction projects, our Group was awarded larger and more prominent road infrastructure construction projects within the state of Sabah. Some of these major road infrastructure construction projects awarded and completed by our Group as the main contractor throughout our history are as follows:

- (i) in 2001, our Group was awarded our first flyover project, to construct 3 flyovers at the Kolam interchange, the Wawasan interchange and the Karamuning interchange, as well as upgrading of roads at Jalan Nenas, Karamuning in Kota Kinabalu which was completed in 2008;
- (ii) in 2010, our Group was awarded a project to construct the longest pre-stressed vehicular bridge in Sabah connecting Binsuluk and Kuala Penyu across Sungai Sitompok, which was completed in 2012;
- (iii) in 2010, our Group was awarded a project to construct a dual carriageway tunnel connecting Kota Kinabalu Industrial Park with the Sepanggar Bay Container Port, which was the first vehicular tunnel constructed in Sabah and was completed in 2015; and
- (iv) in 2014, our Group was awarded the Jalan Lintas widening project which involved road widening and upgrading works on Jalan Lintas and the construction of 2 interchanges in Kota Kinabalu which was completed in 2017.

In addition to the above, our Group has also secured several work packages of the Pan Borneo Highway project, namely the Pan Borneo Highway (WP06) Project in 2019 and the Pan Borneo Highway (WP12) Project, Pan Borneo Highway (WP13) Project and Pan Borneo Highway (WP26) Project in 2024, all 4 of which are ongoing as at the LPD. As at the LPD, our Group is working on 9 ongoing construction projects, details of which are set out in Section 7.4.1 of this Prospectus.

Apart from road infrastructure projects, our Group has also been involved in building improvement works for government structures as the main contractor. For example, in 2009, our Group was awarded a project to carry out structural improvement works for Sekolah Menengah Kebangsaan Tenghilan, located in Tenghilan, Sabah with a contract value of RM14.63 million. Whilst it is not our primary focus, we have completed 6 building improvement projects for government schools in Sabah between 2010 to 2018 with a total contract value of RM102.46 million.

## 7. BUSINESS OVERVIEW (CONT'D)

In 2015, our Group ventured into industrial property development via the development of an industrial park known as “The Factory @ Inanam” which comprised 29 units of detached, semi-detached and terrace industrial buildings in Inanam, Kota Kinabalu which was undertaken by AJ Land on a parcel of approximately 9 acres of industrial land acquired by AJ Land in 2005. “The Factory @ Inanam” had a gross development value of RM89.38 million and was our Group’s sole property development project. The development project was completed in 2021 and as at the LPD, all of the completed industrial properties have been sold, with the final 2 units of detached factories and 1 unit of terrace factory being sold after the Period under Review, in July 2024.

As at the LPD, AJ Land continues to own 12 parcels of subdivided industrial land measuring approximately 6.23 acres (inclusive of 4 contiguous parcels of land reserve measuring approximately 2.79 acres) located near “The Factory @ Inanam” project. For the avoidance of doubt, our Group does not have any plans for this remaining parcel of land as at the LPD and does not intend to undertake any property development projects in the future.

Our Group incorporated an additional 3 construction companies, namely AJ Land in 2001, AJ Properties in 2012 and Kolopis Jaya in 2019. As at the LPD, Pembinaan AJ, AJ Land, AJ Properties and Kolopis Jaya are registered with the CIDB as Grade 7 contractors in Malaysia.

Pembinaan AJ acts as the main entity which tenders for and secures new construction contracts for our Group whilst AJ Land, AJ Properties and Kolopis Jaya mainly act as the primary subcontractors to engage in the construction work as well as to manage the external subcontractors of our Group. During the Period under Review, our subcontractor costs for the FYE 2021, FYE 2022, FYE 2023 and FPE 2024 were 66.06%, 46.37%, 43.75% and 23.42% of our total construction cost of sales, respectively. We engage external subcontractors to carry out specific construction works for our projects particularly those requiring specialised expertise which our Group does not possess such as piling work, and other construction works which we deemed more cost effective to be subcontracted to external subcontractors such as the laying of road kerbs and the fixing of guardrails which are labour intensive.

Over the Period under Review, our revenues were mainly generated from undertaking government road infrastructure projects in Sabah, and as at the LPD, our Group has an outstanding order book of approximately RM1.45 billion.

### 7.2 OUR COMPETITIVE STRENGTHS

#### (i) Established track record in the construction industry in Sabah

Since the start of our Group in 1992, we have established a track record spanning over 30 years in the construction industry in Sabah and have completed over 50 construction projects of varying sizes, complexity, scope and contract values.

As at the LPD, all 4 of our Subsidiaries, namely Pembinaan AJ, AJ Properties, AJ Land and Kolopis Jaya are registered as Grade 7 contractors with the CIDB, allowing us to undertake construction projects with unlimited tendering capacity in Malaysia.

In addition, Pembinaan AJ is registered as a holder of the SPKK as well as a Class A contractor with PUKONSA which allows us to participate in any government procurement in the field of construction with tendering capacity of RM5,000,001 and above in the State of Sabah. Pembinaan AJ has also been granted the Bumiputera Status Certification which allows Pembinaan AJ to participate in government projects requiring such certification.

## 7. BUSINESS OVERVIEW (CONT'D)

Our Group's established track record in the construction industry has enabled us to grow and position ourselves as a major construction company in Sabah, as well as serve as an important consideration when tendering for future projects. In view of amongst others, our capabilities and track record of undertaking major construction projects, we had successfully secured projects from both the Ministry of Works, Malaysia and JKR Sabah since the award of the Jalan Nenas upgrading projects in 2001 and has continued to secure construction contracts from JKR Sabah since then, despite changes in government at both the federal and state level. Most recently, our Group had secured a further 3 large-scale construction projects in 2024, namely the Pan Borneo Highway (WP12) Project, Pan Borneo Highway (WP13) Project and Pan Borneo Highway (WP26) Project.

Further details of the construction projects undertaken by our Group are set out in Section 7.4.1 of this Prospectus.

### (ii) Specialise in road infrastructure construction and is one of the major players in road infrastructure construction in Sabah

Our Group commenced our business in 1992 with the provision of road construction services and road upgrading works for JKR Sabah and property developers in Sabah. Since then, we have evolved from a small construction company into a major road infrastructure specialist capable of delivering comprehensive solutions, encompassing project planning, civil engineering, project management and the construction of road infrastructure in Sabah.

We have continued to leverage on our speciality and extensive experience in road infrastructure construction which has resulted in us being awarded numerous construction contracts by JKR Sabah as the main contractor for multiple major road infrastructure development projects in Sabah.

According to the IMR Report as included in Section 8 of this Prospectus, we are a major infrastructure contractor in Sabah by market share, with a market share of 5.94% based on the value of civil engineering works (infrastructure construction) done in Sabah in 2023 of approximately RM4.62 billion and our construction revenue of approximately RM274.77 million for the FYE 2023. As at the LPD, we have 9 ongoing construction projects with an unbilled contract value (order book) of approximately RM1.45 billion.

A summary of the major road infrastructure construction projects (contract value above RM50 million) performed by our Group as well as their contract values are as follows:

No.	Project	Client	Year of award	Total contract value (RM' million)
1.	Construction of 3 flyovers at the Kolam interchange, the Wawasan interchange and the Karamunsing interchange, as well as upgrading of roads at Jalan Nenas, Karamunsing in Kota Kinabalu	JKR Sabah	2001	156.79
2.	Construction of a vehicular bridge connecting Binsuluk and Kuala Penyu across Sungai Sitompok	JKR Sabah	2010	58.60
3.	Construction of a vehicular tunnel connecting Kota Kinabalu Industrial Park with the Sepanggar Bay Container Port	JKR Sabah	2010	81.55



**7. BUSINESS OVERVIEW (CONT'D)**

<b>No.</b>	<b>Project</b>	<b>Client</b>	<b>Year of award</b>	<b>Total contract value (RM' million)</b>
4.	Road widening works on Jalan Lintas from 2 lanes to 3 lanes and the construction of 2 interchanges in Kota Kinabalu	JKR Sabah	2014	294.60
5.	Jalan Lintas Upgrading Project <sup>(1)</sup>	JKR Sabah	2016	313.32
6.	Jalan UMS Upgrading Project <sup>(1)</sup>	JKR Sabah	2017	356.89
7.	Pan Borneo Highway (WP06) Project <sup>(1)</sup>	Ministry of Works, Malaysia	2019	832.09
8.	Pulau Sebatik Road Project <sup>(1)</sup>	JKR Sabah	2022	56.19
9.	Kota Belud Road Project <sup>(1)</sup>	JKR Sabah <sup>(2)</sup>	2022	<sup>(3)</sup> 60.18
10.	Pan Borneo Highway (WP12) Project <sup>(1)</sup>	JKR Sabah	2024	316.50
11.	Pan Borneo Highway (WP13) Project <sup>(1)</sup>	JKR Sabah <sup>(2)</sup>	2024	<sup>(3)</sup> 366.13
12.	Pan Borneo Highway (WP26) Project <sup>(1)</sup>	JKR Sabah <sup>(2)</sup>	2024	<sup>(3)</sup> 478.15

**Notes:**

- (1) These projects are ongoing as at the LPD.  
(2) These projects were awarded to our construction partners and we were brought on via joint arrangements to jointly execute the projects.  
(3) The total contract value represents our share of the contract sum.

Please refer to Section 7.4.1 of this Prospectus for further details of the abovementioned projects.

**(iii) Commitment to deliver innovative and quality construction projects in a timely manner**

We are committed to deliver innovative and quality construction projects in a timely manner. Our Group has pioneered several construction techniques which were the first of its kind in Sabah as follows:

- (a) Pembinaan AJ's first project - the construction of retaining walls around the radar station in Kepayan Ridge, Kota Kinabalu in 1994 which was the first construction project in Sabah to make use of bored piling technology;
- (b) the upgrading works done on Jalan Nenas in Kota Kinabalu which involved the construction of 3 flyovers which was the first bridge or flyover construction project in Sabah to use the balanced cantilever method of construction;
- (c) the construction of a bridge across Sungai Sitompok, creating a direct road connection between Binsuluk and Kuala Penyu which is the longest pre-stressed vehicular bridge in Sabah as at the LPD; and
- (d) the construction of a vehicular tunnel in Sepanggar, Kota Kinabalu which was the first and only tunnel to be engineered and constructed in Sabah.

## 7. BUSINESS OVERVIEW (CONT'D)

We are also adopters of new and innovative construction technologies, such as the use of autonomous vehicle control modules for our Group's existing vehicles and LiDAR-equipped drones to boost productivity and operational efficiency as well as optimise cost and resources. Please refer to Section 7.10 of this Prospectus for further information on the technologies used by our Group.

We also strive to provide quality work as well as timely delivery of our projects. For the Period under Review, our Group has not incurred any LAD for all of our construction projects.

Furthermore, we have established a quality management system that underwent assessment and was accredited with an ISO 9001:2015 certification by Intertek Certification Limited, an accredited body of the United Kingdom Accreditation System (UKAS) under schedule of accreditation no. 014, under the scope "provision of civil and structural engineering services". Maintaining this ISO certification serves as evidence to our continuous commitment to provide quality construction services.

**(iv) We are led by experienced key management with expertise and technical knowledge in the construction industry**

Our Group is managed and operated by an experienced key management team with the expertise and technical knowledge in the construction industry, specifically in road infrastructure construction.

Our Promoter and Non-Independent Executive Chairman, Tan Sri Joseph, has over 45 years of experience in the construction industry and has played a vital role in charting the strategic direction of our Group. Throughout the years, Tan Sri Joseph has also been guiding his children; Datuk Jonathan, Datuk Jessica and Johannes Lo in the management of various aspects of our business. Our Group is currently led by our Non-Independent Managing Director, Datuk Jonathan, who plays a key role in securing new construction projects, managing our business operations and overseeing the implementation of our Group's business strategy and our Non-Independent Executive Director, Datuk Jessica who is responsible for overseeing and managing our Group's overall human resource, financial functions and accounting matters.

They are in turn supported by our Key Senior Management including:

- (i) our Head of Projects, Datuk Ir. Wong Chung Teck @ George Wong, who is responsible for all aspects in the project management activities for the company and has 50 years of experience in the construction industry; and
- (ii) our Head of Procurement, Chiang Chung Wing @ Edwin Chiang, who is responsible for selecting and overseeing our suppliers of construction materials and has over 20 years of experience in the construction industry.

We believe that a capable and dedicated key management team is a key factor to the successful operations of our Group. Please refer to Section 9 for more details on our Directors and Key Senior Management.

**(v) Strong relationship with subcontractors and materials suppliers**

Over the years, we have established a good working and long-term business relationships with our subcontractors and materials suppliers. For the Period under Review, we have engaged over 80 subcontractors for various construction services including earthworks, piling, road surfacing, installation of road finishings (such as lane markings, building of lane dividers, installation of lights and signboards) and relocation of utilities services.

## 7. BUSINESS OVERVIEW (CONT'D)

The long-established relationship reflects the mutual trust we have developed and the confidence we have in their construction capabilities and/or materials supply. Therefore, we are able to leverage on their reliable services for our construction projects which is vital for meeting project deadlines. For the Period under Review and up to the LPD, we have not encountered any material disruption from our subcontractors and materials suppliers for their construction services and/or supply of construction materials, respectively.

### 7.3 BUSINESS STRATEGIES AND FUTURE PLANS

#### (i) To maintain / enhance our position as one of the major road infrastructure players in Sabah

Our core business strategy revolves around maintaining and elevating our position as a preferred road infrastructure contractor in Sabah. We intend to continue focusing on and enhancing our core strengths in road infrastructure construction, capitalising on our Group's track record of over 30 years in this industry. To continue to facilitate this strategy, we plan to enhance our construction capabilities and increase our operational efficiency by reducing our reliance on subcontractors.

For the Period under Review, our subcontractor costs have reduced from 66.06% to 23.42% of our total construction cost of sales for the FYE 2021 and FPE 2024, respectively. Moving forward, we intend to continue reducing this percentage by expanding our existing fleet of construction machinery and equipment. The purchase of new construction machinery and equipment will enable our Group to gain more control over project timelines and quality as our subcontractors might undertake multiple construction projects and not prioritise our Group's projects. With a larger fleet of construction machinery and equipment, it will also minimise cost associated with outsourcing and allow for a more efficient allocation of resources which we believe offers a competitive edge in the market and better position us to take on a wider range of road infrastructure projects.

Based on our order book as at the LPD, our Group intends to spend approximately RM30.00 million from the LPD until the end-2025 to acquire construction machinery and equipment such as excavators, dump trucks, motor graders, bulldozers and staff vehicles such as light trucks and SUVs and have allocated an amount of RM6.00 million from the proceeds of the Public Issue for that purpose. We intend to fund the remaining amount required via internally-generated funds and bank borrowings to be obtained.

Furthermore, we will also provide on-site training to our workforce to ensure they can operate these machinery and equipment efficiently, thereby further improving productivity.

We also intend to spend approximately RM2.50 million from the LPD until end-2025 on technological upgrades which will minimise mistakes and further improve operational efficiency. Our Group plans to purchase and install autonomous vehicle control modules on 2 motor graders, 2 bulldozers and 2 excavators (as at the LPD, 3 of our motor graders are equipped with such technological upgrades). We also plan to purchase a LiDAR-equipped drone and 4 sets of handheld augmented reality surveying equipment. We have allocated an amount of RM2.00 million from the proceeds of the Public Issue for technological upgrades and intend to fund the remaining amount required via internally-generated funds. Please refer to Section 7.10 of this Prospectus for further information on the technologies used by our Group.

## 7. BUSINESS OVERVIEW (CONT'D)

### (ii) To maximise equipment utilisation by continuously tendering for more construction projects

For the Period under Review, our Group generated a majority of our construction revenue from large-scale road infrastructure projects in Sabah (contract value above RM50 million). Large-scale road infrastructure projects in Sabah are generally offered by the Government via the Ministry of Works, Malaysia or Sabah State government agencies (i.e., JKR Sabah). Moving forward, we intend to continue our marketing efforts by leveraging on our track record and our construction capabilities to secure more road infrastructure projects of a similar scale including the future phases of the Pan Borneo Highway Project (i.e., Phases 2 and 3) as well as other rural road projects. As such, our Group's financial performance is dependent on continued Government infrastructure spending in Sabah.

As at the LPD, the projects with the largest unbilled contract values are the ongoing construction of the Pan Borneo Highway (WP06) Project, Pan Borneo Highway (WP12) Project, Pan Borneo Highway (WP13) Project and Pan Borneo Highway (WP26) Project with a combined unbilled contract value of RM1.34 billion as at the LPD. Please refer to Section 12.11 of this Prospectus for more details on our Group's order book.

Our Group is dependent on continued Government infrastructure spending in Sabah particularly on new infrastructure works and benefits when the Government decides to undertake large-scale road infrastructure projects in Sabah as our Group is one of the major players in the construction of road infrastructure. Should we be unable to secure a sufficient amount of Government road construction contracts due to amongst others, increased competition for such large scale projects or lower Government investment in road infrastructure in Sabah in the future to fully utilise our financial capabilities, construction machineries and equipment, and direct labour, we will tender for smaller road construction projects offered by non-governmental project owners as well as non-road infrastructure construction projects for which we are licensed and capable of performing to maximise our equipment utilisation.

For information, notwithstanding that all of the major construction projects undertaken by our Group were in the field of road infrastructure construction, our Group had, in the past, been involved in building improvement works for government structures particularly 6 building improvement projects for government schools in Sabah which were undertaken between 2010 and 2018. Our ability to undertake non-road infrastructure projects allows us to tender for a wider range of construction projects should there be a decrease in Government spending on road infrastructure in Sabah or if we are unable to secure more road infrastructure contracts in the future. We had in the past completed several non-road infrastructure projects and will ensure that we maintain our reputation for delivering quality construction projects.

## 7.4 PRINCIPAL ACTIVITIES, PRODUCTS AND SERVICES

Our Group is principally involved in the provision of construction services where we are mainly involved in the construction of road infrastructure in the State of Sabah. During the Period under Review, we had also undertaken a one-off development of an industrial park known as "The Factory @ Inanam", located in Inanam, Sabah.

## 7. BUSINESS OVERVIEW (CONT'D)

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### 7.4.1 Provision of construction services

We are a major provider of road infrastructure construction services in the state of Sabah, where we have participated in mainly road, highway, bridge, flyover and tunnel construction projects for over 30 years. Our clients include agencies under the Federal and Sabah state governments (i.e., Ministry of Works, Malaysia and JKR Sabah) as well as property developers and other main contractors. Depending on the requirements of our clients, we are able to act as main contractors or as subcontractors, although for the Period under Review and up to the LPD, we have acted as the main contractor either solely or jointly with another construction company for all of our projects.

All 4 of our Subsidiaries, namely Pembinaan AJ, AJ Properties, AJ Land and Kolopis Jaya are registered as Grade 7 contractors with CIDB, allowing them to undertake construction projects with unlimited tender capacity. In addition, Pembinaan AJ is registered as a holder of the SPKK as well as a Class A contractor with PUKONSA, which allows us to participate in any government procurement in the field of construction with tendering capacity of RM5,000,001 and above in the State of Sabah. Pembinaan AJ has also been granted Bumiputera status certification from the Ministry of Entrepreneur and Cooperatives Development of Malaysia which allows Pembinaan AJ to participate in government projects which require such certification. Please refer to Annexure B of this Prospectus for further information on our licenses and certifications.

Our construction contracts are either structured as build-only projects or design and build projects.

#### (i) Build-only projects

For build-only projects, our Group is responsible for the overall execution of the construction project in accordance with the design and technical specifications provided by our clients, including project planning and management, as well as implementation of all stages of the project, which includes the appointment of subcontractors, procurement of construction materials, and overall monitoring and management of all works required for the timely completion of the projects. We also undertake certain portions of works which are not subcontracted out through our fleet of construction machinery and equipment as well as our internal construction workers.

#### (ii) Design and build projects

For design and build projects, in addition to the overall project management we undertake for build-only projects, our architects, quantity surveyors, and engineers work with external architects and relevant professionals such as, amongst others, land and quantity surveyors, geotechnical consultants and engineers to prepare a project design which matches the needs of the project owners.

Our Project team will also collaborate with the client to understand its road infrastructure application and requirements, and thereafter prepare the structural and architectural designs of the road infrastructure, and the construction plan for submission.

## 7. BUSINESS OVERVIEW (CONT'D)

### Past completed major construction projects

No.	Project / Client	Description	Commencement / Completion date	Total contract value (RM' million)	Expiry of DLP	Status of retention sum as at the LPD
1.	Jalan Nenas upgrading project / JKR Sabah	The construction of 3 flyovers at the Kalam interchange, the Wawasan interchange and the Karamansing interchange, as well as upgrading of roads at Jalan Nenas, Karamansing in Kota Kinabalu	September 2001 / April 2008	156.79	30.04.2009	Fully released on 04.06.2009
2.	Sitompok bridge project / JKR Sabah	The construction of a vehicular bridge connecting Binsuluk and Kuala Penyu across Sungai Sitompok	March 2010 / February 2012	58.60	25.02.2013	No retention sum. Performance bond was released on 25.02.2013
3.	Sepanggar tunnel project / JKR Sabah	The construction of a dual carriageway tunnel between Kota Kinabalu Industrial Park and the Sapanggar Bay Container Port	October 2010 / June 2015	81.55	13.06.2016	Fully released on 13.06.2016
4.	Jalan Lintas widening project / JKR Sabah	Road widening works on Jalan Lintas from 2 lanes to 3 lanes and the construction of 2 interchanges in Kota Kinabalu	January 2015 / December 2017	294.60	30.12.2018	Fully released on 19.12.2023

For the avoidance of doubt, our Group was the sole main contractor for all of the abovementioned major construction projects.

## 7. BUSINESS OVERVIEW (CONT'D)

### Ongoing construction projects

No.	Project / Client	Description	Commencement / Expected completion date <sup>(1)</sup>	Total contract value <sup>(2)</sup> (RM' million)	Remaining revenue to be recognised as at the LPD (RM' million)	% of completion as at the LPD (%)
1.	Jalan Lintas Upgrading Project / JKR Sabah <sup>(3)</sup>	Road widening and upgrading works on Jalan Lintas, Kota Kinabalu, including the construction of 3 flyovers	January 2017 / February 2025 <sup>(5)</sup>	293.00	2.49	99.15
2.	Jalan UMS Upgrading Project / JKR Sabah <sup>(3)</sup>	Road upgrading works on Jalan UMS and Jalan Sepanggar, Kota Kinabalu, including the construction of 4 flyovers	November 2017 / September 2025 <sup>(6)</sup>	356.89	11.45	96.79
3.	Pan Borneo Highway (WP06) Project / Ministry of Works, Malaysia <sup>(3)</sup>	Construction of a 21.74 km highway from Putatan to Inanam, Kota Kinabalu, including the construction of 6 interchanges and 3 bridges	December 2019 / November 2024 <sup>(7)</sup>	832.09	206.79	74.41
4.	Pulau Sebatik Road Project / JKR Sabah <sup>(3)</sup>	Design and construction of a 7.6 km road from Kampung Sungai Pukul to Kampung Sungai Bergosong, Sebatik, Tawau	August 2022 / January 2027 <sup>(8)</sup>	56.19	41.94	25.36
5.	Kota Belud Road Project / JKR Sabah <sup>(4)</sup>	Road upgrade works on Jalan Tengkurus Lahanas Siba to Lahanas Sokib, Kota Belud	November 2022 / November 2025	(4)60.18	39.59	34.22

## 7. BUSINESS OVERVIEW (CONT'D)

No.	Project / Client	Description	Commencement / Expected completion date <sup>(1)</sup>	Total contract value <sup>(2)</sup> (RM' million)	Remaining revenue to be recognised as at the LPD (RM' million)	% of completion as at the LPD (%)
6.	DBKK Sewerage Project / JKR Sabah <sup>(3)</sup>	Relocation of a sewerage pipe on Jalan Lintas, Kota Kinabalu	January 2024 / February 2025 <sup>(9)</sup>	20.32	14.47	28.79
7.	Pan Borneo Highway (WP12) Project / JKR Sabah <sup>(3)</sup>	Construction of a 14.8 km dual carriage highway from Sarang to Temuno, Sabah, including the construction of 4 bridges	April 2024 / March 2027	316.50	304.79	3.70
8.	Pan Borneo Highway (WP13) Project / JKR Sabah <sup>(4)</sup>	Construction of a 21.2 km dual carriage highway from Temuno to Bingolon, Sabah, including the construction of 3 bridges	April 2024 / September 2027	(4)366.13	350.11	4.37
9.	Pan Borneo Highway (WP26) Project / JKR Sabah <sup>(4)</sup>	Construction of a 18.0 km dual carriage highway from Sukau to Kampung Lot. M, Sabah, including the construction of 2 interchanges and 1 bridge	September 2024 / March 2028	(4)478.15	478.15	-

**Notes:**

- (1) Based on the end of the contract period as set out in the letters of award or the latest EOT granted, if any.
- (2) Total contract value is inclusive of any variation order issued in respect of the contract.
- (3) These projects are undertaken by our Group as the sole main contractor.
- (4) These projects were awarded to our construction partner and we were brought on via joint arrangements to jointly execute the projects. The total contract value represents our share of the contract sum.



## 7. BUSINESS OVERVIEW (CONT'D)

- (5) The Jalan Lintas Upgrading Project was granted 7 separate EOTs for amongst others, changes in project design by the client, delay in handover of the site by the client, the imposition of MCO due to COVID-19, the performance of environmental impact assessment (“EIA”) and delays in the relocation of utilities.
- (6) The Jalan UMS Upgrading Project was granted 6 separate EOTs for amongst others, the performance of EIA, additional works requested by the client, the imposition of MCO due to COVID-19 and delays in the relocation of utilities.
- (7) The Pan Borneo Highway (WP06) Project was granted 4 separate EOTs for amongst others, the imposition of MCO due to COVID-19, delay in land acquisition, delays in the relocation of utilities and delay due to the Government’s COVID-19 relief initiative which allows for extension in light of disruptions caused by the imposition of MCO caused by COVID-19.
- (8) The Pulau Sebatik Project was granted 1 EOT for the delay in handover of the site by the client.
- (9) The DBKK Sewerage Project was granted 1 EOT for the delay in the approval for the project design.

As at the LPD, we have 9 ongoing construction projects with an unbilled contract value (order book) of approximately RM1.45 billion.

### 7.4.2 Property development

In 2015, we ventured into industrial property development via the development of an industrial park known as “The Factory @ Inanam” on a parcel of approximately 9 acres industrial land in Inanam, Sabah. The development of “The Factory @ Inanam” was carried out by AJ Land and was our Group’s sole industrial property development project.

“The Factory @ Inanam” has a total of 29 units of industrial buildings, comprising 4 units of detached factories, 14 units of semi-detached factories, and 11 units of terrace factories. All 29 units of the industrial buildings are ready-built industrial properties, where the properties are completed with office spaces, manufacturing and/or storage and warehousing areas, which are generally in ready-to-move in condition for the customers. “The Factory @ Inanam” had a gross development value of RM89.38 million. The development project was completed in 2021 and as at the LPD, all of the completed industrial properties have been sold, with the final 2 units of detached factories and 1 unit of terrace factory being sold after the Period under Review, in July 2024.

As at the LPD, AJ Land still owns approximately 3.44 acres (excluding land reserve of 2.79 acres) industrial land located in close proximity to “The Factory @ Inanam” and may monetise this asset in the future. Such initiatives may include the development of a complimentary industrial park in a similar vein as “The Factory @ Inanam” or the outright sale of the land. For the avoidance of doubt, our Group does not have any plans for this remaining parcel of land as at the LPD and does not intend to undertake any industrial property development projects in the foreseeable future.

## 7. BUSINESS OVERVIEW (CONT'D)

### 7.5 PRINCIPAL MARKET

During the Period under Review, our Group generated our revenues from the provision of construction services and from the sale of factory units from the development of an industrial park namely "The Factory @ Inanam". During the Period under Review, all of our Group's revenue was generated from business activities in Sabah, Malaysia.

Our revenues by business segments for the Period under Review is as follows:

	Construction		Property development		Total	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
FYE 2021	212,040	91.61	19,417	8.39	231,457	100.00
FYE 2022	289,377	97.49	7,461	2.51	296,838	100.00
FYE 2023	274,766	97.86	6,000	2.14	280,766	100.00
FPE 2024	148,824	100.00	-	-	148,824	100.00

Please refer to Section 12.3.3(i) of this Prospectus for the management discussion and analysis on our revenues by business segments.

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## 7. BUSINESS OVERVIEW (CONT'D)

### 7.6 BUSINESS LOCATIONS

As at the LPD, our operations are located as the following locations:

No.	Postal address	Description / Existing use	Built-up area	Ownership
1.	No. 7, 8 and 9, Ground floor, 1 <sup>st</sup> floor and 2 <sup>nd</sup> floor Kolam Centre Off Jalan Lintas, Luyang 88300 Kota Kinabalu Sabah	<b>Description:</b> 3 stories of 3 shop offices  <b>Existing use:</b> Corporate office of our Group	10,800 sq ft	No. 7 & No. 9 rented by AJ Properties and AJ Land from Jayawanto Sdn Bhd, a related party  No. 8 rented by AJ Properties and AJ Land from third party landlords
2.	No. 6, 2 <sup>nd</sup> floor Kolam Centre Off Jalan Lintas, Luyang 88300 Kota Kinabalu Sabah	<b>Description:</b> 1 storey of shop office  <b>Existing use:</b> Corporate office of our Group	1,200 sq ft	Rented by AJ Properties from a third party landlord
3.	No. 10, 2 <sup>nd</sup> floor Kolam Centre Off Jalan Lintas, Luyang 88300 Kota Kinabalu Sabah	<b>Description:</b> 1 storey of shop office  <b>Existing use:</b> Corporate office of our Group	1,200 sq ft	Rented by AJ Properties from a third party landlord

We also operate, workshops and site yards for the storing of raw materials, fabrication of precast concrete beams and storage of equipment at various locations that are at close proximity to our construction sites.

Please also refer to Annexure A of this Prospectus for further information on our owned and rented material properties

## **7. BUSINESS OVERVIEW (CONT'D)**

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### **7.7 BUSINESS DEVELOPMENT AND MARKETING ACTIVITIES**

Our Group is primarily involved in the provision of construction services in Sabah, Malaysia. Whilst Pembinaan AJ is licensed to undertake various types of building, civil engineering and mechanical and electrical engineering projects, we have primarily focused on securing and executing road infrastructure construction projects.

The construction of large-scale road infrastructure projects is a specialised area of construction, with project owners comprising mainly agencies under the Federal and Sabah state governments, government-linked companies, highway concessionaires, infrastructure project companies and property developers.

Our business development efforts primarily focused on fostering close business relationships with existing and prospective clients. Additionally, we maintain business relationships with other general and civil construction companies with whom we may apply for and execute projects via joint arrangements or who may appoint us as their subcontractor.

Our construction projects are mainly awarded via 2 methods as follows:

#### **(i) Project tenders**

We participate in various tenders for our road infrastructure projects, such as open tenders and closed tenders.

In open tender, clients will advertise the proposed project publicly, which all interested contractors are able to submit their bids for the project. Information on open tenders is available through notices published in major newspapers, as well as websites of relevant government agencies. Our management monitors tender notices as well as government announcements to identify suitable projects for our Group to undertake. Potential project tenders may also be informed to our management through their industry contacts. In the past, we have participated in many open tenders such as the Sepanggar tunnel project and Sitompok bridge project.

In closed tender, client will invite shortlisted contractors to submit their bids for its tender. Only contractors possess the relevant experience, competent, capability, and resources will be invited to participate in such tender. Closed tenders are typically initiated through invitation by clients or project consultants to a shortlist of pre-approved contractors. In the past, we have received invitation to tenders for several road infrastructure projects, such as various packages of Pan Borneo Highway Phase 1A and the Jalan UMS Upgrading Project.

Project tenders are typically used in the awarding of build-only projects. For such projects, the project owner appoints its own architect or designer to prepare the project design plans which is then followed by a separate construction contract awarding process which could either be via project tender or direct negotiations.

#### **(ii) Negotiated contracts**

Under negotiated contracts method, our Group will be approached by a potential client who informs us of their intention to appoint our Group, and if our Group decides to participate in the project, we would be required to prepare a project proposal and enter into negotiations with the project owner to finalise amongst others, the design and cost of the project.

Negotiated contracts are typically used in the awarding of design and build projects. Such projects eliminate the need for separate contracts with a designer and a contractor with the project owner as the main contractor would be responsible for both the design and construction aspects of the project.

## 7. BUSINESS OVERVIEW (CONT'D)

Our business development activities are greatly enhanced by our track record and reputation in the Sabah construction industry, as demonstrated by the numerous large-scale road infrastructure projects undertaken by our Group in the past.

For information, certain government road infrastructure construction projects have a selection criterion which a prospective contractor must fulfil in order to qualify for the tender process. This includes amongst others, the need to display sufficient financial resources to ensure the smooth implementation of the project. The government's evaluation of a contractor's financial resources would also take into consideration the cashflow requirements of the construction projects already secured.

### 7.8 PROCESS FLOW OF OUR CONSTRUCTION PROJECTS

#### 7.8.1 Contract procurement

As disclosed in Section 7.4.1 of this Prospectus, the road infrastructure construction contracts may be structured as "build-only" contracts or "design and build" contracts and these contracts may be awarded via project tenders or negotiated contracts. Depending on the needs of the party awarding the contract, we may act as either a main contractor or a subcontractor for the construction project.

In all cases, once a potential project being made known to us, we engage directly with the relevant project owners to understand further on the project's specifications and requirements. Certain projects, particularly large-scale construction projects awarded by government agencies, may require the potential main contractor to meet certain requirements to qualify for consideration for the project. Generally, our clients may impose the following prequalification requirements on contractors wishing to be appointed for a particular project:

- (i) having the necessary license, permits, and certifications such as being registered as Grade 7 contractors with the CIDB, holding the SPKK, registered as a Class A contractor with PUKONSA and/or having Bumiputera status from the Ministry of Entrepreneur and Cooperatives Development of Malaysia;
- (ii) having a track record in the relevant fields of construction with a project value above a certain threshold;
- (iii) having a requisite number of personnel who are qualified to undertake the project; and
- (iv) having a certain amount of financial resources on hand as may be required to ensure the smooth implementation of the project. This evaluation of financial resources would also take into consideration the cashflow requirements of other government construction projects already secured.

If we meet the prequalification criteria set by the client (if any) the potential client will then provide a project framework prior to the award of the contract outlining all the requirements of the project, including the phases of completion, total budget allocation and the specified timeframe for completion. Based on the project framework, our Project team will assess the project's complexity, resource requirements, working capital requirements and achievability of the project schedule to ensure we have the capacity and capability to carry out and complete the potential project. This includes identifying the sub-portions of work to be performed either in-house or via subcontractors. For portions of work our Group does not perform such as piling works, our Project team will obtain quotations from our panel of approved subcontractors and such quotes will be included in the budgeted costs.

## **7. BUSINESS OVERVIEW (CONT'D)**

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If the project is considered feasible and our management decides to undertake the project, our Project team will prepare and submit either a tender application (in the case of a tender process) or a project proposal (in the case of negotiated contracts) for the potential client's consideration. In the event we are awarded a construction project, we will receive a LOA from the client. If the contract sum is lower than our tender price, we will perform a financial feasibility to assess the financial viability of the project prior to accepting the LOA from the client.

### **7.8.2 Design (for design and build projects only)**

We provide complete structural, architectural and engineering services, which are carried out by our internal and/or external architectural and engineering team. The design of the construction plan starts with the drawings prepared by external architects and engineers appointed by our Group. Such design plans are then checked by our in-house team of architects and engineers to ensure that the design meets the technical specifications as set by the project owner as well as is based on construction methods and techniques which are achievable by our project team.

For information, the Pulau Sebatik Road Project and the Kota Belud Road Projects are both "design and build" projects. As at the LPD, our Group has 2 architects and 32 engineers who work closely with the external consultants appointed by our Group. The internal and external architectural and engineering team will conduct multiple consultation sessions with our clients to understand their road infrastructure requirement, and thereafter we will then design and prepare the construction plan for submission.

### **7.8.3 Project planning and site preparation**

Upon acceptance of a LOA, we will assign a project management team comprising of our in-house project and procurement employees as well as external consultants such as civil and structural consultants, quantity surveyors, mechanical and electrical consultants, where required. This team will manage the project planning process which involves the following processes:

- determining the project timeline and scheduling;
- performing costing analysis, including the procurement of materials, sourcing of labour, hiring of construction machinery and equipment as well as the appointment of subcontractors;
- obtaining the necessary financing from financial institutions for the construction projects including obtaining project financing to fund the general working capital requirements of the project and performance bonds, if required by the client; and
- site preparation, including conducting traffic impact assessments (for projects in built-up areas), underground utility mapping as well as securing the necessary licenses and permits to commence construction works.

Our Procurement team is responsible for sourcing the required construction materials, whilst our Project team is responsible for hiring the required labour, renting construction machinery and equipment as well as appointing subcontractors. The selection of suppliers of construction materials and subcontractors will be based on criteria such as timeliness of delivery, reputation, reliability, quality and pricing. We typically negotiate and place orders for the purchase construction materials and appoint subcontractors as the construction project progresses.

## 7. BUSINESS OVERVIEW (CONT'D)

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Before we commence construction work, we will list out the type of construction materials and their quantities in the BQ. The BQ is prepared internally by our project team, engineering team and procurement department. Once the BQ is prepared, it will be submitted to our clients for review and approval. We do not enter into long term contracts with our suppliers for the supply of our construction materials. We will make order of our construction materials once the orders and quantities have been approved and agreed by both our Group and our client. If there is any shortfall of construction materials during our construction period, we will update the BQ and make arrangements to reorder from the respective suppliers.

As at the LPD, our Group has a total of 349 construction workers (skilled and unskilled) under our payroll to carry out their duties. However, we do appoint external subcontractors to carry out some of our construction activities, when it is more cost effective to do so. As at the LPD, we have 80 subcontractors and 581 suppliers on our panel of approved subcontractors and suppliers. For the Period under Review, certain of our subcontractors were our related parties however, as at the LPD, none of our subcontractors or suppliers are related parties of our Group. Please refer to Section 10.1 of this Prospectus for further information on the related party transactions of our Group during the Period under Review up to the LPD.

For the appointment of subcontractors, our Project team will request from our approved subcontractors, or in the event there are no suitable approved subcontractor identified for the required work scope, any other new subcontractor which meets our criteria for selection and appointment (i.e. based on their reputation, reliability, quality and pricing), their quotations and BQ containing their fees as well as work scope and list of construction materials. Once the subcontractor is selected, we will award the job to them.

In some circumstances, including an unexpected shortage in their available manpower or prolonged unavailability of their construction machinery and/or equipment due to breakdowns, the subcontractor's services may be terminated either via termination of their subcontract agreement by our Group or by them resigning from the project. In such circumstances, the works performed is handed over to our Group and we may either appoint a replacement subcontractor or undertake to finish the remaining works to be performed via our in-house project team. Depending on the circumstances of their termination, these subcontractors may also be removed from our panel of pre-approved subcontractors.

During the Period under Review and up to the LPD, the termination of any of our subcontractors did not have any material impact to the business operations of our Group as either a replacement subcontractor was able to be appointed within an acceptable timeframe and at acceptable terms to us, or we were able to perform the works ourselves.

Further, for certain road infrastructure development and construction projects undertaken by us generally necessitate either:

- (i) a retention sum to be held by the awarding party as an assurance or security against any defects or issues with our construction work which we are required to rectify during the DLP; or
- (ii) a performance bond to be provided in the form of a bank guarantee which is funded through our banking facilities, to the awarding party as an assurance or security for us to complete and satisfactorily discharge our roles and obligation as stated under the project contract.

## 7. BUSINESS OVERVIEW (CONT'D)

The retention sum and/or performance bond usually amounts to 5% of the total contract sum and will be valid until the end of the DLP which ranges from 12 months to 24 months after the issuance of the CPC of the completed project or CPO for the ongoing project. As a result, a portion of our working capital will be tied up throughout the project implementation stage, restricting us from utilising part of our working capital or cash reserve for the duration of the project.

However, the initial costs involved in the project implementation stage may be partly offset by any advances provided by our clients. For information, for construction contracts awarded by the Government, (either directly through the Ministry of Works, Malaysia or through JKR Sabah), the client will typically advance us a sum of RM10.00 million in exchange for a bank guarantee for the same amount. This advance is recouped by the client progressively once our project billings reach 25% of the contract sum and will be fully recouped once our project billings reach 75% of the contract sum.

In certain instances, we also provide advances to our subcontractors who request for it in order to facilitate a smooth delivery of their work. These advances are then utilised by our subcontractors mainly to purchase construction materials, hire more labour or lease more construction machinery and equipment or to perform emergency works due to unforeseen circumstances for our projects.

The value of any advances provided is determined based on various factors including the proposed use of the advances (as mentioned above), the amount to be retained by our Group as a retention sum (which typically ranges from 5% to 10% of the progress billings) which will eventually be offset against any future payment to the subcontractors for works performed and the past relationship of the subcontractor with our Group.

### 7.8.4 Construction

During the construction phase of a project, the assigned project management team is responsible for the following:

- procure and arrange for delivery of the required construction materials from our suppliers to our construction sites for use by either our in-house construction teams, or in certain circumstances, requested by our subcontractors;
- monitor the progress of the in-house construction teams and our appointed subcontractors to ensure the work is done in accordance with the project specifications and within the project timeline;
- assess and review the overall project cost estimates and update them periodically if required;
- engage regularly with the client to update the client on the project progress as well as discuss and resolve any issues which may arise during the course of the construction project; and
- prepare claims and instruct our accounts department to prepare and issue invoices to our clients.

Our Group is mainly involved in the following types of road infrastructure construction projects:

- (i) surface level roads and highways;
- (ii) elevated roads such as bridges and flyovers; and



## 7. BUSINESS OVERVIEW (CONT'D)

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- (iii) underground roads; i.e. tunnels.

Further information on the process flows of the different types of construction projects undertaken by our Group are as follows:

**(i) Road and highway construction**

For road and highway construction, the first phase is to carry out site preparation which may include land clearing and earthworks. For the construction of new roads, the land will need to be cleared of unwanted materials and vegetation that are in the path of new alignment. For the upgrading or construction of replacement roads, the old road will need to be demolished. After the land has been cleared, the land will need to be graded, sloped and compacted.

After site preparation, the next phase is the laying down of the subbase and road base of the road which is mainly made of stone aggregate and acts as a stable platform for the upper layers of the road. Following this, the top layers of the road are constructed, comprising a binder course and a wearing course. The binder course is an intermediate layer intended to serve two purposes; creating a smooth and level foundation for the surface course and to distribute weight of vehicles from the road surface to base course below.

The wearing course is the uppermost layer of a road and is made from asphalt. Asphalt is heated to a high temperature (approximately 150 degrees Celsius) and is laid over the binder course. After that, the asphalt is evenly spread and compacted using rollers. Once the asphalt has cooled down, and other finishing touches (such as lane markings, building of lane dividers, installation of lights and signboards) are applied, then the road or highway is completed.

**(ii) Bridge and flyover construction**

We are also involved in the design and construction of elevated roads such as bridges which are used to cross bodies of water or land depressions, and flyovers which are used to allow vehicles to travel above other roads. For such construction projects, a structure is constructed above ground on which the surface course of the road is laid upon.

For the construction of elevated roads, after the site is prepared we construct the foundations for the support columns or other structural elements of the bridge or flyover. This typically involves the use of constructing retaining walls and pile driving.

Following the laying of the foundation, the next phase is the construction of the substructure, comprising the support columns to hold up the elevated road as well as abutments on either end of the road. After this phase, the superstructure is constructed which comprises the platform spanning the length of the bridge or flyover.

In constructing the superstructure, we typically use various methods including pre-cast beams, balanced cantilever construction, and segmental box-girders method which allows us to construct the elevated road by sequentially joining precast segments of the superstructure to span the spaces between the support columns instead of installing scaffolding systems under the superstructure.

## 7. BUSINESS OVERVIEW (CONT'D)

Precast segments are standardised structural components made of concrete and steel which are used to build the superstructure of an elevated road. The use of precast segments enable us to increase efficiencies in terms of cost and time to construct bridges and flyovers. These precast segments are produced using moulds in which steel and concrete is inserted and can be customised to meet the requirements of any specific project design.

The precast segments are produced at a fabrication facility located near the construction site which are then transported to the worksite, lifted into position and jointed together in the air. These joints typically incorporate expansion joints which allows for expansion and contraction due to changes in ambient temperature.

Once the superstructure construction is completed, the base of the road comprising either precast slabs or a concrete deck is constructed on top of the superstructure. The final phases of construction involve the laying down of the wearing course of the road and other finishing touches, similarly to the road and highway construction process set out in item (i) above.

### (iii) Tunnel construction

Pembinaan AJ completed the construction of a vehicular tunnel in Sepanggar, Kota Kinabalu in 2015. For this project, we employed the drill and blast method (also referred to as the Austrian tunnelling method) which uses a drilling machine and explosive to drill, blast and excavate the tunnel.

This method involves the use of specialised drilling machine which drills holes straight into the rock face along the planned path of the tunnel. These holes are then loaded with explosives and detonated to break apart the rock and create the path through the earth. After the blasting, the debris is removed from the tunnel using bulldozers, loaders and trucks. The debris, such as the usable stone aggregates, will be separated from the other waste rocks and soils, and then reuse in our road construction projects.

The interior surface of the tunnel is then further scaled to meet the width and height requirements of the tunnel project, as well as to remove any unstable or loose rock. Structural supports are then built inside the tunnel to reinforce the strength of the tunnel and to prevent cave-ins. This process is repeated until the tunnel is fully excavated.

After the excavation works is completed, we construct the road through the tunnel similarly to the road and highway construction process set out in item (i) above. For tunnels, 3 further elements must be installed as follows:

- (a) electrical systems such as lighting, closed circuit television cameras and public announcement systems;
- (b) fire and smoke control systems including ventilation systems; and
- (c) maintenance tunnels to allow workers to maintain the tunnel and serve as an escape route or access for emergency response teams during an emergency.

### 7.8.5 Procurement of construction materials

The BQ outlines all the required construction materials and its respective quantities. For projects awarded by our clients, all construction materials used in the projects, including those used by our appointed subcontractors, must be approved by our clients.

## **7. BUSINESS OVERVIEW (CONT'D)**

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In view of this requirement, certain of our subcontractors prefer for our Group to procure the construction materials used for their portions of the work. Our Group orders such construction materials from our approved suppliers and obtains clients' approval for such purchased materials. Generally, this results in a shorter lead time between ordering the construction materials and having it approved and ready for use on the site. All construction materials purchased on behalf of our subcontractors are billed to them at cost plus an administrative charge to cover our related administrative costs.

Over the years, we have built a good business relationship with many of our suppliers of construction materials. During the Period under Review, we have not faced any material interruption in the supply of construction materials.

### **7.8.6 Project management and quality control ("QC")**

For projects awarded by our clients, we are required to report and update the progress of our ongoing construction projects on a regular basis. As such, for each ongoing project, our project management team comprising, amongst others, our technical personnel who will work closely with our subcontractors and our site personnel to ensure that the construction project is implemented in accordance with contract documents, specifications, drawings, and relevant authorities' requirements. This team conducts periodical meetings with external consultants and subcontractors and carry out regular site visits to monitor the work done and to resolve any site matters arising during the construction period.

Our project manager will conduct regular meetings with the project owner to report on the progress of the construction and to discuss any issues that may arise and to agree on a solution to mitigate cost overruns and delays. Our project management team is also responsible for preparing the project billing to the clients.

In the event there is a change in the scope of work originally agreed upon in the contract, a variation order will be prepared and approved by us and the client. The change in scope may be caused by changes in the design due to client requests or other factors affecting the project such as delays in obtaining the possession of the work site due to complications in land acquisition caused by disagreement between the government and the landowner on the amount of compensation for the land to be acquired or delays in the original landowner vacating the land, or natural disasters such as landslides. Variation orders can be requested by the client or our Group.

Our Project team will prepare a formal request for a variation order which will outline amongst others, the proposed change in scope, the reasons for the variation as well as the impact to the total cost and project timeline. Such requests may also involve negotiations between us and the client regarding the terms of the variation order, including adjustments to the contract price and project schedule.

Once a variation order has been agreed to and issued by the client, our Project team will then implement the variation order, which may involve updating design drawings, technical specifications, work schedules and the procurement plan. Throughout the implementation of the variation order, our Project team will monitor the progress closely to ensure that the changes are integrated smoothly and do not adversely affect other aspects of the project.

Our Project team also comprise QC personnel who are responsible for ensuring our construction projects meet the quality expectations of our clients. As part of their work, the QC personnel perform quality checks on the construction materials used in the construction, on-site monitoring and auditing of both external subcontractors and in-house technical personnel as well as internal inspections on works done. Any non-compliance is then reported to the project manager for rectification.

## 7. BUSINESS OVERVIEW (CONT'D)

### 7.8.7 Final inspection and project handover

Once the construction works are completed, our project manager will arrange for a final inspection to be carried out with the project owner. Any defects identified during the inspection must be rectified and a follow up inspection must be conducted. Once the project owner approves the completed project, the CPC will be issued to us signifying that we have completed our assigned obligations and handed the work over to the project owner.

However, after the handing over of the project, we are obligated under the contract to provide a defect liability warranty under the DLP, which typically ranges from 12 to 24 months. During the DLP, we are obliged to return to the site to remedy defects in our work, if any. For road constructions, these may include repairs for road defects such as potholes, surface deterioration or cracking.

During the Period under Review up to the LPD, we have not experienced any defect liability claims or compensation demands from our clients.

### 7.9 RESEARCH AND DEVELOPMENT

We do not carry out any research and development activities as it is not relevant to the nature of our business and operations, and we did not recognise any research and development expenditure during the Period under Review.

### 7.10 TECHNOLOGY USED

Our Group utilises new and innovative construction technologies, such as the use of automated construction machinery and equipment, remote controlled drones with LiDAR capability and satellite imagery to carry out our construction activities. Please refer to Section 7.19 of this Prospectus for the list of our major machinery and equipment as well as the technology upgrades installed in them. Our Group, through the continuous efforts of Johannes Lo, our Head of Sustainability and Innovation, continues to keep abreast of the latest innovations in construction machinery, equipment and vehicles and if suitable for our operations and required for our Group's existing construction projects, purchases and adopts such new technologies to boost productivity and operational efficiency as well as optimise our cost and resources.

Some of the notable technologies that we have invested in and employed in as at the LPD are as follows:

- Our Group purchases **high-resolution satellite imagery** from third-party commercial satellite companies to create a high-resolution and comprehensive view of the construction sites' surfaces throughout the entire route of the project to map out detailed representations of the construction sites;
- Our Group has acquired 1 **drone equipped with LiDAR** to perform land surveying activities. Such drones are able to remotely capture high-resolution imagery and 3D data of land surveying areas, infrastructure, and landscapes. LiDAR uses laser pulses to capture millions of points per second, resulting in highly detailed and accurate digital representations as compared to conventional land surveying method;
- Our Group has acquired 3 **autonomous vehicle control modules** for our motor graders, enabling the operators of such vehicles perform their work more precisely, minimising mistakes and the need to redo such works, thereby improving efficiency. These upgraded systems utilise sensors, cameras, LiDAR and GPS to carry out its work more efficiently, effectively and accurately.

## 7. BUSINESS OVERVIEW (CONT'D)

### 7.11 MAJOR CLIENTS

Our major clients for the Period under Review were the Ministry of Works, Malaysia and JKR Sabah which contributed almost all of our Group's construction revenue for the FYE 2021, FYE 2022, FYE 2023 and FPE 2024. The revenue contributions of both clients are as follows:

	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
<b>Revenue from construction projects undertaken by our Group</b>								
- As sole contractor	212,040	91.61	287,801	96.96	263,440	93.83	138,169	92.84
- Via joint arrangements with another construction company <sup>(1)</sup>	-	-	712	0.24	10,231	3.64	8,665	5.82
<b>Total</b>	<b>212,040</b>	<b>91.61</b>	<b>288,513</b>	<b>97.20</b>	<b>273,671</b>	<b>97.47</b>	<b>146,834</b>	<b>98.66</b>
<b>Clients</b>								
- Ministry of Works, Malaysia	142,119	61.40	196,984	66.36	185,091	65.92	116,546	78.31
- JKR Sabah	69,921	30.21	91,529	30.83	88,580	31.55	30,288	20.35
<b>Total</b>	<b>212,040</b>	<b>91.61</b>	<b>288,513</b>	<b>97.20</b>	<b>273,671</b>	<b>97.47</b>	<b>146,834</b>	<b>98.66</b>
<b>Total revenue of our Group</b>	<b>231,457</b>	<b>100.00</b>	<b>296,838</b>	<b>100.00</b>	<b>280,766</b>	<b>100.00</b>	<b>148,824</b>	<b>100.00</b>

**Note:**

(1) Represents the Kota Belud Road Project and the Pan Borneo Highway (WP13) Project which were awarded to our construction partners and we were brought on via joint arrangements to jointly execute the projects.

Our first large scale infrastructure construction project (project value above RM50 million) awarded from JKR Sabah was the Jalan Nenas upgrading project which was awarded on 11 September 2001 which was 23 years ago. Our other clients for the Period under Review comprise the individual purchasers of completed factory units at our "The Factory @ Inanam" project.

Our business and financial performance during the Period under Review was solely contributed by construction projects where Ministry of Works, Malaysia and JKR Sabah were the project owners. Please refer to Section 7.4.1 of this Prospectus for more details on the projects undertaken by our Group during the Period under Review.

We are dependent on the Ministry of Works, Malaysia and JKR Sabah in view that the revenue contribution from them is over 90% of our Group's total revenue for any of the years during the Period under Review. Due to the project-oriented nature of our construction industry, our revenue will continue to be generated from the Ministry of Works, Malaysia and JKR Sabah until all awarded contracts by them are completed. For avoidance of doubt, we

## 7. BUSINESS OVERVIEW (CONT'D)

will continue to be dependent on the Ministry of Works, Malaysia and JKR Sabah as we specialise in road infrastructure construction and intend to continue tendering for road infrastructure construction projects from the Ministry of Works, Malaysia and JKR Sabah.

### 7.12 MAJOR SUPPLIERS

Our Group's top 5 suppliers by total cost of sales for the Period under Review are as follows:

Suppliers	Categories of services provided	Length of business relationship (years) <sup>(1)</sup>	FYE 2021 (RM'000)	FYE 2021 (%)
Megaworld Synergy Sdn Bhd <sup>(2)</sup>	Subcontractor for structural works	6	17,114	10.60
Sense Power Sdn Bhd <sup>(2)</sup>	Subcontractor for drainage works, vehicular box culvert, street lighting and relocation works for drainage and electrical services	5	11,633	7.20
FC Advance Machinery Sdn Bhd	Subcontractor for superstructure works	5	10,198	6.31
Makna Setia Sdn Bhd	Subcontractor for superstructure works	4	7,953	4.92
Omega Borneo Sdn Bhd	Subcontractor for piling works and drainage works	7	7,875	4.88
<b>Total</b>			<b>54,773</b>	<b>33.91</b>
<b>Total cost of sales of our Group</b>			<b>161,529</b>	<b>100.00</b>

Suppliers	Categories of products / services provided	Length of business relationship (years) <sup>(1)</sup>	FYE 2022 (RM'000)	FYE 2022 (%)
Megaworld Synergy Sdn Bhd <sup>(2)</sup>	Subcontractor for structural works	6	15,743	7.64
Makna Setia Sdn Bhd	Subcontractor for superstructure works	4	12,654	6.13
Awalsa Sdn Bhd	Subcontractor for paving works	9	8,561	4.15
Sejati Harapan Enterprise	Subcontracted services for earthworks and geotechnical works	3	8,235	4.00
FC Advance Machinery Sdn Bhd	Subcontracted services for superstructure works	5	7,351	3.57
<b>Total</b>			<b>52,544</b>	<b>25.49</b>
<b>Total cost of sales of our Group</b>			<b>206,044</b>	<b>100.00</b>

**7. BUSINESS OVERVIEW (CONT'D)**

<b>Suppliers</b>	<b>Categories of services provided</b>	<b>Length of business relationship (years)<sup>(1)</sup></b>	<b>FYE 2023 (RM'000)</b>	<b>(%)</b>
Omega Borneo Sdn Bhd	Subcontractor for piling works and drainage works	7	24,861	12.24
Awalsa Sdn Bhd	Subcontractor for structural works	9	14,463	7.12
Makna Setia Sdn Bhd	Subcontractor for superstructure works	4	13,638	6.71
KN M&E Construction	Subcontractor for relocation of electrical and drainage services and street lighting	14	10,910	5.37
Megagrand Sdn Bhd	Subcontractor for the supply, fabrication and erection of structural steel girders for bridges	1	10,718	5.27
<b>Total</b>			<b>74,590</b>	<b>36.71</b>
<b>Total cost of sales of our Group</b>			<b>203,188</b>	<b>100.00</b>

<b>Suppliers</b>	<b>Categories of services provided</b>	<b>Length of business relationship (years)<sup>(1)</sup></b>	<b>FPE 2024 (RM'000)</b>	<b>(%)</b>
Omega Borneo Sdn Bhd	Subcontractor for piling works and drainage works	7	6,976	6.33
FC Advance Machinery Sdn Bhd	Subcontracted services for superstructure works	5	4,871	4.42
AP Jaya Kontraktor	Supplier for diesel	2	3,187	2.89
Hexastream Sdn Bhd	Supplier for fabricated steel	1	3,186	2.89
Awalsa Sdn Bhd	Subcontractor for paving works	9	3,040	2.76
<b>Total</b>			<b>21,260</b>	<b>19.29</b>
<b>Total cost of sales of our Group</b>			<b>110,213</b>	<b>100.00</b>

**Notes:**

- (1) Length of business relationship with our major suppliers is calculated based on the date of our first business transaction with these suppliers up to the LPD.
- (2) Our purchases from Megaworld Synergy Sdn Bhd and Sense Power Sdn Bhd are considered related party transactions. As at the LPD, Megaworld Synergy Sdn Bhd remains a related party of our Group but has ceased all transactions with our Group while Sense Power Sdn Bhd is no longer a related party of our Group. Please refer to Section 10 of this Prospectus for further information on the related party transactions entered into by our Group during the Period under Review up to the LPD.

**7. BUSINESS OVERVIEW (CONT'D)**

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Our major suppliers comprise our subcontractors whom we engage to perform construction works under our supervision. Such appointments of suppliers are on a project-by-project basis, which may vary from year to year depending on the types of projects on hand as well as the scope of works of the respective suppliers.

During the Period under Review, we had appointed certain related parties as our subcontractors. These companies were incorporated by our Promoters to perform certain construction works required by the projects and are not typically performed by our Group. As at the LPD, none of the related parties are subcontractors of our Group. Please refer to Section 10 of this Prospectus for further information on the related parties appointed by our Group as subcontractors during the Period under Review.

During the Period under Review, we were not dependent on any individual subcontractor or supplier for our business operations as their individual share of our cost of sales was not significant. In addition, our Group has alternative subcontractors and suppliers who are able to provide the same products or services as mentioned above.

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## 7. BUSINESS OVERVIEW (CONT'D)

### 7.13 TYPES, SOURCES AND AVAILABILITY OF PURCHASES

The major types of input materials and services that we purchased for our business operations during the Period under Review are as follows:

	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
<b>Subcontracted services</b>	<b>96,620</b>	<b>60.99</b>	<b>92,786</b>	<b>50.81</b>	<b>86,365</b>	<b>43.97</b>	<b>25,805</b>	<b>26.51</b>
<b>Project overhead and related costs</b>								
Hiring and transportation charges	6,802	4.29	2,648	1.45	7,860	4.00	2,908	2.99
Upkeep of construction machinery and equipment	13,039	8.23	16,863	9.24	17,694	9.01	8,637	8.87
Diesel and oil	5,609	3.54	8,749	4.79	8,753	4.46	3,895	4.00
Other project overheads <sup>(1)</sup>	7,325	4.62	8,060	4.41	11,262	5.73	7,541	7.75
<b>Subtotal</b>	<b>32,775</b>	<b>20.68</b>	<b>36,320</b>	<b>19.89</b>	<b>45,569</b>	<b>23.20</b>	<b>22,981</b>	<b>23.61</b>
<b>Construction materials</b>								
Concrete and cements	1,812	1.15	4,006	2.19	12,679	6.46	10,642	10.93
Steel materials	3,324	2.10	13,207	7.23	18,598	9.47	14,663	15.07
Guardrails	-	-	-	-	4,607	2.35	28	0.03
Precast concrete products	2,018	1.27	3,152	1.73	4,997	2.54	2,349	2.41
Geotextile filters	4,468	2.82	12,709	6.96	1,787	0.90	636	0.65
Other material costs <sup>(2)</sup>	1,208	0.77	4,611	2.53	7,151	3.64	11,585	11.90
<b>Subtotal</b>	<b>12,830</b>	<b>8.11</b>	<b>37,685</b>	<b>20.64</b>	<b>49,819</b>	<b>25.36</b>	<b>39,903</b>	<b>40.99</b>
<b>Direct labour costs</b>	<b>16,185</b>	<b>10.22</b>	<b>15,805</b>	<b>8.66</b>	<b>14,668</b>	<b>7.47</b>	<b>8,652</b>	<b>8.89</b>
<b>Total</b>	<b>158,410</b>	<b>100.00</b>	<b>182,596</b>	<b>100.00</b>	<b>196,421</b>	<b>100.00</b>	<b>97,341</b>	<b>100.00</b>

**Notes:**

- (1) Other project overheads include fuel, insurances, utilities, duties, levies and bank charges.
- (2) Other material costs include purchases of timber for formwork, road marking and crushed stone aggregate.

## 7. BUSINESS OVERVIEW (CONT'D)

### (i) Subcontracted services

Our Group maintains a panel of pre-approved subcontractors, chosen based on factors such as their ability to perform the necessary works within the timeframe required, reputation, track record, experience, work quality and financial capability. Construction companies which meet these criteria are then approached and invited to submit quotes for their services. We have stringent selection procedures based on the aforementioned factors and routinely assess our internal panel of selected subcontractors, evaluating their ability to consistently deliver quality work, offer competitive pricing, meet project deadlines, and have the resources and capacity for their tasks.

Where possible, we prefer to appoint local subcontractors. However, in the event we are unable to secure the services of local subcontractors for certain specialised types of construction on terms acceptable to us, we may appoint foreign subcontractors to execute the project. For avoidance of doubt, during the Period under Review and up to the LPD, we have only appointed local subcontractors.

### (ii) Project overhead and related costs

Project overhead and related costs include general preliminary and project related expenses which are miscellaneous in nature.

### (iii) Construction materials

Our main construction materials used in our construction activities were steel bars and reinforcement, premixed and ready mixed concrete, geotextile filter cloth, diesel and lubricant, aggregates, and premixed asphalt, and so forth.

We source our construction materials from our pool of local suppliers, which are assessed and approved by our Group and our clients. We are also able to assist our subcontractors to source and purchase the construction materials for our projects at competitive prices through our bulk purchasing arrangements. The sourcing of construction materials for our projects is at the discretion of the subcontractors. We are not involved in the trading of construction materials. As a result, we supply the construction materials to our subcontractors at cost price plus administrative charges. By doing this, we are able to monitor the quality of the construction materials used in our projects and control the cost of construction.

To ensure our suppliers continuously supply quality construction materials to us, we conduct sampling inspections on the construction materials used when they are delivered to the construction sites. Any defected/non-approved construction materials will be notified to our suppliers for replacement. For the Period under Review and up to the LPD, we have not experienced any material issues from the construction materials supplied by our suppliers.

The prices of our construction materials used in our Group's projects are subject to price fluctuations based on supply and demand conditions. Generally, our Group's construction materials are easily available both locally and globally, hence, our Group does not foresee any major supply problems that would have material adverse effect on our construction operations.

### (iv) Direct labour costs

For the Period under Review, our direct labour cost comprised wages and benefits paid to our construction workers, such as project managers, supervisors, skilled workers and unskilled workers, whose are involved in our construction projects.

## 7. BUSINESS OVERVIEW (CONT'D)

### 7.14 DEPENDENCY ON CONTRACTS, AGREEMENTS, DOCUMENTS OR OTHER ARRANGEMENTS

Save for our major licences as set out in Annexure B of this Prospectus and as disclosed below, the business and profitability of our Group are not materially dependent on any contracts, agreements or other arrangements as at the LPD:

#### (i) Letter of Award in respect of Pan Borneo Highway (WP06) Project dated 2 December 2019<sup>(1)</sup>

<b>Parties</b>	: <b>Awarding Party</b> – Government of Malaysia through the Ministry of Works Malaysia  <b>Contractor</b> – Pembinaan AJ
<b>Scope of works</b>	: To carry out the remaining construction works <sup>(1)</sup> for the upgrading of the highway from Putatan to Inanam, Kota Kinabalu, Sabah in respect of the construction of work package 6 of the Pan Borneo Highway
<b>Project components</b>	: 19.6 km dual carriageway highway beginning at Putatan and ending at Kiansom, Inanam as well as a spur road of 2.1 km connecting the Pan Borneo Highway to Bukit Padang, including the construction of 6 interchanges and 3 bridges
<b>Contract Sum</b>	: RM808,102,550.72 and subsequently increased to RM832,085,459.22
<b>Contract Period</b>	: 3 December 2019 to 3 May 2022 and subsequently extended up until 5 November 2024
<b>Site handover and commencement of works date</b>	: The handing over of the site was on 3 December 2019. However, no works can be performed on the site until the following documents are presented to the Government: <ul style="list-style-type: none"> <li>(a) Non-cancellable performance bond of RM48,601,000.00, failing which the Government has the right to impose a retention sum;</li> <li>(b) Contractor All Risks Insurance of RM972,020,000.00;</li> <li>(c) Workmen's Compensation Insurance of RM97,202,000.00; and</li> <li>(d) The employer's registration number under the Self-Employment Social Security Scheme ("<b>SOCSO</b>") and/or workmen's compensation insurance.</li> </ul> <p>The above documents have been presented to the Government on 2 March 2018.</p>
<b>Events of Default / Termination</b>	: The awarding party shall have the right to terminate the letter of award if, amongst others: <ul style="list-style-type: none"> <li>(a) the contractor fails to commence works within 2 weeks from the possession of the site;</li> <li>(b) upon issuance of any order by the awarding party, the contractor fails to fulfil requirements of the awarding party and fails to carry out the works within the period as prescribed thereby where the quality of the said works was also not satisfactory;</li> </ul>

**7. BUSINESS OVERVIEW (CONT'D)**

- Events of Default / Termination (Cont'd)** : (c) the contractor has misrepresented or submitted false information during dealings with the awarding party for this awarded project or has committed any other acts, such as falsification of information in the certificate of registration of the contractor, submission of the performance bond or other documents that are false or have been modified;
- (d) the contractor permits the misuse of the declaration letter of successful bidder (*Surat Akuan Pembida Berjaya*) by other parties; or
- (e) the contractor fails/breaches its obligations stated in the conditions of contract.
- Defects liability period** : 24 months from the date of issuance of the CPC
- Special Terms (if any)** : The contractor is required to implement the Professional Training and Education for Growing Entrepreneurs Program ("**Protégé Program**") as established by the Government of Malaysia with a minimum number of 328 participants
- Status of compliance in respect of Protégé Program<sup>(2)</sup>** : In the midst of complying
- (ii) Letter of Award in respect of Pan Borneo Highway (WP12) Project dated 29 February 2024**
- Parties** : **Awarding Party** – Government of Malaysia through the Ministry of Works, Malaysia under JKR Sabah for the execution and administration of the project
- Contractor** – Pembinaan AJ
- Scope of works** : To construct a road from Sarang to Temuno, Kota Kinabalu, Sabah in respect of the construction of work package 12 of the Pan Borneo Highway
- Project components** : 14.8 km dual carriageway highway beginning at Sarang and ending at Temuno, including the construction of 4 bridges
- Contract Sum** : RM316,500,000.00
- Contract Period** : 29 February 2024 to 31 March 2027
- Site handover and commencement of works date** : The handing over of the site was on 1 April 2024. However, no works can be performed on the site until the following documents are presented to the Government:
- (a) A non-cancellable performance bond of RM18,680,000, failing which the Government has the right to impose a retention sum;
- (b) Public liability insurance of not less than RM2,000,000;
- (c) Contract works insurance of RM316,500,000;

**7. BUSINESS OVERVIEW (CONT'D)**

**Site handover and commencement of works date (Cont'd)** : (d) The employer's registration number under the SOCSO and/or workmen's compensation insurance; and  
 (e) The Employees Provident Fund ("EPF") registration number.

**("Submission of WP12 Documents")**

The above documents have been presented to the Government on 10 May 2024.

**Events of Default / Termination** : The awarding party shall have the right to terminate the letter of award if, amongst others:

- (a) contractor fails to comply with the Submission of WP12 Documents;
- (b) the contractor fails to comply with any terms as set out in the declaration letter of successful bidder (*Surat Akuan Pembida Berjaya*);
- (c) the contractor fails to commence works within 2 weeks from the possession of the site;
- (d) the contractor has misrepresented or submitted false information during dealings with the awarding party for this awarded project or has committed any other acts, such as falsification of information in the certificate of registration of the contractor, submission of the performance bond or other documents that are false or have been modified;
- (e) the contractor permits the misuse of the declaration letter mentioned in item (b) above by other parties; or
- (f) the contractor fails/breaches its obligations stated in the conditions of contract

**Defects liability period** : To be determined<sup>(3)</sup>

**Special Terms (if any)** : The contractor is required to implement the Protégé Program as established by the Government of Malaysia with a minimum number of 132 participants

**Status of compliance in respect of Protégé Program<sup>(2)</sup>** : In the midst of complying

**(iii) Joint venture agreement in respect of Pan Borneo Highway (WP13) Project dated 1 March 2024 entered into between AJ Properties and Katata Construction (Sabah) Sdn Bhd ("Katata")**

JKR Sabah had awarded the Pan Borneo Highway (WP13) Project to Katata vide its letter of award dated 29 February 2024 ("**WP13 LOA**"). Further to the said letter of award, AJ Properties and Katata had separately on 1 March 2024, entered into a joint venture agreement to jointly amongst others, coordinate, manage and undertake the Pan Borneo Highway (WP13) Project, subject to the terms therein contained ("**Katata JV Agreement**").

## 7. BUSINESS OVERVIEW (CONT'D)

The salient terms of the WP13 LOA and Katata JV Agreement in respect of Pan Borneo Highway (WP13) Project are as follows:

- Parties to the WP13 LOA** : **Awarding Party** – Government of Malaysia through the Ministry of Works, Malaysia under JKR Sabah for the execution and administration of the project
- Contractor** – Katata
- Parties to the Katata JV Agreement** : AJ Properties and Katata
- Scope of works** : To construct a road from Temuno to Bingolon, Kota Kinabalu, Sabah in respect of the construction of work package 13 of the Pan Borneo Highway
- Project components** : 21.2 km dual carriageway highway beginning at Temuno and ending at Bingolon, including the construction of 3 bridges
- Contract Sum** : RM366,128,000.00 (being AJ Properties' share of the Contract Sum)
- Contract Period** : 29 February 2024 until 30 September 2027
- Site handover and commencement of works date** : The handing over of the site was on 1 April 2024. However, no works can be performed on the site until the following documents are presented to the Government:
- (a) a non-cancellable performance bond of RM18,680,000.00, failing which the Government has the right to impose a retention sum;
  - (b) public liability insurance of not less than RM2,000,000.00;
  - (c) contract works insurance of RM373,600,000.00;
  - (d) the employer's registration number under the SOCSO and/or workmen's compensation insurance; and
  - (e) the EPF registration number.
- ("Submission of WP13 Documents")**
- The above documents have been presented to the Government on 28 May 2024.
- Events of Default / Termination of the WP13 LOA** : The awarding party shall have the right to terminate the letter of award if, amongst others:
- (a) the contractor fails to comply with the Submission of WP13 Documents;
  - (b) the contractor fails to comply with any terms as set out in the declaration letter of successful bidder (*Surat Akuan Pembida Berjaya*);
  - (c) the contractor fails to commence works within 2 weeks from the possession of the site;

**7. BUSINESS OVERVIEW (CONT'D)**

**Events of Default / Termination of the WP13 LOA (Cont'd)** : (d) the contractor has misrepresented or submitted false information during dealings with the awarding party for this awarded project or has committed any other acts, such as falsification of information in the certificate of registration of the contractor, submission of the performance bond or other documents that are false or have been modified;

(e) the contractor permits the misuse of the declaration letter mentioned in item (b) above by other parties; or

(f) the contractor fails/breaches its obligations stated in the conditions of contract.

**Events of Default / Termination of the Katata JV Agreement** : The Katata JV Agreement shall continue until expiry of the WP13 LOA and until receipt by Katata and AJ Properties of all moneys due to them pursuant to the WP13 LOA.

Either party may terminate the Katata JV Agreement upon:

(a) mutual agreement in writing to terminate the Katata JV Agreement;

(b) the WP13 LOA being terminated by the parties thereto prior to the successful completion of the Pan Borneo Highway (WP13) Project, subject further to the terms of the Katata JV Agreement; and

(c) material breach by either Katata or AJ Properties of any of the provisions contained in the Katata JV Agreement.

It shall be deemed a material breach of the Katata JV Agreement by Katata or AJ Properties, in the event Katata or AJ Properties, as the case may be, shall:

(a) be declared bankrupt or insolvent or go into voluntary liquidation otherwise than for the purpose of reconstruction or amalgamation or an order of court is made for its compulsory liquidation;

(b) enter into any composition or arrangement with its creditors; or

(c) commit a breach of its obligations under the Katata JV Agreement which has not been remedied within 30 days from the receipt of any written notice by the other party complaining of such breach.

**Defects liability period** : To be determined<sup>(3)</sup>

**Special Terms (if any)** : Katata is required to implement the Protégé Program as established by the Government of Malaysia with a minimum number of 156 participants.

**Status of compliance in respect of Protégé Program<sup>(2)</sup>** : In the midst of complying.

## 7. BUSINESS OVERVIEW (CONT'D)

(iv) **Joint venture agreement in respect of Pan Borneo Highway (WP26) Project dated 6 September 2024 entered into between AJ Properties and PWMW Constructions Sdn Bhd (“PWMW”)**

JKR Sabah had awarded the Pan Borneo Highway (WP26) Project to PWMW vide its letter of award dated 29 August 2024 (“**WP26 LOA**”). Thereafter, AJ Properties and PWMW on 6 September 2024, entered into a joint venture agreement to jointly amongst others, coordinate, manage and undertake the Pan Borneo Highway (WP26) Project, subject to the terms therein contained (“**PWMW JV Agreement**”).

The salient terms of the WP26 LOA and PWMW JV Agreement in respect of Pan Borneo Highway (WP26) Project are as follows:

**Parties to the WP26 LOA** : **Awarding Party** – Government of Malaysia through the Ministry of Works, Malaysia under JKR Sabah for the execution and administration of the project

**Contractor** – PWMW

**Parties to the PWMW JV Agreement** : AJ Properties and PWMW

**Scope of works** : To construct at road from Sukau to Kampung Lot M, Sabah] in respect of the construction of work package 26 of the Pan Borneo Highway

**Project components** : 18.0 km dual carriage highway beginning at Sukau and ending at Kampung Lot M, including the construction of 2 interchanges and 1 bridge

**Contract Sum** : RM478,148,814 (being AJ Properties’ share of the Contract Sum)

**Contract Period** : 30 September 2024 until 29 March 2028

**Site handover and commencement of works date** : The handing over of the site shall be on 30 September 2024. However, no works can be performed on the site until the following documents are presented to the Government:

- (a) a non-cancellable performance bond of RM24,395,347.67, failing which the Government has the right to impose a retention sum;
- (b) public liability insurance of not less than RM2,000,000.00;
- (c) contract works insurance of RM487,906,953.43;
- (d) the employer’s registration number under the SOCSO and/or workmen’s compensation insurance; and
- (e) the EPF registration number.

**(“Submission of WP26 Documents”)**

The above documents are expected to be presented to the Government by end-October 2024.



**7. BUSINESS OVERVIEW (CONT'D)**

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**Events of Default / Termination of the WP26 LOA** : The awarding party shall have the right to terminate the letter of award if, amongst others:

- (a) the contractor fails to comply with the Submission of WP26 Documents;
- (b) the contractor fails to comply with any terms as set out in the declaration letter of successful bidder (*Surat Akuan Pembida Berjaya*);
- (c) the contractor fails to commence works within 2 weeks from the possession of the site;
- (d) the contractor has misrepresented or submitted false information during dealings with the awarding party for this awarded project or has committed any other acts, such as falsification of information in the certificate of registration of the contractor, submission of the performance bond or other documents that are false or have been modified;
- (e) the contractor permits the misuse of the declaration letter mentioned in item (b) above by other parties; or
- (f) the contractor fails/breaches its obligations stated in the conditions of contract

**Events of Default / Termination of the PWMW JV Agreement** : The PWMW JV Agreement shall continue until expiry of the WP26 LOA and until receipt by PWMW and AJ Properties of all moneys due to them pursuant to the WP26 LOA.

Either party hereto may terminate the PWMW JV Agreement upon:

- (a) mutual agreement in writing to terminate the PWMW JV Agreement;
- (b) the WP26 LOA being terminated by the parties thereto prior to the successful completion of the Pan Borneo Highway (WP26) Project, subject further to the terms of the PWMW JV Agreement; and
- (c) material breach by either PWMW or AJ Properties of any of the provisions contained in the PWMW JV Agreement.

It shall be deemed a material breach of the PWMW JV Agreement by PWMW or AJ Properties, in the event PWMW or AJ Properties, as the case may be, shall:-

- (a) be declared bankrupt or insolvent or go into voluntary liquidation otherwise than for the purpose of reconstruction or amalgamation or an order of court is made for its compulsory liquidation;
- (b) enter into any composition or arrangement with its creditors; or
- (c) commit a breach of its obligations under the PWMW JV Agreement which has not been remedied within 30 days from the receipt of any written notice by the other party complaining of such breach.

**Defects liability period** : To be determined<sup>(3)</sup>

## 7. BUSINESS OVERVIEW (CONT'D)

**Special Terms (if any)** : PWMW is required to implement the Protégé Program as established by the Government of Malaysia with a minimum number of 203 participants.

**Status of compliance in respect of Protégé Program<sup>(2)</sup>** : In the midst of complying.

**Notes:**

- (1) In 2017, Borneo Highway PDP Sdn Bhd, a project delivery partner appointed by the Federal Government of Malaysia, awarded a construction contract to Pembinaan AJ for the construction of work package 6 of the Pan Borneo Highway. This construction project was subsequently terminated by Borneo Highway PDP Sdn Bhd vide their letter dated 22 July 2019 and was to take effect on 22 September 2019.

This project was subsequently re-awarded to Pembinaan AJ by the Ministry of Works, Malaysia vide their letter of award dated 2 December 2019, details of which are set out in item (i) above.

Please refer to Section 7.24(ii) of this Prospectus for further information on the past events of this project.

- (2) The Protégé Program is implemented by the Government to create a pool of competent, well trained, knowledgeable and skilled graduates. This is achieved through the placement and training of said graduates in participating companies over a period of time which will help them attain relevant competencies that will enhance the marketability and entrepreneurial skills of said graduates.

Pursuant to the Protégé Program, the contractor is required to prepare an implementation schedule based on the contract period of the respective project. Based on this schedule, the implementation of the respective Protégé Program will be completed upon the completion of the respective project. For information, as at the LPD, the implementation schedule of the Protégé Programs in respect of the Pan Borneo Highway (WP06) Project, Pan Borneo Highway (WP12) Project and Pan Borneo Highway (WP13) Project have been approved by the relevant authorities.

Pursuant to the terms of the respective agreements, if the contractor fails to comply with the Protégé Program, the Government reserves the right not to consider the contractor for any new contract offers or extensions of contract in the future.

- (3) The DLP is not stated in the letters of award issued by JKR Sabah for the Pan Borneo Highway (WP12) Project, Pan Borneo Highway (WP13) Project and Pan Borneo Highway (WP26) Project and shall be determined and informed to us by JKR Sabah at a later date. The usual DLP for similar projects is 24 months.

### 7.15 INSURANCE

We maintain various insurance policies to protect and safeguard our employees, properties, machinery and equipment, construction projects, subcontractors operating in our construction sites, from unforeseen risks and losses due to accidents, fire, burglary and theft, defect liability, amongst others, arising from our business and construction operations.

## 7. BUSINESS OVERVIEW (CONT'D)

Pursuant to the terms of the construction contracts from the Ministry of Works, Malaysia and JKR Sabah, we are required to obtain various insurance policies for our construction projects, including contractors all risk insurance and workmen compensation insurance to manage our financial risks. For instance, contractors all risks insurance protects us against losses or damages in respect of our construction work at the construction sites as well as any third-party claims arising in connection with our construction project. Workmen compensation insurance covers our statutory liability as an employer to insure all our employees.

In addition, we have obtained insurance policies on our construction machineries and equipment as well as vehicles used by our Group. These insurance policies protect us from theft, vandalism, accidents, damage caused by fire and floods.

All our insurance policies have specifications and insured limits that we believe are appropriate, taking into consideration our risk level and exposure to such loss, the cost of such insurance, and applicable regulatory requirements in Malaysia and in accordance with the conditions set by our clients. We will also conduct periodic review of our insurance coverage to ensure we have adequate insurance coverage, taking into consideration our size, the activities we conduct and the risks associated with our operations.

### 7.16 SEASONALITY

There is no seasonal demand in road infrastructures development and construction activities. Road infrastructure development and construction activities are correlated to the Government's investment and spending on infrastructure development in Malaysia. Hence, any material reduction in government spendings on development of new infrastructures as well as upgrading of existing infrastructure, including road infrastructure will have an impact on our Group's business, operations and financial performance.

### 7.17 EMPLOYEES

As at the LPD, we employ a total of 551 employees, all of whom are full-time employees. The breakdown of our employees by operating division are as follows:

<b>Categories</b>	<b>Local employees</b>	<b>Foreign employees</b>	<b>Total</b>
Executive Directors and senior management	16	2	18
Project - Administrative and operations staff	83	2	85
Project - Engineers and technical staff	95	4	99
Construction workers			
▪ Skilled	197	12	209
▪ Unskilled	116	24	140
<b>Total</b>	<b>507</b>	<b>44</b>	<b>551</b>

As at the LPD, approximately 10.32% of our Group's construction workers are foreigners who are mainly from Indonesia and Philippines. All our foreign construction workers working in Malaysia have valid working permits and we have not been and are not in breach of any immigration laws.

None of our employees belong to any labour union. For the Period under Review up to the LPD, there has been no major disputes pertaining to our employees.

## 7. BUSINESS OVERVIEW (CONT'D)

### 7.18 INTERRUPTIONS TO BUSINESS AND OPERATIONS

There has not been any material interruption to our business operations during the past 12 months prior to the date of this Prospectus.

### 7.19 MATERIAL PROPERTY, PLANT, MACHINERY AND EQUIPMENT

Please refer to Annexure A of this Prospectus for the material properties of our Group. As at the LPD, our Group owns the following material construction machinery and equipment:

<b>Material construction machinery and equipment</b>	<b>No. of fully depreciated units</b>	<b>No. of units with net book values</b>	<b>Total units</b>	<b>Total net book value (RM'000)</b>
Excavators	-	63	63	16,559
Dump trucks	22	52	74	6,151
Motor graders <sup>(1)</sup>	-	8	8	2,783
Road roller machines	-	19	19	3,593
Crusher plants	-	3	3	1,877
Wheel loaders	-	12	12	2,093
Bulldozers	-	12	12	2,130
Mobile / crawler cranes	-	2	2	800
Backhoe loaders	1	6	7	601
Light trucks	11	13	24	659
Lorry cranes	1	1	2	188
Weight bridges	-	5	5	147
<b>Total</b>	<b>35</b>	<b>196</b>	<b>231</b>	<b>37,581</b>

**Note:**


(1) Inclusive of 3 motor graders which have been installed with autonomous vehicle control modules.

### 7.20 MAJOR LICENSES, PERMITS AND APPROVALS

Please refer to Annexure B of this Prospectus for the major licenses, permits and approvals of our Group.

### 7.21 BRAND NAMES, TRADEMARKS, PATENTS, LICENSE AGREEMENTS AND OTHER INTELLECTUAL PROPERTY RIGHTS

Save as disclosed below, as at the LPD, our Group has not registered or applied for any other brand names, trademarks, patents or other intellectual property rights:

<b>No.</b>	<b>Trademark</b>	<b>Class</b>	<b>Status / Validity period</b>
1.		Class 37 <sup>(1)</sup>	Application filed, under substantive examination <sup>(2)</sup>
2.	<b>AZAM JAYA</b>	Class 37 <sup>(1)</sup>	Application filed, under substantive examination <sup>(2)</sup>

## 7. BUSINESS OVERVIEW (CONT'D)

### Notes:

- (1) Advisory services relating to building construction; Advisory services relating to the construction of public works; Building and construction services; Building construction and repair; Building construction supervision services for building projects; Building construction supervision services relating to shopping centers, industrial complexes, office buildings, residential buildings and other real estate developments; Construction and demolition of buildings, roads, bridges, dams or transmission lines; Construction information; Construction of bridges; Construction of buildings, roads, bridges, dams or transmission lines; Construction of factories; Construction of roads; Construction\*; Construction, maintenance and renovation of buildings; Construction, maintenance and renovation of public works; Custom construction of bridges; Custom construction of buildings; Custom construction of factories; Custom construction of roads; On site construction project management relating to building construction; Providing information relating to the construction of buildings, and repair and installation services; Provision of construction advice; Road construction; Site preparation construction; Underground structure construction; Construction of buildings, roads, bridges and dams; Maintenance of roads; Construction of tunnels; Tunneling services; Bridge construction.
- (2) The said registration application was submitted by Azam Jaya on 12 June 2024 and has been received by MyIPO.

### 7.22 MATERIAL REGULATORY REQUIREMENTS

Our Group is subject to the following governing laws and regulations which are material to our business operations:

(i) **Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994 (“CIDB Act”) and its regulations**

CIDB Act and its regulations govern the registration of construction personnel as well as skills and competency certification.

The CIDB Act prescribes that no person shall undertake any construction works unless he is registered with the CIDB and hold a valid certificate of registration issued by the CIDB under the CIDB Act. Every contractor, whether registered under the CIDB Act or not, shall be subject to the provisions of CIDB Act in order to carry out or complete, undertake to carry out or complete any construction works or hold himself as a contractor. Construction works include amongst others, construction, extension, installation, renovation or dismantling of any building or erection above or below ground level and includes any works that are an integral part of or preparatory to the same.

Pursuant to Section 25 of the CIDB Act, a contractor shall register with the CIDB and hold a valid certificate of registration issued by the CIDB under the CIDB Act in order to carry out or complete, undertake to carry out or complete any construction works or hold himself as a contractor.

Section 29 of the CIDB Act provides that any person who contravenes Section 25(1) of the CIDB Act shall be guilty of an offence and shall, on conviction, be liable to a fine of not less than RM10,000 but not more than RM100,000.

As at the LPD, our Group has obtained valid and subsisting CIDB license for our business operations.

## 7. BUSINESS OVERVIEW (CONT'D)

### (ii) Commercial Vehicles Licensing Board Act 1987 (“CVLB Act”)

The CVLB Act governs the use and licensing requirement in respect of the commercial vehicles.

Under the CVLB Act, a carrier's license “C” shall entitle the holder thereof to use the authorised vehicle for the carriage of his own goods for or in connection with any trade or business carried on by him, but it shall be a condition of the license that no vehicle which is for the time being an authorised vehicle shall be used for the carriage of goods for hire or reward other than goods sold and delivered by the holder under a contract of sale where a charge is made for the delivery of the goods.

Section 34 of the CVLB provides that no person shall use a goods vehicle or cause or permit a goods vehicle to be used for the carriage of goods unless there is in force a carrier's license granted under the CVLB authorising such use, or otherwise than in accordance with such license and any conditions attached thereto, and if he does so he shall be guilty of an offence and shall on conviction be liable to a fine of not less than RM1,000.00 but not more than RM10,000.00 or to imprisonment for a term not exceeding one (1) year or to both.

As at the LPD, our Group has obtained and maintained all valid and subsisting carrier licenses for our commercial vehicles in accordance with CVLB Act.

### (iii) Control of Supplies Act 1961 (“CSA 1961”)

The CSA 1961 governs the control and rationing of supply for the controlled articles.

Section 7(2) and Section 7(3) of the CSA 1961 provides that the Controller of Supplies (an officer appointed by the Yang di-Pertuan Agong pursuant to section 3 of the CSA 1961) (“**Controller**”) may issue or renew licences to deal in controlled articles (as defined under Section 2(1) of the CSA 1961) and every licence issued under Section 7 shall be valid for such period as may be expressed therein and may, subject to any order made by any court under subsection 22(3) of the CSA 1961, be renewed for such further period as the Controller thinks fit.

Section 22(2) of the CSA 1961 states that any body corporate which commits an offence against CSA 1961 shall, on conviction, be liable to a fine not exceeding RM2,000,000 and, for a second or subsequent offence, to a fine not exceeding RM5,000,000.

As at the LPD, our Group holds and maintains valid scheduled controlled articles permits.

### (iv) Sabah Land Ordinance 1930 (“SLO”)

The SLO governs the administration of land matters in Sabah.

Pursuant to the SLO, the state land shall mean the lands that are vested in the Government of Sabah and it is divided into two classes namely (a) town lands and (b) country lands. “title” is defined as Lease, Provisional Lease or entry in the Native Title Register or in the Field Registered issued under the provisions of the SLO.

## 7. BUSINESS OVERVIEW (CONT'D)

Pursuant to Sections 34(1) and 171A of the SLO: (a) in the absence of any express condition to the contrary in the document of title, there shall by virtue of Section 34 of the SLO be implied in every document of title the condition that in case of a breach or default in the observance of any of the conditions of the said title, whether expressed or implied by the SLO, or any previous land ordinance, the government may re-enter upon the land and resume the whole or any portion of the land; and (b) the person who breaches shall, on conviction, be liable to a fine not exceeding RM10,000 or to imprisonment for a term not exceeding 2 years or to both.

As at the LPD, our Group is in compliance with the SLO and will continue to ensure we comply with the same.

### (v) **Employment (Restriction) Act 1968 (“ERA”) and Immigration Act 1959/63 (“Immigration Act”)**

The ERA and Immigration Act generally sets out the restriction of employment of non-citizen and the registration of such non-citizens.

In so far as non-residents of Malaysia are concerned, their employment is further governed by the ERA which imposes the requirement on a person not being a citizen to obtain a valid employment permit before he or she can be employed in any business in Malaysia or accept employment in any business in Malaysia. The ERA similarly prohibits a person from employing in Malaysia any person not being a citizen unless there has been issued in respect of that latter person a valid employment permit. Failure to comply will result the employer being fined not exceeding RM5,000 or to imprisonment for a term not exceeding 1 year or to both.

Apart from the ERA, employers of non-residents are further subject to the provisions contained in the Immigration Act, which prohibits the employment of one or more persons not in possession of valid pass or entry permit issued under the Immigration Act. Any person who contravenes this provision shall be guilty of an offence and shall, on conviction, be liable to a fine of not less than RM5,000 or to imprisonment for a term not exceeding 12 months or to both.

As at the LPD, all of our foreign employees hold valid and subsisting working permits.

### (vi) **Occupational Safety and Health Act 1994 (“OSHA”)**

The OSHA makes provisions for securing the safety, health and welfare of persons at work, to protect others against risks to safety or health in connection with the activities of persons at work, as well as to promote an occupational environment for persons at work.

It shall be the duty of every employer to conduct its undertaking in such a manner as to ensure, as far as possible, that he and other persons, not being its employees who may be affected thereby are not exposed to risks to their safety or health. Every employer who provides, maintains, or imports any machinery, equipment, or appliance for use at work shall ensure the aforesaid, and the installation thereof, is safe and without risks to health when properly used; carry out testing and examination as necessary; and ensure the results of such tests are available.

The OSHA also requires a company to notify the nearest occupational safety and health office of any accident, dangerous occurrence, occupational poisoning or occupational disease which has occurred or is likely to occur at the place of work.

## 7. BUSINESS OVERVIEW (CONT'D)

Pursuant to the OSHA, a person who by any act or omission contravenes any provision of the OSHA 1994 or any regulation made thereunder, shall be guilty of an offence, and if no penalty is expressly provided shall, on conviction, be liable to a fine not exceeding RM10,000 or to imprisonment for a term not exceeding one year or to both, and in the case of continuing offence, to a fine not exceeding RM1,000 for every day or part of a day during which the offence continues after conviction.

With the recent repeal of the Factories and Machinery Act 1967 ("**FMA 1967**") and the consolidation of some of the provisions of the FMA 1967 into the OSHA effective from 1 June 2024, a few key changes shall be taken note of, amongst others the expansion of the scope of workplaces, additional duties on employers, self-employed persons, employees' right to remove themselves from 'imminent danger', monitoring of workplace conditions, including physiological and psychological needs as well as increased penalties.

Amongst others, one of the said key change was the new introduction of the provision, being Section 27D(1) of the OSHA which provides that no person shall operate or cause or permit to be operated any plant that has been installed under section 27C unless the plant has a certificate of fitness issued by an officer or a licensed person. The term 'plant' under the OSHA includes any machinery, equipment, appliance, implement or tool, any component thereof and anything fitted, connected or appurtenant thereto. A person who contravenes section 27D(1) of the OSHA shall be guilty an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 1 year or to both.

As at the LPD, certain of our mobile / crawler and lorry cranes are deemed as 'plants' under the OSHA and requires a certificate of fitness. As at the LPD, 1 of our crane's certificate of fitness has lapsed, and we are in midst of applying for a renewal and pending the renewal, we have ceased the use of this crane. Our Group is in compliance with the relevant provisions under the OSHA and will continue to ensure that we comply with the same.

### (vii) **Local Government Ordinance 1961 ("**LGO**") and relevant building by-laws of the respective local or district councils**

The LGO provides that subject to the provisions of any written law and subject to limitations and conditions as may be specified therein, the local councils shall perform or may perform all or any of the following functions, including regulate and control all buildings and building operations and the repair and removal of ruinous and dangerous buildings and subject to any written law relating to town planning, prohibit the erection of a building of a particular class, design or appearance in particular districts, localities or streets or portions of streets.

Unlike the practice in Peninsular Malaysia, a certificate named "OC" will be issued by the local authority for the completed buildings in Sabah which are certified to be fit for occupation. Such requirement is governed under the Building By-Laws 1951.

Notwithstanding the foregoing, for the districts which have adopted and applied the Uniform Building By-Laws 2022 ("**By-Laws 2022**"), the said certificate will be known as "**CCC**" instead. Pursuant to By-law 220(1) of the By-laws 2022 ("**By-law 220(1)**"), no person shall occupy or permit to be occupied any building or any part thereof unless a CCC or partial CCC, as the case may be, has been issued under the said By-laws in respect of such building.



## 7. BUSINESS OVERVIEW (CONT'D)

Any person who contravenes any provision of the By-laws commits an offence and shall, on conviction, be liable to a fine not exceeding RM100,000.00 or to imprisonment for a term not exceeding 1 year or to both and in the case of a continuing offence, to a further fine not exceeding RM5,000.00 for every day during which the offence continues after conviction.

As at the LPD, our Group is in compliance with the LGO and relevant by-laws and will continue to ensure that we comply with the same.

### (viii) **Trades Licensing Ordinance 1948 (“TLO”) and the by-laws of the respective local councils**

Under the TLO, a trading licence shall authorise the holder to carry on the business described in the licence. If any person contravenes the said provisions, he shall be liable for each offence to a fine of four times the amount of the licence fee and to a further fine of RM10 for each day or part of a day subsequent to a conviction during which the contravention continues.

Every trading licence shall be exhibited in a conspicuous place of the premises and any person who fails to exhibit the licence shall on conviction be liable to a fine of RM500.

As at the LPD, our Group holds and maintains valid trading licences issued by the relevant local councils for our premises where we conduct our business activities.

The above summary does not purport to be an exhaustive description of all laws and regulations of which our business is subject to.

As at the LPD, there are no breach of laws and regulations governing our business operations, and environmental issues which may materially affect our business operations and usage of our properties.

## 7.23 ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We are committed to being a responsible construction company in Malaysia and place efforts to fulfil our corporate responsibility as to environmental, social and governance (“ESG”) matters and believe that our corporate responsibility and sustainable growth are instrumental to the continuing growth of our business and industry.

### (i) **Environmental**

The engineering and construction sector is one of the largest consumers of raw materials globally. In addition, according to CIDB Malaysia, the construction sector has a significant responsibility for up to 50% of climate change, 40% of worldwide energy consumption, and 50% of landfill waste. Furthermore, the construction sector is also responsible for air, water, and noise pollution, as well as the destruction of natural habitats.

## 7. BUSINESS OVERVIEW (CONT'D)

Therefore, to become a responsible corporate citizen in promoting ESG practices, we carry out various practices to protect the environment and to minimise resources wastage and ensure sustainable consumption in our operations in our construction sites as follows:

- **Greenhouse gas emissions** – The construction sector is one of the largest emitters of greenhouse gasses. The production and use of construction materials such as steel and cement have a significant carbon footprint. Construction machinery and equipment also have environmental impacts during use and decommissioning which are mainly due to chemicals and materials used in the machine as well as exhaust gases produced while operating the machine. Furthermore, noise pollution also has an immediate effect to the surroundings, which is also regarded as an environmental impact.

To minimise environmental impact, we are progressively upgrading and/or replacing our machinery and equipment as newer machinery emit less carbon emissions and offer better fuel efficiency. During the Period under Review, our Group had purchased 67 new construction machinery and equipment such as excavators, motor graders, bulldozers, wheel loaders, road roller machines, backhoe loader, light trucks and dump trucks. The new machineries purchased and to be purchased allow us to more easily monitor fuel consumption. Additionally, certain of these new machineries also are also equipped with auto start-stop functions, which lowers engine power usage when the machineries are idle, further enhancing fuel efficiency and reducing emissions.

We also adopt scheduled maintenance practices to repair and service our machinery and equipment and replace wear and tear parts, when necessary, to ensure their efficiency and minimise breakdowns, thus resulting in less requirement for replacement of parts.

- **Repurposing waste material for our construction** – During the Period under Review, we had repurposed waste stone created from blasting works by crushing them into a uniform size and utilising this created aggregate in road construction, particularly in Pan Borneo Highway (WP06) Project and Jalan UMS Upgrading Project. The use of this waste stone instead of dumping the same in a dumping ground reduces our wastage of such blasting works byproduct. For information, any waste materials such as extra soil or unsuitable leftover construction materials are either dumped in approved dumping sites or collected by licensed third party collectors in compliance with the relevant guidelines as required by the authorities.
- **Soil protection** – We carry out soil preparation and stabilisation to improve the soil's shear strength, increasing its bearing capacity in road construction. There are several soil stabilisation methods, which include adding cement to the soil, adding chemicals to change the chemical or physical makeup of the soil, and mechanical methods such as compaction. We also utilise eco-friendly stabilisers in our soil stabilisation process to minimise damage to the environment.

For information, our Group has not been fined for any environmental non-compliance.

## 7. BUSINESS OVERVIEW (CONT'D)

### (ii) Social

We consider corporate social responsibility as a fundamental part of our corporate culture. We offer equal opportunities to our employees for career development and advancement regardless of their gender, age, race or religion to attract and retain employees. We provide a fair and balanced compensation scheme as well as a clear career path. We also provide training courses for our employees to further develop their skill sets. For example, we provide in-house training to our general construction workers and have trained them to become skilled workers to operate our construction machinery and equipment.

To ensure the health, safety and well-being of our employees, we have in place, site safety programmes, as well as provide health and safety support for our employees working at the construction sites. We also carry out emergency safety and evacuation training to our employees so that they are aware of any safety matters in our office premises and construction sites as well as capable to handle safety and emergency situations. Nevertheless, on 28 May 2023, we had an accident involving one of our site engineers at one of our construction sites which resulted in the amputation of a limb of said site engineer. We have since implemented additional safety measures including conducting site safety briefing to all site personnels as well as requiring a daily inspection on all heavy machinery to be conducted.

As part of our commitment to corporate responsibility, during the Period under Review and up to the LPD, we have also contributed donations to numerous charitable organisations and educational institutions as well as support the state of Sabah initiatives to sponsor students pursuing their studies from the secondary school level to the university level.

### (iii) Governance

We strive to achieve and maintain board diversity to improve our Board's effectiveness, bring unique perspectives to the boardroom and enhance our Board's performance. We also adopted the steps taken to achieve the principles and practices of the Malaysian Code on Corporate Governance ("MCCG"), where as at the LPD, a majority of the members of our Board comprise independent directors. As at the LPD, 3 out of 7 of our Directors are women which is in line with the recommendations of the MCCG to have at least 30% women directors.

We also have in place policies and procedures to promote and maintain compliance to the following:

- Malaysian Anti-Corruption Commission Act 2009;
- Whistleblower Protection Act 2010;
- Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001; and
- Personal Data Protection Act 2010.

In addition, we have established proper code of ethics and conduct (as stipulated in our employee's handbook and board charter) for our Directors, key senior management and employees to follow when they perform their duties and responsibilities in ethical manner.

## 7. BUSINESS OVERVIEW (CONT'D)

### 7.24 ADDITIONAL DISCLOSURES / OTHER MATTERS

#### (i) Disciplinary action taken by CIDB against Pembinaan AJ

##### (a) Payment of levy to CIDB for contracts awarded

On 9 November 2018, a disciplinary action was taken against Pembinaan AJ pursuant to Section 34 of the Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994 (“CIDB Act”) and the Lembaga Pembangunan Industri Pembinaan Malaysia (imposition of Levy) Order 2016 due to the delay in payment by Pembinaan AJ of the levy for work package 6 of the Pan Borneo Highway project.

The delay in payment by Pembinaan AJ was due to a disagreement between Pembinaan AJ and Kumpulan Liziz Sdn Bhd, its joint arrangement partner for the Pan Borneo Highway (WP06) Project, as to the party responsible for making the payment of the levy. Please refer to Section 7.24(ii) below for further information on work package 6 of the Pan Borneo Highway project and the background and subsequent termination of our joint arrangement with Kumpulan Liziz Sdn Bhd.

For information, Pembinaan AJ has paid the levy.

##### (b) Declaration of personnels' information to CIDB

On 26 October 2021, a disciplinary action was taken against Pembinaan AJ pursuant to Section 27 of the CIDB Act due to Pembinaan AJ's failure to furnish the list of its construction workers following a notice of the same issued by CIDB to Pembinaan AJ on 11 March 2021.

Pembinaan AJ was unable to provide the list of its construction workers to CIDB in a timely manner due to lapses in our Group's internal control. Pembinaan AJ had subsequently provided the list of its construction workers to CIDB.

As at the LPD, both disciplinary actions taken by CIDB against Pembinaan AJ have been withdrawn and there are no further disciplinary actions taken by CIDB against us. In addition, subsequent to the above, we have since implemented the following measures to prevent the reoccurrence of the above incidents:

- (aa) include in all future joint venture agreements, a clause stating the party responsible for the payment of the levy to CIDB in cases where the levy should be paid by a joint arrangement partner of our Group;
- (bb) adopted new standard operating procedures to define the roles and responsibilities between the project department, procurement department and finance department to monitor the timeline for levy payment as well as monitoring notifications from CIDB; and
- (cc) established a monitoring framework to ensure any request or notification from CIDB are addressed in a timely manner.

**7. BUSINESS OVERVIEW (CONT'D)**

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**(ii) Termination of a joint arrangement with Kumpulan Liziz Sdn Bhd (“Liziz”)**

In 2017, Borneo Highway PDP Sdn Bhd, a project delivery partner appointed by the Federal Government of Malaysia, awarded a construction contract to Pembinaan AJ for the construction of work package 6 of the Pan Borneo Highway. In view of the large scale of the project, Pembinaan AJ had sought to undertake this project via a joint arrangement with another construction company and had identified Liziz as its partner for this project. Pursuant to this, Datuk Jessica was appointed as a director of Liziz in October 2017 to monitor the project progress and following this, Pembinaan AJ had on 14 December 2017, formalised the joint arrangement with Liziz to jointly execute the project. Pursuant to the collaboration between our Group and Liziz, Liziz was to perform the main construction works under Pembinaan AJ’s supervision and joint management.

Subsequently, Liziz entered into financial difficulties and on 25 July 2019, terminated the joint venture agreement with Pembinaan AJ and Datuk Jessica resigned as a director of Liziz in December 2019. After the termination of the collaboration with Liziz, Pembinaan AJ took over the works and continue to carry on the construction project. The termination of the collaboration with Liziz resulted in an allowance for expected credit losses of RM7.83 million and RM4.26 million to be recognised in FYE 2020 and FYE 2022, respectively. However, there was no material impact to the Group’s business operations as our project management team was already actively involved in managing the project with Liziz and was able to immediately assume full management of the project upon termination of the collaboration with Liziz.

For information, Liziz has been wound up on 20 September 2021.

This construction project was terminated by Borneo Highway PDP Sdn Bhd vide their letter dated 22 July 2019 and was to take effect on 22 September 2019. This project was subsequently re-awarded to Pembinaan AJ by the Ministry of Works, Malaysia as the Pan Borneo Highway (WP06) Project vide their letter of award dated 2 December 2019. This was due to a change in Government policy to directly award the projects to the main contractor instead of via a project delivery partner appointed by the Government. This project remains ongoing as at the LPD and our Group is the sole main contractor for the same.

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**8. INDUSTRY OVERVIEW****infobusiness**

27 SEP 2024

The Board of Directors  
 Azam Jaya Berhad  
 Lot 7, Jalan Kolam Centre 1  
 Hilltop  
 88300 Kota Kinabalu  
 Sabah  
 Malaysia

Dear Sir/Madam,

**INDEPENDENT MARKET RESEARCH REPORT ON THE CONSTRUCTION INDUSTRY IN MALAYSIA  
 ("IMR REPORT") FOR AZAM JAYA BERHAD**

This IMR Report has been prepared for inclusion in the Prospectus of Azam Jaya Berhad ("**Azam Jaya Group**" or "**Company**") pursuant to the listing of Azam Jaya Group on the Main Market of Bursa Securities.

Mr. Leow Hock Bee is the Research Director of Infobusiness Research & Consulting Sdn Bhd ("Infobusiness Research"). He has a Bachelor of Science (Honours) Geology from the University of Western Ontario, Canada and a Masters of Business Administration from Massey University, New Zealand. For more than 15 years, Infobusiness Research has been providing independent market research reports on corporate exercises, including initial public offerings and reverse takeovers. He has more than 30 years of experience in market research, starting his career at Ban Hin Lee Bank Berhad where he spent 10 years. He has been involved in the research of a wide range of industries such as electronics, engineering supporting, furniture, rubber gloves, retreaded tyres, plastics packaging, oil and gas, oil-palm based, construction and property development, predominantly in corporate exercises for public listed companies.

This research is undertaken with the purpose of providing a strategic and competitive analysis of the construction industry in Malaysia. The research methodology includes both primary research, involving in-depth interviews with pertinent companies, as well as secondary research such as reviewing press articles, periodicals, government literatures, in-house databases, internet research and online databases.

This IMR Report contains information supplied by and analysis based on public and private sources. To the extent such sources have been cited herein, we hereby confirm that we are allowed to make reference to such sources. We believe that they are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information.

Infobusiness Research has prepared this IMR Report in an independent and objective manner and has taken all reasonable consideration and care to ensure its accuracy and completeness. This IMR Report should not be taken as recommendation to buy or not to buy the shares of any company.

For and on behalf of

**INFOBUSINESS RESEARCH & CONSULTING SDN BHD**



**Leow Hock Bee**  
**Research Director**

## 8. INDUSTRY OVERVIEW (CONT'D)



# IMR REPORT ON THE CONSTRUCTION INDUSTRY IN MALAYSIA

## 1.0 Introduction

Azam Jaya Group is a construction service provider in Sabah specialising in the construction of road infrastructure including roads, highways, bridges, flyovers, and tunnels. About 97.9% of Azam Jaya Group's revenue for the FYE 2023 was derived from construction.

## 2.0 Overview of the construction industry

The construction industry generally relates to the construction of physical infrastructure, buildings and special trade activities. It involves the full cycle of infrastructure and buildings, ranging from initial construction such as land reclamation, drainage and piling, to post-construction building services and maintenance such as refurbishments, renovations, retrofitting, repairs and maintenances, as well as their eventual demolition, dismantling or decommissioning.

Although it may be thought of as a single activity, construction is a feat of multitasking taking place across many diverse functions and segments. In many cases, construction services may be carried out by a sole contractor who complete the whole project for the project owner, or by several sub-contractors who undertake parts of the project under a main contractor. Most large construction companies undertake both infrastructure and building works as there is an overlap of the assets used such as earth-moving equipment, as well as the required technical expertise. In addition, there is considerable interchange of staff between the two disciplines.

Generally, the construction industry follows two broad business models, depending on the nature and complexity of the project:

- **Build-only projects** - traditionally, the design phase would be separated from the construction phase. During the design phase, the project owner would hire a design team comprising professionals such as quantity surveyors and civil engineers to determine a workable design for the project. Once it is completed, the construction phase is then launched, where the project owner engages a main contractor to construct the project. In turn, the main contractor may divide the project into several work packages with other construction companies acting as subcontractors. However, the main contractor will be responsible for the overall performance and progress of the project; or
- **Design and build projects** - the project owner may prefer a single point of responsibility by appointing a main contractor who would be responsible for both the design and construction of the project (design and build model). As well as being responsible for faulty workmanship in construction, the contractor is also liable for any deficiencies in design under this arrangement, such as compliance with design specifications. In some instances, the contractor may also agree to be responsible for acquiring land, financing the project and leasing the finished structure. This more comprehensive arrangement is often referred to as a "turnkey" contract.

## 8. INDUSTRY OVERVIEW (CONT'D)

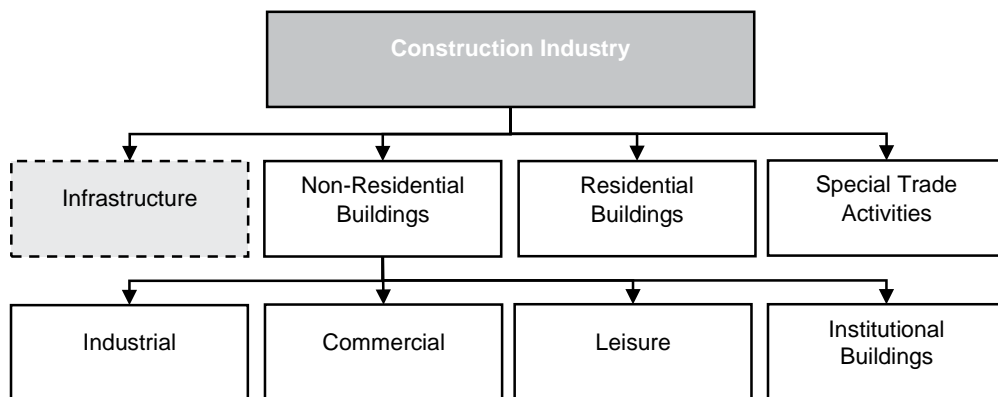
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Another advantage of a design and build contract is that the project can often be completed within a shorter period of time as compared to the conventional three-party arrangement, since the construction can begin before the entire plans and specifications are completed. This time saving results from designing the project in phases so that the contractor can begin work on the initial phase of the project while the later phases are being designed.

### 2.1 Segmentation of the construction industry

The construction industry in Malaysia can be segmented into four main segments as illustrated and described below (*Figure 1*).

*Figure 1: Segmentation of the construction industry in Malaysia*



*Note:*

*Azam Jaya Group is mainly involved in infrastructure construction (also known as civil engineering), as indicated by the dotted box. Both non-residential buildings and residential buildings are categorised as building construction under the construction industry.*

*Source: Department of Statistics*

- **Infrastructure (also known as civil engineering):** Construction of infrastructure such as expressways, highways, roads, bridges, tunnels, railways, utility plants, harbours, refineries, etc;
- **Non-residential buildings:** Construction of buildings for industrial, commercial (offices, shop units and shopping malls) and leisure activities (hotels), as well as institutional buildings such as schools, clinics, prisons, etc;
- **Residential buildings:** Construction of buildings intended for dwelling purposes; and
- **Special trade activities:** Construction activities such as demolition, drilling, drainage, piling, land reclamation, etc.

### 2.2 Value chain of the construction industry

The construction industry is highly integrated with the other industries in Malaysia through both backward and forward linkages, such as the manufacturing, services and mining industries. It has high impacts and multiplier effects due to its extensive linkages with the other sectors of the economy, which have the potential to create high impacts and multiplier effects.

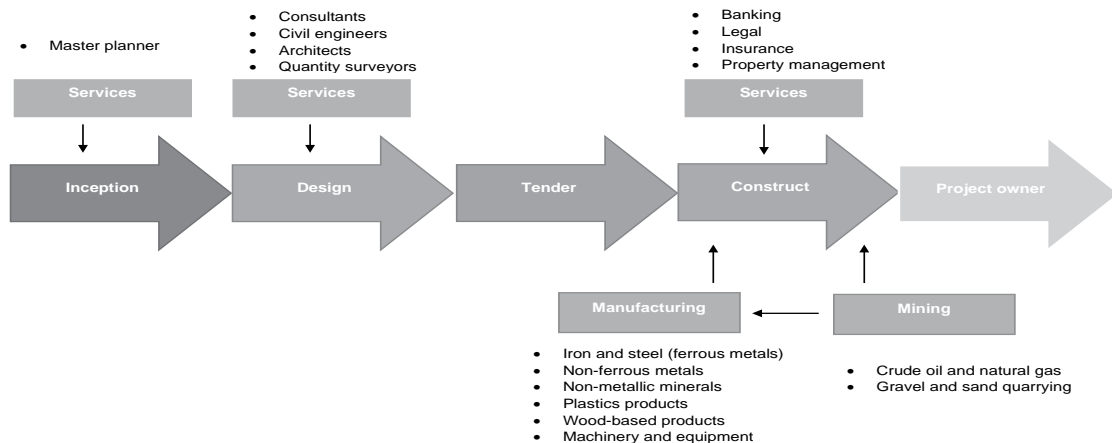


## 8. INDUSTRY OVERVIEW (CONT'D)

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According to the Construction Industry Development Board (“CIDB”), the construction industry in Malaysia has linkages with over 120 different industries in the country (**Figure 2**). For instance, building materials are manufactured from various materials such as glass, cement, ceramics, iron and steel, wood and plastics. As a result, any slowdown in the construction industry would also affect activities in the ancillary and supporting industries in the ecosystem.

**Figure 2: The Construction Industry Value Chain**



Source: Infobusiness Research

### 3.0 Government Policy

#### National Construction Policy 2030

The National Construction Policy 2030 was launched in 2021 and aims to transform the construction industry towards the digitalisation era. In addition to Malaysia’s goal of achieving a digitalised construction industry that is comparable to that of developed countries by 2030, it also seeks to strengthen the industry in terms of its sustainability, competitiveness and skill enhancement of the workforce. The thrusts of the National Construction Policy 2030 are to strengthen quality and safety in project performance across the construction industry, embrace a sustainable built environment, improve construction productivity, strengthen infrastructure maintenance, strengthening internationalisation and competitiveness, and strengthening good governance and adoption of best practices.

### 4.0 Past performance of the construction industry In Malaysia

#### 4.1 Share and contribution of the construction industry in the Malaysian economy

The construction industry constitutes an important component of the Malaysia’s economy as it acts as a catalyst to spur the economy, as construction activities will also spur the manufacturing of various building materials and provision of services locally. It has also played a key role in accumulating the nation’s capital stock such as buildings, roads, railways, ports and airports, which are necessary for the economy to expand. Between 2019 and 2023, the construction industry accounted for an average 3.9% share of the GDP (**Figure 3**). The construction industry rebounded by 5.0% in 2022 and 6.1% in 2023, after declining by 19.3% and 5.2% in 2020 and 2021, respectively, due to the various lockdowns associated with the COVID-19 pandemic. This was lifted by the continued progress of both infrastructure and building construction projects.

8. INDUSTRY OVERVIEW (CONT'D)

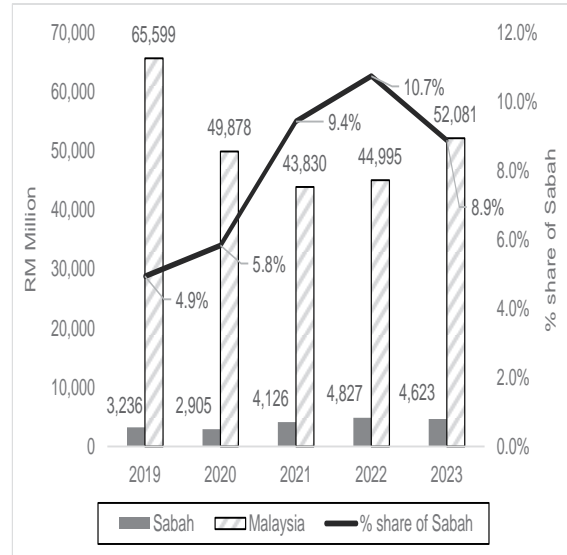


Figure 3: Construction Industry Indicators



Source: Bank Negara Malaysia

Figure 4: Value of Civil Engineering Works Done (RM Million)



Source: Department of Statistics

4.2 Value of civil engineering works done

Between 2019 and 2023, the average annual value of civil engineering works done in Sabah was recorded at RM3.9 billion, as opposed to RM51.3 billion in the case of Malaysia as a whole. However, measured in terms of percentage share, Sabah had progressively increased its share to the national figure from 4.9% in 2019 to 8.9% in 2023 (Figure 4). This was due mainly to the Government's recognition that infrastructure in the state is lagging behind Peninsular Malaysia. However, there was a slight decline in the value of civil engineering works done in Sabah in 2023.

The contraction in the value of civil engineering works done on the national level between 2020 and 2021, was due to the imposition of the MCO and its various iterations that impacted on the construction industry. The exceptions were critical works such as slope repairs, pothole repairs, tunnelling works, or any other works which if not completed, would result in dangers to the public. However, the value of civil engineering works rebounded in Malaysia in 2022 and 2023.

5.0 Demand conditions

5.1 Fiscal pump-priming

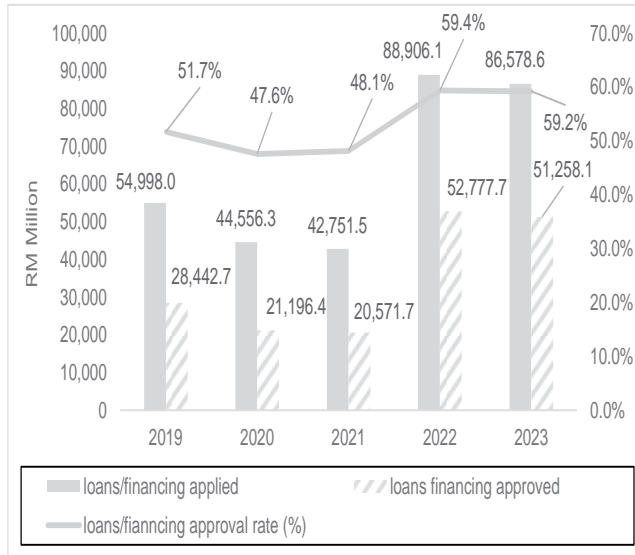
The construction industry in Malaysia has always been a prime economic mover and a frequent target for the Government's economic stimulus measures. Due to its high multiplier effects, it has been used to pump-prime the economy by the Government in the past, through the launching of public infrastructure projects such as the East Coast Expressway, Upgrading of Penang Bridge and the Senai-Desaru Expressway after the Global Financial Crisis in 2008/2009, as well as the Asian Financial Crisis in 1997/1998. As the economy was heavily impacted by the COVID-19 pandemic, the launching of the Mass Rapid Transit 3 project is viewed as critical due to its high impacts and widespread multiplier effects (estimated costs of RM45 billion over a period of 10 years). Other construction projects which have the potential to stimulate the economy include the Pan Borneo Highway and West Coast Expressway.

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



**5.2 Monetary Policy and Loans in the Construction Industry.**

**Figure 5: Loans/financing applied by and approved in construction industry (RM million)**



In addition to internally generated funds to finance construction projects, construction companies constantly seek loans/financing from the banking system (commercial banks, Islamic banks and investment banks) to bridge the gaps between expenditures and obtaining payments.

Monetary policies such as money supply and interest rates may affect the volume of loans/financing applied. While the average annual volume of loans/financing applied by the construction industry was recorded at RM63,558.1 million between 2019 and 2023; the average annual volume of loans/financing approved was registered at RM34,849.3 million during the corresponding period. The loans/financing approval rate also rose from 51.7% to 59.2% during the similar period (**Figure 5**).

Source: Bank Negara Malaysia

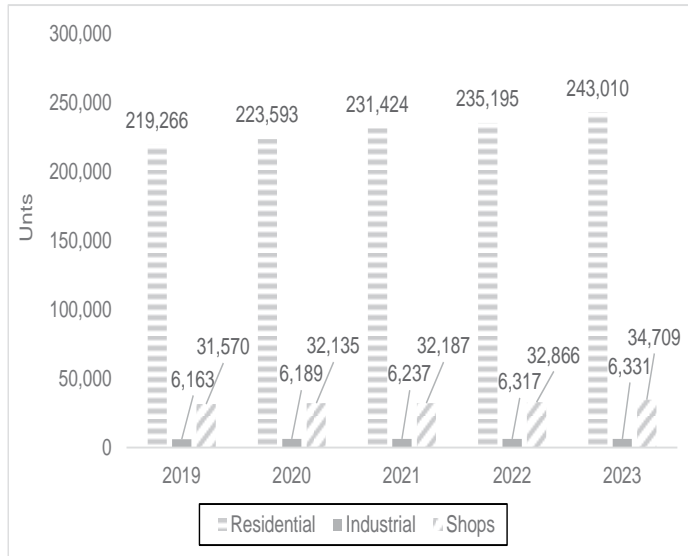
**5.3 The need for good infrastructure**

The provisions of good infrastructure play a vital role in attracting residents to purchase residential properties and move to new townships, supplemented by commercial and manufacturing establishments. In addition to the infrastructure facilities such as roads and fly-overs provided by property developers, there are also continuous infrastructure expansions and improvements undertaken by government agencies to cope with an increase in traffic flows and population, as well as in maintenances. As towns expand and merge into larger urban areas and cities expand as well, the demand for more and improved infrastructure will inevitably expand in tandem.

## 8. INDUSTRY OVERVIEW (CONT'D)

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**Figure 6: Stock of selected properties in Sabah**



Source: National Property Information Centre

Residential properties dominate the stock of properties in Sabah, rising from 219,266 units in 2019 to 243,010 units in 2023, yielding a CAGR of 2.6%. Meanwhile, shop properties expanded from 31,570 units in 2019 to 34,709 units in 2023, registering a CAGR of 2.4. In the case of industrial properties, it recorded a CAGR of 0.7%, increasing from 6,163 units in 2019 to 6,331 units in 2023 (**Figure 6**).

## 6.0 Supply conditions

### 6.1 Supply chain disruptions

The COVID-19 pandemic and the Russian-Ukraine conflict has severely disrupted the global supply chain, including the construction industry. For example, Russia was the fifth largest producer of steel in the world in 2023 and the construction industry is the main end-user of steel products. The supply of building materials was also affected by the COVID-19 pandemic as most manufacturing plants ceased or suspended their operations, furloughed workers, faced disrupted logistics, etc. The availability of building materials is subject to demand and supply forces in the market, as well as logistics, payment terms and stock availability. Delivery times may increase for certain building materials if the domestic building materials suppliers do not carry ample stocks. The abovementioned supply chain pressure which led to higher prices has eased towards the end of 2022, resulting in prices for major building materials falling off their peaks.

### 6.2 Supply of earth-moving equipment

The construction industry relies on the availability of earth-moving equipment. They encompass heavy equipment used in the construction industry to move large amounts of earth, dig foundations for buildings and to landscape areas. The availability of earth-moving equipment and their spare parts were also impacted by the lockdowns associated with COVID-19, as the operations of most manufacturing plants ceased or were suspended, ports confined to limited operations and reductions in air flights that inhibit the movements of skilled engineers and technicians from machinery suppliers overseas for consultation, guidance and training.

### 6.3 Supply of labour

Although the working condition and wages for construction workers have improved over the past decade, participation among locals in the construction industry remains low, causing a critical dependence on foreign labour. There were about 400,000 documented foreign workers working in the construction industry in Malaysia as at end-August 2023.

## 8. INDUSTRY OVERVIEW (CONT'D)



For skilled labour such as experienced civil engineers, architects and quantity surveyors, the ability to attract and retain the best talents always provides a construction company with a competitive advantage.

### 7.0 Substitutes

There are no substitutes to infrastructure construction activities as they are essential for the expansions of both urbanisation and industrialisation. The process of urbanisation requires the construction of more buildings for residential, commercial and leisure purposes, while the industrialisation process requires the construction of more industrial buildings. In turn, more construction and maintenance of infrastructure facilities are needed for connectivity.

### 8.0 Industry reliance on and vulnerability to imports

The construction industry relies heavily on various building materials such as steel beams, steel bars, wire rods, sand, gravel, sand bricks, clay bricks, reinforced concrete piles, concrete culverts, ready-mixed concrete, etc. The average annual imports of building materials into Malaysia was recorded at RM7,945.2 million between 2019 and 2023.

Due to the higher cost factor of imported building materials and the price-sensitive nature of most building owners, the main bulk of building materials are sourced domestically. However, certain building materials are also sourced from overseas as some project and building owners may prefer certain products with specific specifications which are not manufactured domestically. Examples of such imported building materials include certain steel products such as steel concrete reinforcing bars (rebars) and wire rods of different grades and yield strengths, insulation materials for glass products and dimension stones such as granites of specific colours. As a result, the construction industry is also reliant on and is vulnerable on imports of building materials.

### 9.0 Competitive landscape

#### 9.1 Factors of competition

In general, construction companies compete based on factors such as competitive pricings, proven track records, quality construction works and timely delivery of projects, as well as the ability to retain professional and technical talents.

The G7 contractors represent the highest grade of contractors recognised by the CIDB and can undertake construction works without any limit to the value of projects. There were 3,208 local G7 contractors specialising in road and pavement construction under the civil engineering category in Malaysia as at 9 September 2024, out of which 326 contractors were located in Sabah (Source: CIDB). The number of specialised contractors would affect the intensity of competition in a particular category.

#### 9.2 Industry players

Azam Jaya Group is a construction service provider in Sabah specialising in the construction of road infrastructure including roads, highways, bridges, flyovers, and tunnels. About 97.9% of Azam Jaya Group's revenue for the FYE 2023 was derived from road infrastructure construction.

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

The criteria for the selection of comparable companies to Azam Jaya Group are as follows (**Table 1**):

- Listed on Bursa Malaysia;
- Must be involved in infrastructure construction in Malaysia;
- Total revenue between RM100 million and RM1 billion in the latest FYE; and
- Operations (and revenue) derived within Malaysia only, in the latest FYE.

**Table 1: Business Activities and Financial Comparisons of Comparable Companies to Azam Jaya Group**

Company	Business Activities	Latest FYE	Total revenue (RM '000)	GP (RM '000)	GP margin (%)	PAT / LAT (RM '000)	PAT / LAT margin (%)
Azam Jaya Group	The Azam Jaya Group is a construction service provider in Sabah specialising in the construction of road infrastructure including roads, highways, bridges, flyovers, and tunnels.	31/12/23	280,766	77,578	27.6	25,983	9.3
Advancecon Holdings Berhad	It is involved in building and infrastructure construction, as well as quarrying.	31/12/23	449,765	368	0.1	-45,875	N. A.
Gabungan AQRS Berhad	It is involved in building construction and infrastructure construction, as well as property development.	31/12/22	337,771	61,048	18.1	20,140	5.9
MGB Berhad	It is involved in both building construction and infrastructure construction.	31/12/23	971,828	148,560	15.3	50,462	5.2
Nestcon Berhad	It is involved in both building construction and infrastructure construction.	31/12/23	775,146	28,314	3.7	3,901	0.5
Pesona Metro Holdings Berhad	It is involved in both building construction and infrastructure construction.	31/12/23	515,414	39,728	7.7	12,389	2.4
TCS Group Holdings Berhad	It is involved in both building construction and infrastructure construction.	31/12/23	374,481	-17,184.5	N. A.	-32,885	N. A.
Vestland Berhad	It is involved in both building construction and infrastructure construction.	31/12/23	349,242	51,326.5	14.7	27,765	7.9
Vizione Holdings Berhad	It is involved in both building construction and infrastructure construction, as well as property development.	31/05/23 <sup>1</sup>	391,779	13,110	3.4	-94,578	N. A.

## 8. INDUSTRY OVERVIEW (CONT'D)



Company	Business Activities	Latest FYE	Total revenue (RM '000)	GP (RM '000)	GP margin (%)	PAT / LAT (RM '000)	PAT / LAT margin (%)
WCE Holdings Berhad	It is involved in infrastructure construction and toll concessions.	31/03/24	614,721	-8,199	N. A.	-157,605	N. A.
Widad Group Berhad	It is involved in infrastructure construction, facilities management and concessions.	31/12/23	230,612	16,446	7.1	-16,633	N. A.

Notes:

1 = For the cumulative 18-month period between 1 December 2021 and 31 May 2023.

N. A. = Not Available / Not Applicable

Source: Comparable companies' annual reports.

### 9.3 Market size and market share

The value of civil engineering works (relating to infrastructure construction only) done amounted to RM4,623 million in Sabah in 2023 (Source: Department of Statistics). As Azam Jaya Group recorded a revenue of RM274.8 million in civil engineering works (infrastructure construction) in 2023, its market share amounted to 5.94% in the same year (**Table 2**).

**Table 2: Market Share of Azam Jaya Group in 2023**

	Value (RM Million)	Market Share (%)
Civil engineering works (relating to infrastructure construction only) in Sabah	4,623.0	-
Azam Jaya Group's revenue in civil engineering works in Sabah	274.8	5.94

## 10.0 Outlook and prospects of the construction industry

Under the Mid-Term Review of the Twelfth Malaysia Plan 2021-2025, the construction industry in Sabah is anticipated to expand by a revised target of 3.1% in its average annual growth rate between 2021-2025, a decline from the original target of 4.4% in its average annual growth rate set during the launching of the Twelfth Malaysia Plan 2021-2025 in 2021. In the case of Malaysia as a whole, the construction industry is expected to grow at a revised average annual growth rate of 3.9% between 2021-2025, a decrease from the original target of 4.2% in its average annual growth rate. This is due to the impact of the COVID-19 pandemic and the associated series of lockdowns.

The provision of basic infrastructure will be intensified in Sabah, such as the upgrading and construction of roads and bridges. Around 700 km of roads would be constructed or upgraded in Sabah between 2021-2025. The implementation of the infrastructure projects will unlock development opportunities as well as further develop the connectivity network in Sabah and they have been expedited under Budget 2024. The Sabah Pan Borneo Highway stretching 1,236 km has three phases of construction. The first phase, with 35 work packages, spans 706 km; the second phase, 98 km; while the third phase, covers 432 km. Approvals have been granted for the 19 work packages of Phase 1B of the Sabah Pan Borneo Highway covering 366 km and costing RM15.7 billion under Budget 2024. In addition, 33 high priority flood mitigation projects costing RM11.8 billion are planned to be undertaken in 2024 under Budget 2024, including one project in Kota Kinabalu, Sabah.



## 8. INDUSTRY OVERVIEW (CONT'D)

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There is substantial growth potential in the construction industry, as infrastructure plays a pivotal role in the development of Malaysia. In addition, it has a tremendous impact on benefitting the population and on bridging the economic gap between the urban and rural population. The country is pursuing ambitious transport infrastructure plans, including the modernisation and expansion of the rail network, improvement of roads in rural areas and development of new ports to facilitate trade. Overall, the growth of the construction industry is strongly correlated with the economy's performance. The Government's macroeconomic policy is also crucial to the construction industry, given its role as a major component of originator of demands.

Infrastructure construction, particularly in highway construction, assists to open new corridors of growth. More people and businesses, including commercial and industrial activities, would be encouraged to relocate to a new area when there is ease of access in terms of transportation. In turn, business opportunities would expand in tandem with improved connectivity and mobility of goods and services. The major infrastructure projects (multi-billion ringgit in value) currently undertaken, or in the pipeline in Malaysia, are listed in the table below (**Table 3**).

**Table 3: Major infrastructure projects undertaken or in the pipeline, in Malaysia**

Project	Location	Expected completion year	Estimated cost (RM Billion)
<b>Rail</b>			
East Coast Rail Link	Tumpat-Kuantan-Mentakab-Jelebu-Port Klang	2027	74.9
Electrified Double Track Project	Gemas-Johor Bahru	2025	9.6
Rapid Transit System	Bukit Chagar-Woodlands, Singapore	2026	10.0
Light Rail Transit Line 3	Bandar Utama-Klang	2025	16.6
Mass Rapid Transit 3	Kuala Lumpur	2033	45.0
Bayan Lepas Light Rail Transit	Penang	2030	9.5
<b>Highway/Expressway</b>			
Pan Borneo Highway	Tanjung Datu, Sarawak-Tawau, Sabah	2028	29.0
Sarawak-Sabah Link Road	Lawas-Lopeng Pa'Berunut -Lopeng	2026 (Phase 1) 2030 (Phase 2)	7.4
Northern Coastal Highway (forming part of the Trans Borneo Highway that will loop around Borneo island)	Miri-Limbang-Lawas	2028	Under proposal
West Coast Expressway	Banting-Taiping-Sabak Bernam-Changkat Jering	2025	5.0
Central Spine Road	Kuala Pilah-Kuala Krai	2026	11.0
<b>Others</b>			
West Port Expansion	West Port, Port Klang	2040	10.0
Kuching Urban Transport System	Samarahan Line and Serian Line	2025/2026	6.0
Silicon Island	Penang	2032	6.0
Penang International Airport	Penang	2028	1.5

Source: Infobusiness Research



**9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT**

**9.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS**

**9.1.1 Particulars and shareholdings of our Promoters and Substantial Shareholders**

Our Promoters and Substantial Shareholders and their respective shareholdings in our Company before and after our IPO are as follows:

Name	Country of incorporation / Nationality	Before our IPO			After our IPO			
		Direct No. of Shares	% <sup>(1)</sup>	Indirect No. of Shares	% <sup>(1)</sup>	Direct No. of Shares	Indirect No. of Shares	% <sup>(2)</sup>
<b>Promoters and Substantial Shareholders</b>								
Lokah Fortune	Malaysia	200,982,400	47.72	-	-	200,982,400	-	40.20
Tan Sri Joseph	Malaysian	33,249,200	7.89	(3)116,680,000	27.70	(4)-	(3)116,680,000	23.34
Datuk Jonathan	Malaysian	16,750,800	3.98	(5)267,662,400	63.55	(4)-	(5)267,662,400	53.53
Datuk Jessica	Malaysian	50,000,000	11.87	(6)66,680,000	15.83	50,000,000	(6)66,680,000	13.34
Johannes Lo	Malaysian	50,000,000	11.87	(6)66,680,000	15.83	50,000,000	(6)66,680,000	13.34
<b>Substantial Shareholders</b>								
Lo Yun Yee @ Josephine Lo	Malaysian	16,670,000	3.96	(7)50,010,000	11.87	16,670,000	(7)50,010,000	10.00
Lo Yun Jiun	Malaysian	16,670,000	3.96	(7) 50,010,000	11.87	16,670,000	(7)50,010,000	10.00
Jacqueline Lo Ker Jack	Malaysian	16,670,000	3.96	(7) 50,010,000	11.87	16,670,000	(7)50,010,000	10.00
Joanna Lo Yun Shii	Malaysian	16,670,000	3.96	(7)50,010,000	11.87	16,670,000	(7)50,010,000	10.00

**Notes:**

- (1) Based on the total number of 421,200,000 Shares after the Acquisitions and Share Split, but before our IPO.
- (2) Based on the enlarged total number of 500,000,000 Shares after our IPO.
- (3) Deemed interested by virtue of the shares held by his children, Johannes Lo, Lo Yun Yee @ Josephine Lo, Lo Yun Jiun, Jacqueline Lo Ker Jack and Joanna Lo Yun Shii pursuant to Section 59 of the Act.
- (4) Lo Ker Jack and Joanna Lo Yun Shii pursuant to Section 59 of the Act.
- (5) After the Offer for Sale of 50,000,000 Shares to institutional and selected investors.
- (6) Deemed interested by virtue of his direct interest in Lokah Fortune pursuant to Section 8 of the Act and the Shares held by his siblings, Lo Yun Yee @ Josephine Lo, Lo Yun Jiun, Jacqueline Lo Ker Jack and Joanna Lo Yun Shii.
- (7) Deemed interested by virtue of the Shares held by his/her siblings, Lo Yun Yee @ Josephine Lo, Lo Yun Jiun, Jacqueline Lo Ker Jack and Joanna Lo Yun Shii.
- (8) Lo Yun Yee @ Josephine Lo, Lo Yun Jiun, Jacqueline Lo Ker Jack and Joanna Lo Yun Shii are deemed interested in the Shares held by each other.

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

Our Promoters and Substantial Shareholders do not have different voting rights from other shareholders of our Group. Save as disclosed above, there are no persons who, directly or indirectly, jointly or severally, exercise control over our Company and there is no arrangement between our Company and our shareholders with any third parties which may at a subsequent date result in a change in control of our Company.

### 9.1.2 Profiles of our Promoters and Substantial Shareholders

#### (i) Lokah Fortune Sdn Bhd

Lokah Fortune was incorporated as a private limited company in Malaysia on 18 August 2022 under the Act. The principal activity of Lokah Fortune is property investment. As at the LPD, the issued share capital of Lokah Fortune is RM5,001 comprising 5,001 ordinary shares. Datuk Jonathan is the sole director and shareholder of Lokah Fortune.

#### (ii) Tan Sri Datuk Seri Panglima Joseph Lo @ Lo Tain Foh P.S.M., S.P.D.K. & P.G.D.K.

Tan Sri Joseph, a Malaysian aged 74, is our Non-Independent Executive Chairman. He was appointed to our Board on 16 June 2022. He completed his secondary education at Sabah Tshung Tsin Secondary School in Kota Kinabalu, Sabah in 1970. He has been a member of the Institute of Corporate Directors Malaysia (“**ICDM**”) since November 2023.

Tan Sri Joseph started his career in 1971 when he joined the family business which was involved in small scale earthworks and trucking of dug up soil and stone aggregates. There he was mainly involved in the operation of digging machinery at the job sites. In 1977, Tan Sri Joseph founded his first construction company, namely Yun Foh Enterprise (S) Sdn Bhd, to undertake general construction and roadworks. For information, as at the LPD, Yun Foh Enterprise (S) Sdn Bhd is a dormant company.

In 1992, Tan Sri Joseph acquired 50% equity interest in Pembinaan AJ from his relatives and subsequently increased his stake to 75% in 1994. He was also instrumental in the setting up and development of our other Subsidiaries, namely AJ Land in 2001, AJ Properties in 2012 and Kolopis Jaya in 2019. Under his leadership, our Group has grown from a small construction company to a major construction company in Sabah with an established track record in major road infrastructure construction projects, including many first of its kind projects in Sabah.

Between 1992 and April 2024, he was the Managing Director of the Group, where he was responsible for mapping our Group’s overall direction, formulating strategies to ensure growth, building business network with clients as well as overseeing the daily management and operations of our Group. Throughout the years, Tan Sri Joseph has also been guiding his children; Datuk Jonathan, Datuk Jessica and Johannes Lo in the management of various aspects of our business.

In May 2024, he was appointed as the Non-Independent Executive Chairman of our Group. Currently, Tan Sri Joseph is responsible for setting the Group’s overall strategic direction as well as formulating our Group’s expansion strategies.

He is also a director of various private limited companies, details of which are set out in Section 9.2.3 of this Prospectus.

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

### (iii) **Datuk Jonathan Lo Chaw Loong, JP** P.G.D.K.

Datuk Jonathan, a Malaysian aged 42, is our Non-Independent Managing Director. He was appointed to our Board on 16 June 2022. He completed the Business Foundation Course, under Bellerbys College, Cambridge, United Kingdom in 2001 and completed the necessary coursework to obtain a Diploma of Higher Education from Oxford Brookes University, United Kingdom in 2004. He then returned to Malaysia to work for his father, Tan Sri Joseph in both the construction business as well as in other companies owned by Tan Sri Joseph. Datuk Jonathan subsequently applied for and received his Diploma certificate in 2007. He has been a member of the ICDM since November 2023.

On 1 January 2006, Datuk Jonathan joined Pembinaan AJ as an Assistant Director and assisted his father, Tan Sri Joseph, to garner his knowledge and experience in the construction sector. In his early years with our Group, he primarily shadowed Tan Sri Joseph and assisted in the day-to-day management of Pembinaan AJ and AJ Land before taking a more active role in the business development and project management of our Group's construction projects.

Throughout the years, Datuk Jonathan has played a key project management role in several key construction projects undertaken by our Group, including the construction of the Sungai Sitompok Bridge, the Sepanggar Tunnel and the construction of 9 flyovers in Kota Kinabalu.

In line with his expanded responsibilities, Datuk Jonathan was appointed as a director of AJ Land, AJ Properties and Pembinaan AJ in 2011, 2012 and 2014 respectively. In May 2024, he was appointed as the Managing Director of our Group. In addition to assisting Tan Sri Joseph in formulating the strategic business plan for our Group, Datuk Jonathan also plays a key role in securing new construction projects, managing our business operations and overseeing the implementation of our Group's business strategy.

He is a director of various private limited companies, details of which are set out in Section 9.2.3 of this Prospectus.

### (iv) **Datuk Lo Vun Che @ Jessica** P.G.D.K.

Datuk Jessica, a Malaysian, aged 44, is our Non-Independent Executive Director. She was appointed to our Board on 10 May 2024. She graduated with a Bachelor of Science in Money, Banking and Finance from the University of Birmingham, United Kingdom in 2001 and a Master of Science in International Banking from Loughborough University, United Kingdom in 2002. She has been a member of the ICDM since November 2023. She was appointed as a member of the board of directors of the Sabah Tourism Board in March 2023 and has been a member of the Human Resource Development Committee of the Sabah Tourism Board since August 2023. Datuk Jessica was also appointed as an Advisory Board member for Dewan Bandaraya Kota Kinabalu in February 2024.

After her graduation, she stayed in the United Kingdom and worked as a legal assistant from 2003 to 2004 where she primarily performed administrative and support tasks for solicitors such as drafting contracts, reviewing files and assisting with general conveyancing legal works.

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

In 2004, Datuk Jessica moved to Singapore and joined United Overseas Bank Limited as a Senior Associate in the Investment Banking, Capital Markets – Singapore and North Asia department where she was involved in conducting financial analysis and due diligence on the bank's clients in order to formulate debt issuance proposals. In 2010, she was promoted to an Associate Director of the Institutional Financial Services, Corporate Banking Regional Division where she was involved in identifying opportunities to increase product penetration for the bank. In this capacity, she was involved in providing mergers & acquisition advisory, financing and equity investment services to the bank's clients. She left United Overseas Bank Limited in August 2010.

In 2011, Datuk Jessica joined Pembinaan AJ as its Assistant Director and assisted Tan Sri Joseph and Datuk Jonathan with the management of the administrative functions of our Group including overseeing and managing our Group's human resource, financial functions and accounting matters, including cash flow management and financial planning, a role she maintains to-date.

In 2014, Datuk Jessica was appointed as a director of AJ Land and was involved in conceptualising and planning the development of the Group's "The Factory @ Inanam" project carried out by AJ Land.

Datuk Jessica is a director of various private limited companies, details of which are set out in Section 9.2.3 of this Prospectus.

### (v) **Johannes Lo Chaw Jack**

Johannes Lo, a Malaysian aged 38, is our Head of Sustainability & Innovation and an Alternate Director to Tan Sri Joseph, his father. He was appointed as an Alternate Director on 10 May 2024. He completed his A-levels at Bellerbys College, United Kingdom in 2006. He has been a member of the ICDM since November 2023.

After completing his A-levels, Johannes Lo returned to Malaysia in 2007 and joined Pembinaan AJ in the Projects department, where he was trained by Tan Sri Joseph to oversee and was involved in the day-to-day on-site construction activities of our Group.

His on-site experience has enabled him to gain a deep understanding on construction operations and has been focused on identifying ways to improve safety and efficiency at our work sites. In particular, he has been instrumental in our Group's adoption of new technologies such as:

- (a) the use of precast concrete fabrication used in the Jalan UMS Upgrading Project, further details of which are set out in Section 10.1.1(iii) of this Prospectus; and
- (b) the autonomous control of various road construction machinery which increases work efficiency by using GPS to minimise human error.

Please refer to Section 7.19 of this Prospectus for further information on the material equipment and machinery used by our Group.

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

In 2011, Johannes Lo was appointed as a director of AJ Land and was involved in managing the development and construction phase of the “The Factory @ Inanam” project carried out by AJ Land. In 1 August 2022, he was appointed as the Chief Technical Officer of Kolopis Jaya and is responsible in overseeing all construction projects of Kolopis Jaya and specialises in handling machineries.

In May 2024, he was designated as our Head of Sustainability & Innovation where he continues to be responsible for formulating and implementing sustainable business strategies while identifying opportunities for reducing environmental impact and improving social responsibility as well as continuing to identify, introduce and implement new and innovative technologies for our construction activities.

He is a director of various private limited companies, details of which are set out in Section 9.2.3 of this Prospectus.

### (vi) Lo Vun Yee @ Josephine Lo

Lo Vun Yee @ Josephine Lo, a Malaysian aged 45, is our Substantial Shareholder. She graduated with a Bachelor of Arts (Honours) in Accounting & Finance from De Montfort University, United Kingdom in 2002.

In February 2004, she began her career as a Tax Assistant at KPMG Tax Services Sdn Bhd where she was involved in the preparation of tax returns, including individual, corporate, partnership and trust returns.

In January 2006, she joined Pembinaan AJ as a Junior Accounts Executive Cum Internal Auditor where she was involved in assisting the preparation of financial reports and assisting in managing account receivables and payables. Over the years, her responsibility grew to include amongst others, the preparation of the financial reporting and the general management of the accounts department of Pembinaan AJ. In 2014, she was promoted to Finance Manager where she continues to be responsible for general management of the accounts department of Pembinaan AJ.

In 2024, she was promoted to Assistant Director of Finance where she took on additional responsibilities relating to the treasury management of the Group.

### (vii) Lo Vun Jiun

Lo Vun Jiun, a Malaysian aged 39, is our Substantial Shareholder. She completed her foundation in Engineering from Bellerbys College, United Kingdom in 2004.

She began her career in 2008 when she became a personal assistant to Tan Sri Joseph on an unofficial basis where she was involved in scheduling appointments, organising meetings, assisting with the planning and coordination of events.

She joined AJ Land in January 2016 as an Assistant Director of Operations responsible for amongst others monitoring compliance in relation to the licenses and fixed assets of our Group.

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

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**(viii) Jacqueline Lo Ker Jack**

Jacqueline Lo Ker Jack, a Malaysian aged 38, is our Substantial Shareholder. She completed her A-Levels at Institute Sinaran, Sabah in 2007.

She began her career in 2007 when she became a personal assistant to Tan Sri Joseph on an unofficial basis where she was involved in scheduling appointments, organising meetings, assisting with the planning and coordination of events.

She joined AJ Land in September 2022 as an Assistant Director of Public Relations responsible for coordinating the Group's public relations and charitable activities.

**(ix) Joanna Lo Vun Shii**

Joanna Lo Vun Shii, a Malaysian aged 37, is our Substantial Shareholder. She graduated with a Bachelor of Architectural Design and a Master of Architecture from the Royal Melbourne Institute of Technology, Australia in 2009 and 2011 respectively.

In March 2014, she began her career as an intern at Mak Arkitek Konsult Sdn Bhd where she was involved in the drafting and designing of projects before leaving in 2015. From 2015 to 2019 she took a career break. In September 2019, she joined Pembinaan AJ's Projects department as an Assistant Director and has been involved in the design and development of "The Factory @ Inanam" project undertaken by our Group. She currently works in the Group's Projects department assisting the

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

**9.1.3 Changes in the shareholdings of our Promoters and Substantial Shareholders**

The table below sets out the changes in our Promoters' and Substantial Shareholders' shareholdings in our Company since the date of incorporation up to and after our IPO:

Name	As at the date of incorporation			After the Acquisitions and before the Share Split			
	Direct No. of Shares	% <sup>(1)</sup>	Indirect No. of Shares	Direct No. of Shares	% <sup>(2)</sup>	Indirect No. of Shares	% <sup>(2)</sup>
<b><u>Promoters and Substantial Shareholders</u></b>							
Lokah Fortune	-	-	-	<sup>(5)</sup> 34,198,401	47.72	-	-
Tan Sri Joseph	1	50.00	-	5,657,555	7.89	<sup>(7)</sup> 19,853,830	27.70
Datuk Jonathan	1	50.00	-	2,850,253	3.98	<sup>(8)</sup> 45,544,417	63.55
Datuk Jessica	-	-	-	<sup>(6)</sup> 8,507,814	11.87	<sup>(9)</sup> 11,346,016	15.83
Johannes Lo	-	-	-	<sup>(6)</sup> 8,507,814	11.87	<sup>(9)</sup> 11,346,016	15.83
<b><u>Substantial Shareholders</u></b>							
Lo Yun Yee @ Josephine Lo	-	-	-	<sup>(6)</sup> 2,836,504	3.96	<sup>(10)</sup> 8,509,512	11.87
Lo Yun Jiun	-	-	-	<sup>(6)</sup> 2,836,504	3.96	<sup>(10)</sup> 8,509,512	11.87
Jacqueline Lo Ker Jack	-	-	-	<sup>(6)</sup> 2,836,504	3.96	<sup>(10)</sup> 8,509,512	11.87
Joanna Lo Yun Shii	-	-	-	<sup>(6)</sup> 2,836,504	3.96	<sup>(10)</sup> 8,509,512	11.87
<b>Total</b>	<b>2</b>	<b>100.00</b>		<b>71,067,853</b>	<b>99.16</b>		

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

Name	After the Share Split and before our IPO			After our IPO		
	Direct	Indirect	% <sup>(3)</sup>	Direct	Indirect	% <sup>(4)</sup>
	No. of Shares	No. of Shares	% <sup>(3)</sup>	No. of Shares	No. of Shares	% <sup>(4)</sup>
<b>Promoters and Substantial Shareholders</b>						
Lokah Fortune	200,982,400	-	47.72	200,982,400	-	-
Tan Sri Joseph	33,249,200	(7)116,680,000	7.89	(11)-	(7)116,680,000	23.34
Datuk Jonathan	16,750,800	(8)267,662,400	3.98	(11)-	(8)267,662,400	53.53
Datuk Jessica	50,000,000	(9)66,680,000	11.87	50,000,000	(9)66,680,000	13.34
Johannes Lo	50,000,000	(9)66,680,000	11.87	50,000,000	(9)66,680,000	13.34
<b>Substantial Shareholders</b>						
Lo Yun Yee @ Josephine Lo	16,670,000	(10)50,010,000	3.96	16,670,000	(10)50,010,000	10.00
Lo Yun Jiun	16,670,000	(10)50,010,000	3.96	16,670,000	(10)50,010,000	10.00
Jacqueline Lo Ker Jack	16,670,000	(10)50,010,000	3.96	16,670,000	(10)50,010,000	10.00
Joanna Lo Yun Shii	16,670,000	(10)50,010,000	3.96	16,670,000	(10)50,010,000	10.00
<b>Total</b>	<b>417,662,400</b>		<b>99.16</b>	<b>367,662,400</b>		<b>73.52</b>

**Notes:**

- (1) Based on the total number of 2 Shares before the Acquisitions, Share Split and our IPO.
- (2) Based on the total number of 71,669,805 Shares after the Acquisitions but before the Share Split and our IPO.
- (3) Based on the total number of 421,200,000 Shares after the Acquisitions and Share Split but before our IPO.
- (4) Based on the enlarged total number of 500,000,000 Shares after our IPO.
- (5) Lokah Fortune was nominated by Datuk Jonathan to receive Azam Jaya Shares pursuant to the Acquisitions.
- (6) These shareholders are nominated by Tan Sri Joseph to receive Azam Jaya Shares pursuant to the Acquisitions.
- (7) Deemed interested by virtue of the shares held by his children, Johannes Lo, Lo Yun Yee @ Josephine Lo, Lo Yun Jiun, Jacqueline Lo Ker Jack and Joanna Lo Yun Shii pursuant to Section 59 of the Act.
- (8) Deemed interested by virtue of his direct interest in Lokah Fortune pursuant to Section 8 of the Act and the Shares held by his siblings, Lo Yun Yee @ Josephine Lo, Lo Yun Jiun, Jacqueline Lo Ker Jack and Joanna Lo Yun Shii.
- (9) Deemed interested by virtue of the Shares held by his/her siblings, Lo Yun Yee @ Josephine Lo, Lo Yun Jiun, Jacqueline Lo Ker Jack and Joanna Lo Yun Shii.
- (10) Lo Yun Yee @ Josephine Lo, Lo Yun Jiun, Jacqueline Lo Ker Jack and Joanna Lo Yun Shii are deemed interested in the Shares held by each other.
- (11) After the Offer for Sale of 50,000,000 Shares to institutional and selected investors.



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

**9.1.4 Promoters' and Substantial Shareholders remuneration and material benefits-in-kind**

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration accrued for the year) paid and proposed to be paid to our Promoters and Substantial Shareholders for services rendered in all capacities to our Group for the FYE 2023 and FYE 2024 are as follows:

**FYE 2023**

	Salaries and Directors' fees		Other emolument <sup>(1)</sup>	Allowances	Benefit-in-kind	Bonus	Total
	(RM'000)	(RM'000)					
Tan Sri Joseph	3,864		121	36	-	591	4,612
Datuk Jonathan	3,564		542	36	-	891	5,033
Datuk Jessica	1,200		187	48	-	300	1,735
Johannes Lo	1,156		143	8	-	286	1,593
Lo Yun Yee @ Josephine Lo	290		44	24	-	45	403
Lo Yun Jiun	228		35	-	-	45	308
Jacqueline Lo Ker Jack	228		35	-	-	45	308
Joanna Lo Yun Shii	180		28	-	-	45	253

**Note:**

(1) Other emolument comprises Employees Provident Fund ("EPF"), Social Security Organisation and Employment Insurance Scheme.

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

**Proposed for the FYE 2024**

	Salaries and Directors' fees		Other emolument <sup>(1)</sup>	Allowances	Benefit-in-kind	Bonus	Total
	(RM'000)	(RM'000)					
Tan Sri Joseph	3,600	-	145	-	-	(2)-	3,745
Datuk Jonathan	3,600	-	433	-	-	(2)-	4,033
Datuk Jessica	1,800	-	217	-	-	(2)-	2,017
Johannes Lo	1,800	-	217	-	-	(2)-	2,017
Lo Yun Yee @ Josephine Lo	360	-	44	-	-	(2)-	404
Lo Yun Jiun	240	-	30	-	-	(2)-	270
Jacqueline Lo Ker Jack	240	-	30	-	-	(2)-	270
Joanna Lo Yun Shii	240	-	30	-	-	(2)-	270

**Notes:**

(1) Other emolument comprises EPF, Social Security Organisation and Employment Insurance Scheme.

(2) The final bonuses for the FYE 2024 are not included. Such bonuses, if any, will be determined later depending on the performance of our Group, subject to the recommendation of the Remuneration Committee and approved by our Board.

**9.2 BOARD OF DIRECTORS**

The details of our Directors and the date of expiration of the current term of office for each of our Directors and the period for which each of them has served in that office as at the LPD are as follows:

Name	Designation	Age	Nationality	Date of appointment	Date of expiration of the current term of office	No. of years in office
Tan Sri Joseph	Non-Independent Executive Chairman	74	Malaysian	16 June 2022	At the next AGM <sup>(1)</sup>	2 years
Datuk Jonathan	Non-Independent Managing Director	42	Malaysian	16 June 2022	At the next AGM <sup>(1)</sup>	2 years

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

<b>Name</b>	<b>Designation</b>	<b>Age</b>	<b>Nationality</b>	<b>Date of appointment</b>	<b>Date of expiration of the current term of office</b>	<b>No. of years in office</b>
Datuk Jessica	Non-Independent Executive Director	44	Malaysian	10 May 2024	At the next AGM <sup>(1)</sup>	Less than 1 year
Datuk Anjin Bin Ajik	Independent Non-Executive Director	73	Malaysian	21 June 2024	At the next AGM <sup>(1)</sup>	Less than 1 year
Chua Chai Hua	Independent Non-Executive Director	67	Malaysian	21 June 2024	At the next AGM <sup>(1)</sup>	Less than 1 year
Chung Yue Lin @ Erica	Independent Non-Executive Director	54	Malaysian	21 June 2024	At the next AGM <sup>(1)</sup>	Less than 1 year
Emmeline Michael Paitin	Independent Non-Executive Director	51	Malaysian	21 June 2024	At the next AGM <sup>(1)</sup>	Less than 1 year
Johannes Lo	Alternate Director to Tan Sri Joseph and Head of Sustainability and Innovation	38	Malaysian	10 May 2024	At the next AGM <sup>(1)</sup>	Less than 1 year

**Note:**  
(1) To be held in 2025.

According to our Constitution, at the annual general meeting in every subsequent year an election of Directors shall take place and one-third of the Directors for the time being, or, if their number is not 3, or a multiple of 3, then the number nearest to one-third shall retire from office and be eligible for re-election provided always that Directors shall retire from office once at least in each 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

Any person appointed as Director, either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

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

### 9.2.1 Shareholdings of our Directors

The shareholdings of our Directors in our Company before and after our IPO are as follows:

	Before our IPO			After our IPO		
	Direct	Indirect		Direct	Indirect	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>
Tan Sri Joseph	33,249,200	7.89	(3)116,680,000	27.70	(6)-	(3)116,680,000
Datuk Jonathan	16,750,800	3.98	(4)267,662,400	63.55	(6)-	(4)267,662,400
Datuk Jessica	50,000,000	11.87	(5)66,680,000	15.83	50,000,000	(5)66,680,000
Datuk Anjin Bin Ajik	-	-	-	-	(7)100,000	-
Chua Chai Hua	-	-	-	-	(7)100,000	-
Chung Yue Lin @ Erica	-	-	-	-	(7)100,000	-
Emmeline Michael Paitin	-	-	-	-	(7)100,000	-
Johannes Lo	50,000,000	11.87	(6)66,680,000	15.83	50,000,000	(6)66,680,000
						13.34

**Notes:**

- (1) Based on the total number of 421,200,000 Shares before our IPO.
- (2) Based on the enlarged total number of 500,000,000 Shares after our IPO.
- (3) Deemed interested by virtue of the shares held by his children, Johannes Lo, Lo Yun Yee @ Josephine Lo, Lo Yun Jiun, Lo Yun Juiun, Jacqueline Lo Ker Jack and Joanna Lo Yun Shii pursuant to Section 59 of the Act.
- (4) Deemed interested by virtue of his direct interest in Lokah Fortune pursuant to Section 8 of the Act and the Shares held by his siblings, Lo Yun Yee @ Josephine Lo, Lo Yun Jiun, Jacqueline Lo Ker Jack and Joanna Lo Yun Shii pursuant to Section 59 of the Act.
- (5) Deemed interested by virtue of the Shares held by his siblings, Lo Yun Yee @ Josephine Lo, Lo Yun Jiun, Jacqueline Lo Ker Jack and Joanna Lo Yun Shii pursuant to Section 59 of the Act.
- (6) After the Offer for Sale of 50,000,000 Shares to institutional and selected investors.
- (7) Assuming the Directors fully subscribe for the IPO Shares allotted to them under the Pink Form Allocation as disclosed in Section 4.3.1(b) of this Prospectus.

None of our Directors are representatives of corporate shareholders.

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

### 9.2.2 Profiles of our Directors

The profiles of Tan Sri Joseph, Datuk Jonathan, Datuk Jessica and Johannes Lo are set out in Section 9.1.2 above. The profiles of our other Directors are set out below:

(i) **Datuk Anjin Bin Ajik** P.G.D.K.

Datuk Anjin Bin Ajik, a Malaysian aged 73, is our Independent Non-Executive Director. He was appointed to our Board on 21 June 2024. He graduated with a Degree in Civil Engineering from James Cook University, Australia in 1977.

He has been a registered professional civil engineer with the Board of Engineers Malaysia since 1997.

He began his career in 1978 when he joined JKR Sabah as a road engineer where he was involved in the planning of roadway construction and improvement projects in Keningau. In 1980, he was promoted to a District Engineer where he was responsible for managing the road development in Tambunan, Nabawan, Tenom and Keningau. In 1982, he was promoted to a divisional engineer where he was responsible for the entire roadway construction and improvement projects of 3 areas of Sabah such as Keningau, Kudat and Kota Kinabalu. In 1991, he was promoted to the Assistant Director of Roads where he was responsible for the developing long-term plans and strategies for the improvement and expansion of road networks to meet the transportation needs of Sabah, the overseeing of the planning, design and execution of road construction projects.

In 1997, he was promoted to the Deputy Director of JKR Sabah where assumed more responsibilities such as budgeting and financial management for projects and departmental activities, contribute to development and enhancement of policies related to public works, construction and infrastructure development as well as engaging with various stakeholders including government agencies, contractors and the public to facilitate effective communication and collaboration. In 2004, he was promoted to the Director of JKR Sabah where he led the entire department and provided leadership and oversee the work of various division and teams to ensure effective and efficient operations of JKR Sabah.

In 2008, he retired from JKR Sabah and in his retirement, returned to his hometown of Kota Belud, Sabah to build and operate a fishing park known as Rikaraya Fishing Park. In 2014, he was appointed as a Public Service Commissioner by the Federal Government of Malaysia, where he was involved in the interview process for the hiring of potential candidates for positions within the Government of Malaysia. He served as a Public Service Commissioner from 2014 to 2020.

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

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**(ii) Chua Chai Hua**

Chua Chai Hua, a Malaysian aged 67, is our Independent Non-Executive Director. He was appointed to our Board on 21 June 2024. He graduated with a Polytechnic Diploma in Accountancy from Newcastle Upon Tyne Polytechnic (now known as Northumbria University), United Kingdom in 1978. In 1981, he obtained his Diploma in Management Studies from Derby Lonsdale College of Higher Education (now known as University of Derby), United Kingdom. In 1982, he obtained his Master of Business Administration from The University of Aston, United Kingdom.

He began his career in 1982 when he joined Hoanbing (M) Sdn Bhd as an Accountant where he was responsible for performing accounting, financial planning and tax management tasks for the company. In 1984, he joined Malaysia Borneo Finance Corporation (M) Berhad as a Management Trainee where he was placed on a 6-month training programme to familiarise with the credit management functions of the company. Upon completing his management trainee program, he was assigned as a Credit Officer where he was responsible for preparing loan proposals for the company's branch offices in Malacca, Negeri Sembilan and Sarawak. In 1985, he was posted to the branch office in Kuching and was promoted to Officer-In-Charge and subsequently to Branch Manager where he was involved in the assessment and approval of various types of loans products, as well as to oversee the management and business performance of the branch office.

In 1991, he joined Oriental Bank Berhad as a Branch Manager where he was based at the branch office in Kota Kinabalu, Sabah. He was responsible for overseeing the overall operation and management, including managing the business performance and approval of loans of the branch office. In 1995, he was appointed as an Area Manager where he was responsible for overseeing the management and business performance of all branch offices in Sabah. In 1999, he was transferred to the branch office in Johor Bahru as an Area Manager where he oversaw the management and business performance of all branch offices in Johor and Malacca.

In 1999, he joined Overseas Union Bank (Malaysia) Berhad (now known as United Overseas Bank (Malaysia) Berhad) as a Vice President and Manager of Kuching and Sandakan Branches where he was responsible for managing the operations and business performance of the branch offices in Kuching and Sandakan. In 2002, he was redesignated as a Branch Manager of Kuching Branch where he focused on the overall management of the branch office in Kuching. In 2004, he was transferred to the Kota Kinabalu Branch as a Vice-President and Manager where he performed similar responsibilities for the branch offices in Sandakan and Kota Kinabalu. In 2011, he was transferred to the East Malaysia Area Centre in Kota Kinabalu and was promoted to Senior Vice President – Area Manager, East Malaysia. He was involved in overseeing the operations of all branch offices in East Malaysia as well as in business development strategies to ensure sustainable growth of the business within the East Malaysia region. In 2013, he was promoted to Executive Director – Area Manager, East Malaysia, a position he held until his retirement in January 2020.

In addition, he is an Independent Non-Executive Director of KTI Landmark Berhad, details of which are set out in Section 9.2.3 of this Prospectus.

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

### (iii) Chung Yue Lin @ Erica

Chung Yue Lin @ Erica, a Malaysian aged 54, is our Independent Non-Executive Director. She was appointed to our Board on 21 June 2024. She graduated from Tshung Tsin Pre-University with a London Chamber Commerce and Industry (LCCI) Diploma in Accounting in 1990. She also holds a Diploma in Business (Front Line Management) from Cambridge International College, Melbourne, Australia which was obtained in 2007.

She then completed her professional stage examinations for ACCA in FTMS Training College in 2007. She has been a member of the Malaysian Institute of Accountants (“MIA”) since 2008 and the Fellow of the ACCA since 2013. She is also a licensed company secretary registered with CCM since 2013. She has also been an associate member of the Chartered Tax Institute of Malaysia since 2016.

She began her career in 1991 in Evermaster Sdn Bhd (now known as Evermaster Group Berhad) and subsequently joined Inter-Pacific Travel & Tours (Sabah) Sdn Bhd in 1992 where was an Accounts Clerk in both companies and was responsible for recording financial transactions of the company, processing invoices and managing the company’s payables and receivables. Later in 1992, she joined Inland Sports & Recreation Club Sdn Bhd as an Accounts Supervisor, where she was responsible for supervising the preparation of accurate and timely financial reports, including income statements, balance sheets and cash flow statements.

In 1995, she joined KPMG Malaysia PLT as an Audit Assistant, involved in planning phase of audit, conducting audit fieldwork, and the preparation of audit reports. In 1996, she joined SMAS Limousine Sdn Bhd as an Assistant Finance cum Administration Manager where she was responsible for monitoring the administrative functions of the company as well as verifying all payment and receivables of the company.

In 1998, she joined Three-P System (Malaysia) Sdn Bhd as an Office Administrator where she was responsible for monitoring the sales and the sales teams’ performance. In the same year, she joined Borneo Paradise Beach Hotel Sdn Bhd as an Account Executive where she was primarily responsible for preparing accounting and financial reports as well as assisting in the purchasing and human resource department. From 1999 to 2004, she served as the Chief Financial Officer for Sulug Island Management Sdn Bhd and from 2004 to 2006, she served as the Chief Financial Officer for PB Borneo Safaris Sdn Bhd where she was responsible for the finance functions of both companies.

In 2007, she joined KPMG Malaysia PLT as an Audit Senior Associate where she was involved in the auditing of clients’ accounts. In end-2009 she left KPMG and joined Mega Sunwise Sdn Bhd as an Accountant. She later joined Omni-Gel Sdn Bhd as its Group Financial Controller in January 2010. In end-2010, she joined Skin Fitness Centre Sdn Bhd as an Accountant.

In 2013, she set up her own chartered accounting firm, Erica & Co, providing accountancy, company secretarial, business management and business advisory services. In 2019, she had set up Esimplify Sdn Bhd and has since been providing accountancy and company secretarial services.

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

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**(iv) Emmeline Michael Paitin**

Emmeline Michael Paitin, a Malaysian aged 51, is our Independent Non-Executive Director. She was appointed to our Board on 21 June 2024. She graduated from Oxford Brookes University, United Kingdom with a Bachelor of Business Administration and Tourism Management degree in 1997. She also holds a Bachelor of Laws (Honours) degree from Aberystwyth University, United Kingdom which was obtained in 2007 as well as a postgraduate Diploma in Professional and Legal Skills from the University of the West of England, Bristol, United Kingdom, which was obtained in 2008.

She was admitted as a member of the Honourable Society of Inner Temple, United Kingdom in 2008 and was admitted as an Advocate and Solicitor of the High Court of Sabah and Sarawak in 2010.

She began her career in Celcom (Malaysia) Berhad as a Dealer Relation & Corporate Sales Executive in 1997 where she was involved in overseeing the sales of dealers, the sales and planning for recruiting corporate clients. In 2000, she joined Sutera Harbour Resort as a Director of Membership to oversee the sales of the club membership as well as looking after the members relationship golf club and yacht club department. She subsequently took a career break in 2004 to pursue her law degree at Aberystwyth University.

In 2008, she joined Messrs Shelley Yap, Advocates & Solicitors as a Pupil-in-Chambers and was subsequently promoted to a Legal Associate in 2009, where she focused on civil litigation & conveyancing. In 2015, she set up her own law firm, JPKERUAK Advocates & Solicitors where she is presently the Managing Partner. Her practice area focuses on family law, property law, wills, trust and probate law.

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

**9.2.3 Principal directorships and principal business activities of our Directors outside our Group**

Save as disclosed below, none of our Directors is involved in any other principal business activities outside our Group as at the LPD. The following tables set out the principal directorships and shareholdings of our Directors as at the LPD (“**Present directorships / shareholdings**”) and those which were held within the past 5 years up to the LPD (“**Previous directorships / shareholdings**”), as well as their involvement in principal business activities outside the Group as at the LPD:

**(i) Tan Sri Joseph**

<u>Directorships / Shareholdings</u>	<u>Date of appointment as director / joining as partner</u>	<u>Date of resignation as director / cessation as shareholder</u>	<u>Position held / % of shareholding held</u>	<u>Principal activities</u>
<u>Present directorships / shareholdings</u>				
Yuzhanghang Sdn Bhd	31.07.2000	-	<ul style="list-style-type: none"> <li>▪ Director</li> <li>▪ Shareholder (Direct: 3.88%)</li> </ul>	Development of building projects for own operation, i.e., for renting of space in these buildings
AJD Sdn Bhd (formerly known as Azam Jaya Development Sdn Bhd)	18.11.2014	-	<ul style="list-style-type: none"> <li>▪ Director</li> </ul>	Inactive. Previously principally involved in the development of building projects for own operation, i.e., for renting of space in these buildings
Sulabayau Industries Sdn Bhd	-	-	<ul style="list-style-type: none"> <li>▪ Shareholder (Direct: 8.75%)</li> </ul>	Sales of salt
<u>Previous directorships / shareholdings</u>				
Uni Azam Land Sdn Bhd	05.12.2016	29.11.2022 <sup>(1)</sup>	<ul style="list-style-type: none"> <li>▪ Director</li> </ul>	Dissolved on 29.11.2022
Mekamas Sinar Sdn Bhd	-	29.12.2021 <sup>(2)</sup>	<ul style="list-style-type: none"> <li>▪ Shareholder (Direct: 17%)</li> </ul>	Dissolved on 29.12.2021
Tamawang Sdn Bhd	-	05.09.2022	<ul style="list-style-type: none"> <li>▪ Shareholder (Direct: 20%)</li> </ul>	Civil engineering and construction works contractor

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

Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director / cessation as shareholder	Position held / % of shareholding held	Principal activities
Megaworld Synergy Sdn Bhd	-	13.05.2024	▪ Shareholder (Direct: 40%)	Premix fabrication
AJD Sdn Bhd (formerly known as Azam Jaya Development Sdn Bhd)	-	25.05.2024	▪ Shareholder (Direct: 50%)	Inactive. Previously principally involved in the development of building projects for own operation, i.e., for renting of space in these buildings
Rangkai Juta Construction Sdn Bhd	02.03.2015	28.06.2024 / 13.05.2024	▪ Director ▪ Shareholder (Direct: 60%)	Property holding / Investment
Realworth Marketing Sdn Bhd	05.09.1997	15.07.2024	▪ Director	<ol style="list-style-type: none"> <li>1. Holding of properties for investment and premix fabrication;</li> <li>2. Rental and leasing of other machinery, equipment and tangible goods N.E.C.;</li> <li>3. Wholesale of other construction materials, hardware, plumbing and heating equipment and supplies N.E.C.</li> </ol>
Jayawanto Sdn Bhd	27.05.1993	15.07.2024	▪ Director	Property for rental
Pembangunan Sinaran Mutiara Sdn Bhd	27.03.2012	28.06.2024 / 24.06.2024	▪ Director ▪ Shareholder (Direct: 30%)	Property development
Yun Foh Enterprise (S) Sdn Bhd	15.07.1977	02.07.2024 / 27.06.2024	▪ Director ▪ Shareholder (Direct: 50%)	Investment holdings (currently holding 1 property for investment)

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

Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director / cessation as shareholder	Position held / % of shareholding held	Principal activities
Realworth Rich Sdn Bhd	19.08.2022	09.09.2024 / 16.07.2024	<ul style="list-style-type: none"> <li>▪ Director</li> <li>▪ Shareholder (Direct: 100%)</li> </ul>	Property investment

**Notes:**

- (1) Tan Sri Joseph was a director up until the dissolution of Uni Azam Land Sdn Bhd.
- (2) Tan Sri Joseph was a shareholder up until the dissolution of Mekamas Sinar Sdn Bhd.

**(ii) Datuk Jonathan**

Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director / cessation as shareholder	Position held / % of shareholding held	Principal activities
<u>Present directorships / shareholdings</u>				
Realworth Marketing Sdn Bhd	19.11.2007	-	<ul style="list-style-type: none"> <li>▪ Director</li> <li>▪ Shareholder (Direct: 20%)</li> </ul>	<ol style="list-style-type: none"> <li>1. Holding of properties for investment and premix fabrication;</li> <li>2. Rental and leasing of other machinery, equipment and tangible goods N.E.C.;</li> <li>3. Wholesale of other construction materials, hardware, plumbing and heating equipment and supplies N.E.C.</li> </ol>
Jayawanto Sdn Bhd	19.11.2007	-	<ul style="list-style-type: none"> <li>▪ Director</li> <li>▪ Shareholder (Direct: 20%)</li> </ul>	Property for rental

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

Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director / cessation as shareholder	Position held / % of shareholding held	Principal activities
Pembangunan Sinaran Mutiara Sdn Bhd	27.03.2012	-	<ul style="list-style-type: none"> <li>▪ Director</li> <li>▪ Shareholder (Direct: 100%)</li> </ul>	Property development
Lokah Properties Sdn Bhd	30.10.2013	-	<ul style="list-style-type: none"> <li>▪ Director</li> <li>▪ Shareholder (Direct: 60%)</li> </ul>	Property investment
AJD Sdn Bhd (formerly known as Azam Jaya Development Sdn Bhd)	18.11.2014	-	<ul style="list-style-type: none"> <li>▪ Director</li> <li>▪ Shareholder (Direct: 100%)</li> </ul>	Inactive. Previously principally involved in the development of building projects for own operation, i.e., for renting of space in these buildings
Rangkai Juta Construction Sdn Bhd	02.03.2015	-	<ul style="list-style-type: none"> <li>▪ Director</li> <li>▪ Shareholder (Direct: 60%)</li> </ul>	Property holding / investment
Yun Foh Enterprise (S) Sdn Bhd	20.12.2016	-	<ul style="list-style-type: none"> <li>▪ Director</li> <li>▪ Shareholder (Direct: 100%)</li> </ul>	Investment holdings. (currently holding 1 property for investment)
Megaworld Synergy Sdn Bhd	04.06.2018	-	<ul style="list-style-type: none"> <li>▪ Director</li> <li>▪ Shareholder (Direct: 70%)</li> </ul>	Premix fabrication
Lokah Fortune Sdn Bhd	18.08.2022	-	<ul style="list-style-type: none"> <li>▪ Director</li> <li>▪ Shareholder (Direct: 100%)</li> </ul>	Property investment

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

Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director / cessation as shareholder	Position held / % of shareholding held	Principal activities
<u>Previous directorships / shareholdings</u>				
Bunga Tetap Sdn Bhd	03.05.2007	01.09.2020	▪ Director	Money lender
Zaramo Engineering Sdn Bhd	08.06.2006	13.11.2020 <sup>(1)</sup>	▪ Director ▪ Shareholder (Direct: 60%)	Dissolved on 13.11.2020
Jesselton Motor Sports Sdn Bhd	27.10.2011	16.09.2022 <sup>(2)</sup>	▪ Director ▪ Shareholder (Direct: 50%)	Dissolved on 16.09.2022
Mekamas Sinar Sdn Bhd	21.09.2020	29.12.2021 <sup>(3)</sup>	▪ Director ▪ Shareholder (Direct: 17%)	Dissolved on 29.12.2021

**Notes:**

- (1) Datuk Jonathan was a director and shareholder up until the dissolution of Zaramo Engineering Sdn Bhd.
- (2) Datuk Jonathan was a director and shareholder up until the dissolution of Jesselton Motor Sports Sdn Bhd.
- (3) Datuk Jonathan was a director and shareholder up until the dissolution of Mekamas Sinar Sdn Bhd.

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

(iii) Datuk Jessica

<u>Directorships / Shareholdings</u>	<u>Date of appointment as director / joining as partner</u>	<u>Date of resignation as director / cessation as shareholder</u>	<u>Position held / % of shareholding held</u>	<u>Principal activities</u>
<u>Present directorships / shareholdings</u>				
Realworth Marketing Sdn Bhd	26.04.2018	-	<ul style="list-style-type: none"> <li>▪ Director</li> <li>▪ Shareholder (Direct: 12%)</li> </ul>	<ol style="list-style-type: none"> <li>1. Holding of properties for investment and premix fabrication;</li> <li>2. Rental and leasing of other machinery, equipment and tangible goods N.E.C.;</li> <li>3. Wholesale of other construction materials, hardware, plumbing and heating equipment and supplies N.E.C.</li> </ol>
Jayawanto Sdn Bhd	26.04.2018	-	<ul style="list-style-type: none"> <li>▪ Director</li> <li>▪ Shareholder (Direct: 12%)</li> </ul>	Property for rental
Megaworld Synergy Sdn Bhd	-	-	<ul style="list-style-type: none"> <li>▪ Shareholder (Direct: 10%)</li> </ul>	Premix fabrication
Rangkai Juta Construction Sdn Bhd	08.04.2019	-	<ul style="list-style-type: none"> <li>▪ Director</li> <li>▪ Shareholder (Direct: 20%)</li> </ul>	Property holding / investment
Realworth Rich Sdn Bhd	09.09.2024	-	<ul style="list-style-type: none"> <li>▪ Director</li> <li>▪ Shareholder (Direct: 100%)</li> </ul>	Property Investment
<u>Previous directorships / shareholdings</u>				
Kumpulan Liziz Sdn Bhd	03.10.2017	02.12.2019	<ul style="list-style-type: none"> <li>▪ Director</li> </ul>	Wound up on 20.09.2021

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

<b>Directorships / Shareholdings</b>	<b>Date of appointment as director / joining as partner</b>	<b>Date of resignation as director / cessation as shareholder</b>	<b>Position held / % of shareholding held</b>	<b>Principal activities</b>
Borneo Nabalu Builders Sdn Bhd	10.12.2019	25.02.2020	<ul style="list-style-type: none"> <li>▪ Director</li> <li>▪ Shareholder (Direct: 49%)</li> </ul>	Maintenance works
Sense Power Sdn Bhd	31.01.2020	30.06.2020	<ul style="list-style-type: none"> <li>▪ Director</li> </ul>	Construction of building N.E.C.; construction of other engineering projects N.E.C.; electrical installation N.E.C.
Pembangunan Sinaran Mutiara Sdn Bhd	28.06.2017	01.07.2024	<ul style="list-style-type: none"> <li>▪ Director</li> </ul>	Property development
<b>(iv) Datuk Anjin bin Ajik</b>				
<b>Directorships / Shareholdings</b>	<b>Date of appointment as director / joining as partner</b>	<b>Date of resignation as director</b>	<b>Position held / % of shareholding held</b>	<b>Principal activities</b>
<u>Present directorships / shareholdings</u>				
Desa Impian Rikaraya Perkongsian Liabiliti Terhad	27.09.2023	-	<ul style="list-style-type: none"> <li>▪ Partner</li> <li>▪ Shareholder (Direct: 100%)</li> </ul>	Business management consultancy services
<u>Previous directorships / shareholdings</u>				
Nil	Nil	Nil	Nil	Nil

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

(v) Chua Chai Hua

<u>Directorships / Shareholdings</u>	<u>Date of appointment as director / joining as partner</u>	<u>Date of resignation as director / cessation as shareholder</u>	<u>Position held / % of shareholding held</u>	<u>Principal activities</u>
<u>Present directorships / shareholdings</u>				
KTI Landmark Berhad	01.08.2022	-	<ul style="list-style-type: none"> <li>▪ Director</li> <li>▪ Shareholder (Direct: -%)(1)</li> </ul>	Investment holding. Its subsidiaries are principally involved in provision of design and build construction services and property development
Damai Golf & Country Club Berhad	-	-	<ul style="list-style-type: none"> <li>▪ Shareholder (Direct: -%)(1)</li> </ul>	Ownership and management of a golf course and other related activities
<u>Previous directorships / shareholdings</u>				
Nil	Nil	Nil	Nil	Nil

**Note:**  
(1) Negligible.



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

(vi) Emmeline Michael Paitin

<u>Directorships / Shareholdings</u>	<u>Date of appointment as director / joining as partner</u>	<u>Date of resignation as director / cessation as shareholder</u>	<u>Position held / % of shareholding held</u>	<u>Principal activities</u>
<u>Present directorships / shareholdings</u>				
Messrs JPKERUAK	15.01.2015	-	▪ Partner	Providing legal services.
<u>Previous directorships / shareholdings</u>				
Nil	Nil	Nil	Nil	Nil

(vii) Chung Yue Lin @ Erica

<u>Directorships / Shareholdings</u>	<u>Date of appointment as director / joining as partner</u>	<u>Date of resignation as director / cessation as shareholder</u>	<u>Position held / % of shareholding held</u>	<u>Principal activities</u>
<u>Present directorships / shareholdings</u>				
Esimplify Sdn Bhd	14.01.2019	-	▪ Director ▪ Shareholder (Direct: 100%)	Accounting, bookkeeping and auditing activities, tax consultancy
Erica & Co.	15.05.2013	-	▪ Partner ▪ Shareholder (Direct: 100%)	Accountancy services, company secretarial services, business management.
<u>Previous directorships / shareholdings</u>				
Nil	Nil	Nil	Nil	Nil

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

(viii) Johannes Lo

Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director / cessation as shareholder	Position held / % of shareholding held	Principal activities
<u>Present directorships / shareholdings</u>				
Realworth Marketing Sdn Bhd	19.11.2007	-	<ul style="list-style-type: none"> <li>▪ Director</li> <li>▪ Shareholder (Direct: 20%)</li> </ul>	<ol style="list-style-type: none"> <li>1. Holding of properties for investment and premix fabrication;</li> <li>2. Rental and leasing of other machinery, equipment and tangible goods N.E.C.;</li> <li>3. Wholesale of other construction materials, hardware, plumbing and heating equipment and supplies N.E.C.</li> </ol>
Jayawanto Sdn Bhd	19.11.2007	-	<ul style="list-style-type: none"> <li>▪ Director</li> <li>▪ Shareholder (Direct: 20%)</li> </ul>	Property for rental
Megaworld Synergy Sdn Bhd	18.07.2018	-	<ul style="list-style-type: none"> <li>▪ Director</li> <li>▪ Shareholder (Direct: 20%)</li> </ul>	Premix fabrication
Megaworld Prospect Sdn Bhd	24.08.2022	-	<ul style="list-style-type: none"> <li>▪ Director</li> <li>▪ Shareholder (Direct: 100%)</li> </ul>	Property investment services
Rangkai Juta Construction Sdn Bhd	13.05.2024	-	<ul style="list-style-type: none"> <li>▪ Shareholder (Direct: 20%)</li> </ul>	Property holding / investment

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

Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director / cessation as shareholder	Position held / % of shareholding held	Principal activities
<u>Previous directorships / shareholdings</u>				
Tamawang Sdn Bhd	20.03.2017	30.08.2022 / 05.09.2022	<ul style="list-style-type: none"> <li>▪ Director</li> <li>▪ Shareholder (Direct: 40%)</li> </ul>	Civil engineering and construction works contractor
Mekamas Sinar Sdn Bhd	21.09.2020	29.12.2021 <sup>(1)</sup>	<ul style="list-style-type: none"> <li>▪ Director</li> <li>▪ Shareholder (Direct: 17%)</li> </ul>	Dissolved on 29.12.2021
Pembangunan Sinaran Mutiara Sdn Bhd	28.06.2017	01.07.2024	<ul style="list-style-type: none"> <li>▪ Director</li> </ul>	Property development

**Note:**

(1) Johannes Lo was a director and shareholder up until the dissolution of Mekamas Sinar Sdn Bhd.

The involvement of our Directors in those business activities outside our Group does not give rise to any conflict of interest situation with our business. Further, the involvements of Tan Sri Joseph, Datuk Jonathan, Datuk Jessica and Johannes Lo in other businesses or corporations does not preclude them from allocating or committing their time and effort to our Group as they are not involved in the management and day-to-day operations of these businesses, other than attending meetings of the board of directors on which they serve. Such businesses do not require their involvement on a daily basis as these businesses are managed by their respective management. Tan Sri Joseph, Datuk Jonathan, Datuk Jessica and Johannes Lo are of the view that although they are involved in other businesses as set out above, they are able to devote sufficient time and attention to the affairs of our Group to carry out their respective duties.

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

**9.2.4 Directors' remuneration and material benefits-in-kind**

The remuneration and material benefits-in-kind paid and proposed to be paid to Tan Sri Joseph, Datuk Jonathan, Datuk Jessica and Johannes Lo are set out in Section 9.1.4 above. The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration accrued for the year) paid and proposed to be paid to our Independent Directors for services rendered in all capacities to our Group for the FYE 2023 and FYE 2024 are as follows:

**FYE 2023**

	Salaries (RM'000)	Directors' fees (RM'000)	Other emolument <sup>(1)</sup> (RM'000)	Allowances (RM'000)	Benefit-in- kind (RM'000)	Bonus (RM'000)	Total (RM'000)
Datuk Anjin Bin Ajik	-	-	-	-	-	-	-
Chua Chai Hua	-	-	-	-	-	-	-
Chung Yue Lin @ Erica	-	-	-	-	-	-	-
Emmeline Michael Paitin	-	-	-	-	-	-	-
<b><u>Proposed for FYE 2024</u></b>							
	Salaries (RM'000)	Directors' fees (RM'000)	Other emolument <sup>(1)</sup> (RM'000)	Allowances (RM'000)	Benefit-in- kind (RM'000)	Bonus (RM'000)	Total (RM'000)
Datuk Anjin Bin Ajik	-	(2)31	-	2	-	-	33
Chua Chai Hua	-	(2)31	-	2	-	-	33
Chung Yue Lin @ Erica	-	(2)31	-	2	-	-	33
Emmeline Michael Paitin	-	(2)31	-	2	-	-	33

**Notes:**

- (1) Other emolument comprises EPF, Social Security Organisation and Employment Insurance Scheme.
- (2) Based on their respective appointment date up to 31 December 2024.

The remuneration for each of our Directors, which includes salaries, bonuses, Directors' fees and allowances as well as other benefits, is subject to annual review by our Remuneration Committee. Our Directors' fees must be approved by our shareholders at a general meeting.

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

### 9.2.5 Board practices

Our Board acknowledges and takes cognisance of the Malaysian Code on Corporate Governance (“MCCG”) which contains recommendations to improve upon or to enhance corporate governance as an integral part of the business activities and culture of such companies. Our Group has adopted all practices recommended by the MCCG which amongst others include have at least 30% women directors as well as a Board comprising a majority of independent directors. As at the LPD, 3 out of 7 of our Directors are women and 4 out of 7 Directors are independent directors.

Accordingly, our Board believes that our current Board composition provides the appropriate balance in terms of skills, knowledge and experience to promote the interests of our shareholders and to govern our Group effectively. The Nomination Committee will be tasked to ensure diversity among the board members regardless of age, ethnicity, cultural background and gender, at the same ensuring they possess the requisite skills, knowledge, experience, foresight and sound judgement to best serve our Group and our business and operations as a whole. Our Board will also provide a statement on the extent of compliance with the MCCG in our first annual report as a listed entity.

Within the limits set by our Constitution, our Board is responsible for the governance and the management of our Company. To ensure the effective discharge of its functions, our Board have set out the following key responsibilities in the board charter:

- (i) To promote good corporate governance culture within our Group which enforces ethical, prudent and professional behavior.
- (ii) To avoid conflicts of interest wherever possible. Where a conflict arises, they must adhere scrupulously to the procedures provided by the law, the Constitution and any policies or procedures approved by our Board for dealing with conflicts, whereby they must disclose their nature of interest during the board meeting and shall not participate in any discussion and shall abstain from the decision-making process.
- (iii) To provide oversight of sustainability management of our Group.
- (iv) To provide oversight of anti-bribery management of our Group.
- (v) To establish, review and integrate sustainability to the strategic direction and plans of our Group.
- (vi) To monitor the implementation of strategic plans by management of our Group.
- (vii) To review and approve all quarterly and annually financial statements for announcement to Bursa Securities and stakeholders. The Audit and Risk Management Committee reviews and recommends the financial statements prior to presentation to our Board.
- (viii) To oversee and evaluate the conduct of the businesses of our Group.
- (ix) To evaluate performance of the management in accordance pre-determined set of performance measurement.
- (x) To identify and evaluate business risks and ensure implementation of a managed sound risk management framework.

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

- (xi) To reviewing the adequacy and integrity of the internal control system and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- (xii) To review and oversee the appointment, resignation or termination of Directors, company secretaries, auditors and key senior management are properly carried out and documented.
- (xiii) To ensure establishment of succession plans for our Board members and key senior management.
- (xiv) To ensure our Board is supported by at least a suitably qualified and competent company secretaries to whom shall have advice on compliance with applicable laws and any amendment to the laws and regulations related to the listing.
- (xv) To formalize ethical standards of conduct through a Code of Conduct for Directors and management and ensure compliance.
- (xvi) To develop and implement an investors' relations programme, a shareholders or stakeholders communication policy.
- (xvii) To review and address sustainability risks including environmental-related (i.e., climate change), social-related and governance-related risks and opportunities in an integrated and strategic manner to support our Group's long-term strategy and success.

### 9.2.6 Audit and Risk Management Committee

Our Audit and Risk Management Committee comprises the following members:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Chung Yue Lin @ Erica	Chairman	Independent Non-Executive Director
Chua Chai Hua	Member	Independent Non-Executive Director
Emmeline Michael Paitin	Member	Independent Non-Executive Director

The terms of reference of our Audit and Risk Management Committee include amongst others, the following:

#### Financial Reporting

- (i) to monitor the integrity of and review the annual reports, and quarterly results and annual financial statements of the Company and the Group with management and external auditors, prior to the approval by our Board of Directors.

In respect of the above, our Audit and Risk Management Committee shall:

- (a) liaise with our Board and key senior management;
- (b) meet at least twice a year with our Company's external auditors; and
- (c) consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts and give due consideration to any matters that have been raised by our Company's staff responsible for the accounting and financial reporting function, compliance officer or internal/external auditors.

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

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### External Auditors

- (i) to recommend and consider the appointment and/or re-appointment of the external auditor, the audit fee and/or remuneration and the terms of engagement of the external auditor and make the necessary enquiries in the event of their resignation or dismissal;
- (ii) to discuss with the external auditor before the audit commences, the audit plan, the nature and scope of the audit and reporting timing and obligations;
- (iii) to assess the performance, capability, suitability, objectivity and independence of the external auditors, and their audit opinion; and
- (iv) to review the observations arising from the audits, and any matter the auditor may wish to raise, as well as to assess the assistance given by the employees of our Company and our Group to the external auditor.

### Internal Audit Function

- (i) to review the system of internal controls including financial, operational, compliance, information technology controls and risk management processes;
- (ii) to review and approve the internal audit plan including its adequacy of scope, functions, independence, competency and resources of the internal audit function;
- (iii) to review the results of the internal audit findings and management's response, and where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- (iv) to review the effectiveness of the internal audit function, including the ability, competency and qualification of the internal audit team and/or outsourced internal auditors (if any) to perform its duties; and
- (v) to recommend any appointment or termination of senior staff members of the internal audit function and/or outsourced internal auditors (if any).

### Risk Management

- (i) to review the principal risks affecting our Group and recommend an appropriate risk management framework and policies to mitigate/manage such risks;
- (ii) to assess the quality, effectiveness and efficiency of our internal controls and advise our Board on setting appropriate policies on internal control;
- (iii) to review and deliberate on reports on significant risk findings and recommendations;
- (iv) to determine the level of risk tolerance and actively identify, assess and monitor key business risks;
- (v) to ensure that our Board conducts an annual review and periodic testing of our internal control and risk management; and
- (vi) to review the statement with regard to the Statement on Internal Control and Risk Management of our Group for inclusion in the Annual Report for the relevant financial year and report the same to our Board.

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

### 9.2.7 Remuneration Committee

Our Remuneration Committee comprises the following members:-

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Emmeline Michael Paitin	Chairman	Independent Non-Executive Director
Datuk Anjin Bin Ajik	Member	Independent Non-Executive Director
Chung Yue Lin @ Erica	Member	Independent Non-Executive Director

The terms of reference of our Remuneration Committee include amongst others, the following:

- (i) to review and make recommendations to our Board on the remuneration policies and packages of the Executive Directors, Chief Executive Officer and key senior management of our Group;
- (ii) to review and make recommendations to our Board on Director's fees and other remuneration of the non-executive directors and independent directors linking the level of remuneration to their level of responsibilities and contribution to the Group; and
- (iii) to review policy governing the remuneration of our Directors as well as policies governing remuneration and promotion of key senior management of our Group annually.

### 9.2.8 Nomination Committee

Our Nomination Committee comprises the following members:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Datuk Anjin Bin Ajik	Chairman	Independent Non-Executive Director
Emmeline Michael Paitin	Member	Independent Non-Executive Director
Chua Chai Hua	Member	Independent Non-Executive Director

The terms of reference of our Nomination Committee include amongst others, the following:

- (i) to review the criteria to be used in the recruitment of Director and senior management;
- (ii) to review the re-appointment and re-election process of Directors having due regard to their performance and ability to continue to contribute to our Board in the light of knowledge, skills and experience required;
- (iii) to formulate a Fit and Proper Policy and to ensure that all Directors fulfil the fit and proper criteria and for conducting assessments of the fitness and properness of candidates to be appointed onto our Board and Directors who are seeking for re-election; and
- (iv) to assess and make recommendations to our Board with regard to any appointment of Directors.



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

### 9.3 KEY SENIOR MANAGEMENT

Our Key Senior Management is responsible for the day-to-day management and operations of our Group. Our Key Senior Management as at the date of the Prospectus are as follows:

<u>Name</u>	<u>Age</u>	<u>Nationality</u>	<u>Designation</u>
Johannes Lo	38	Malaysian	Alternate Director to Tan Sri Joseph and Head of Sustainability and Innovation
Datuk Ir. Wong Chung Teck @ George Wong	76	Malaysian	Head of Projects
Chiang Chung Wing @ Edwin Chiang	53	Malaysian	Head of Procurement
Lai Vui Kiong	64	Malaysian	Head of Corporate Affairs and Finance
Wong Shing Yee	39	Malaysian	Head of Accounts
Chong Mui Har	45	Malaysian	Head of HR and Administration

#### 9.3.1 Profiles of our Key Senior Management

The profile of Johannes Lo is set out in Section 9.1.2 above. The profiles of our other Key Senior Management are as follows:

##### (i) **Datuk Ir. Wong Chung Teck @ George Wong** P.G.D.K.

Datuk Ir. Wong Chung Teck @ George Wong, a Malaysian aged 76, is our Head of Projects. He graduated from the University of Canterbury, Christchurch, New Zealand with a Bachelor of Civil Engineering degree in 1973. He has been a member of the Institution of Water Engineers and Scientists since 1982. He has also been a registered professional civil engineer with the Board of Engineers Malaysia since 1983 as well as a member of the Institution of Water and Environmental Management since 1987.

Datuk Ir. Wong Chung Teck @ George Wong began his career in 1974 as an Executive Engineer with JKR Sabah where he was involved in projects related to construction of water supply systems. From 1976 until 1982, he worked as a Divisional Engineer, overseeing the implementation of infrastructure projects in the Ranau, Kudat and Sandakan regions of Sabah. In 1983, he was promoted to Senior Executive Engineer and served as the Chief Coordinator for all major road projects implemented by JKR Sabah.

In 1987, he was transferred to the development branch of JKR and was involved in the preparation of the 5<sup>th</sup> Five-Year Malaysia Plan (Infrastructure) and annual budgets for JKR. In 1991, he was transferred to the education unit of JKR and was responsible in implementing all educational projects in schools for JKR. In 1993 he was promoted to Assistant Director of Development of JKR where his responsibilities included the strategic planning, programming, coordinating and monitoring of all development projects by JKR.

In 2001 he was promoted to Deputy Director of JKR where he was responsible for the oversight of the administrative aspect of the JKR, research and development, provision of all supporting services for District Engineers, and development planning for JKR Sabah in Sabah.

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

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After working for JKR Sabah for 29 years, Datuk Ir. George Wong Chung Teck left JKR to join Syarikat Brumas Jaya Sdn Bhd in 2002 as its Project Director where he was responsible for all aspects in the project management activities for the company.

He joined Pembinaan AJ in end-2009 as a Project Director where he is primarily responsible for the implementation of projects/works undertaken by our Group, including monitoring project advancement, ensuring project quality, making strategic decisions and providing leadership and guidance to project managers for executing these decisions, meeting with project owners, stakeholders and project managers to report on project progress, devising cost-effective plans to facilitate effective project completion, managing risks to avoid delays or reputational damage, ensuring permits and approvals are secured ahead of the project, managing project managers and empowering them to supervise and manage their respective teams, etc.

On 2 May 2024, he was redesignated as our Head of Projects.

**(ii) Chiang Chung Wing @ Edwin Chiang**

Chiang Chung Wing @ Edwin Chiang, a Malaysian aged 53, is our Head of Procurement. He completed his secondary school studies at SMK All Saints, Sabah in 1987. He subsequently completed his pre-university studies in Sabah from Tshung Tsin Pre-University Centre in 1989 and obtained a Level 2 Book-keeping and Accounts qualification and Level 3 Accounting qualification from the London Chamber of Commerce and Industry (LCCI) in 1994. He has also obtained a Level 4 Pitman Accounting qualification from the Pitman Examinations Institute in 1994.

Chiang Chung Wing @ Edwin Chiang began his career in 1990 as an Account Clerk with Multiworld Enterprise Sdn Bhd, a construction company. In 1993 he left this company to join Yuen & Co, an audit firm as an Account Assistant. In 1996 he left the audit firm to join Indayamas Sdn Bhd as an Account Executive. In these 3 organisations he was primarily involved in bookkeeping such as recording day-to-day financial transactions and maintaining up-to-date accounting records.

In 2002 he joined our Group as an Account & Purchasing Officer where he was responsible for arranging payments to suppliers and the procurement of raw materials. Throughout the years, he took on additional responsibilities which amongst others include the oversight of the procurement department, the selection of the suppliers, the sourcing of raw materials and services as may be needed by our Group.

On 2 May 2024, he was redesignated as our Head of Procurement.

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

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**(iii) Lai Vui Kiong**

Lai Vui Kiong, a Malaysian aged 64, is our Head of Corporate Affairs and Finance. He passed the Institute of Chartered Secretaries and Administrators ("ICSA") in 1984 and has been an Associate of the ICSA since 1986. He graduated with a Diploma in Commerce (Financial Accounting) in 1983 from Kolej Tunku Abdul Rahman, Kuala Lumpur (now known as Tunku Abdul Rahman University of Management and Technology).

Lai Vui Kiong has over 41 years of experience in the accounting and finance fields. He began his career in 1983 when he joined Kassim Chan & Co, Kota Kinabalu (currently known as Deloitte) as an Audit Assistant and was involved in the provision of corporate secretarial and accounting services as well as statutory and special audits for the company's clients.

In 1988, he joined S. K. Timber Corporation Sdn Bhd, then a subsidiary of Inchape Group, United Kingdom as a Probationary Accountant to supervise the accounting and finance matters for its sawmill division such as preparation of management reports, cashflow projections and budgets. In 1989, he joined Chung Khiaw Bank Limited (currently known as United Overseas Bank (Malaysia) Bhd) as a Trainee Officer and was involved in the marketing, credit analysis, evaluation and supervision of the bank's wide portfolio of customers.

In 1995, he joined Kiat Leong Corporation Sdn Bhd as a Manager responsible for the administration, accounting and finance matters of the company. In 1997, he joined Sanbumi Sawmill Sdn Bhd as Group General Manager in the finance and account division. He was responsible for the company's accounts and finance matters. In 2000, he was involved in the reverse takeover exercise of EMC Logistics Berhad which resulted in the company becoming Sanbumi Holdings Berhad (now known as Iconic Worldwide Berhad) as well as its subsequent transfer of listing from the Second Board of the Kuala Lumpur Stock Exchange to the Main Board of Kuala Lumpur Stock Exchange (now known as the Main Market of Bursa Securities). He was also involved in the acquisition of Rintisan Bumi (M) Sdn Bhd (a related party of Sanbumi Sawmill Sdn Bhd) by Permaju Industries Berhad in 2004.

In 2008, he was appointed as the Financial Controller of Cergazam Sdn Bhd where he oversaw all the accounting and finance matters of the Company. In 2015, he was transferred to Sinerjuta Sdn Bhd, a related company as the Financial Controller.

He joined Azam Jaya Group as Assistant to Managing Director (then Tan Sri Joseph) in 2018 and has been responsible for managing the company's financial liquidity, cash flow and financial assets. In 2018, he was appointed as a director of AJ Properties.

On 2 May 2024, he has been redesignated as our Head of Corporate Affairs and Finance and post listing he will be responsible for investor relations of the Group.

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

### (iv) Wong Shing Yee

Wong Shing Yee, a Malaysian aged 39, is our Head of Accounts. She graduated from the University of South Australia, Australia with a Bachelor of Commerce degree in 2005. She has been member of CPA Australia and MIA since 2011 and 2022, respectively.

Wong Shing Yee began her career in 2007 as a Compliance Administrator at Cavendish Superannuation Pty Ltd (now known as SuperConcepts) in Australia before joining Perks Chartered Accountants (now known as Perks Accountants & Wealth Advisers) in Australia as a Superannuation Administrator in 2008, where she was promoted to an Accountant in 2010. As an Accountant, she was mainly involved in accounting matters including preparation of financial statements, tax returns, annual budgets, analyse financial information, and reporting.

In 2014, she joined Crowe Horwath KK Tax Sdn Bhd (now known as Crowe KK Tax (Sabah) PLT) as a Senior Tax Assistant and was promoted to Assistant Manager in 2017. She left Crowe Horwath KK Tax Sdn Bhd to join our Group in 2020 as an Assistant Account Manager and was subsequently promoted to Account Manager in 2022 where she was responsible for amongst others, the preparation of our Group's financial and accounting reporting and managing the accounts department's day-to-day functions.

On 2 May 2024, she was redesignated to our Head of Accounts.

### (v) Chong Mui Har

Chong Mui Har, a Malaysian aged 45, is our Head of HR and Administration. She completed her secondary school studies at SMK St. Peter Kudat, Sabah in 1996.

Chong Mui Har began her career in 1997 as a Clerk with Indayamas Sdn Bhd and was responsible for all clerical works and ad hoc duties. In 1998 she was transferred to Sulabayau Industries Sdn Bhd as the HR Cum Admin Supervisor where she was responsible for the HR and administration activities of the company, such as managing the attendance list, generate payroll for the company's employees and assist in clerical works as well as performing ad hoc duties. In 2000 she was transferred to Rangkai Juta Construction Sdn Bhd, a related company of Sulabayau Industries Sdn Bhd, as a Site HR cum Admin Officer where she handles general administrative tasks and HR duties

In 2004 she was transferred to Alpha Borneo Sdn Bhd, another related company of Sulabayau Industries Sdn Bhd and acted as Personal Assistant to Director cum HR & Purchasing Manager where she was providing secretarial support to the director, prepared purchase request and responsible for the administrative function of the HR department.

In 2017, she joined our Group as our Human Resources Cum Purchasing Officer where she is primarily responsible for the overseeing all affairs and matter in relation to human resources, including but not limited to coordinating and managing workforce, recruiting and hiring as well as dealing with any employment issues which may arise. She was appointed as a director of Alpha Borneo in 2018 where she served in a non-executive capacity and remained a director until her resignation in August 2023.

On 2 May 2024, she was redesignated as our Head of HR and Administration.

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

**9.3.2 Shareholdings of our Key Senior Management**

The following table sets forth the direct and indirect shareholdings of each of our Key Senior Management before and after our IPO, assuming each of our Key Senior Management will subscribe for their respective Pink Form Allocation:

Name	Before our IPO			After our IPO				
	Direct		Indirect	Direct		Indirect		
	No. of Shares	% <sup>(1)</sup>		No. of Shares	% <sup>(2)</sup>			
Johannes Lo	50,000,000	11.87	<sup>(3)</sup> 66,680,000	15.83	50,000,000	10.00	<sup>(3)</sup> 66,680,000	13.34
Datuk Ir. Wong Chung Teck @ George Wong	-	-	-	-	<sup>(4)</sup> 200,000	0.04	-	-
Chiang Chung Wing @ Edwin Chiang	-	-	-	-	<sup>(4)</sup> 120,000	0.02	-	-
Lai Vui Kiong	3,537,600	0.84	-	-	<sup>(4)</sup> 3,597,600	0.72	-	-
Wong Shing Yee	-	-	-	-	<sup>(4)</sup> 20,000	*-	-	-
Chong Mui Har	-	-	-	-	<sup>(4)</sup> 120,000	0.02	-	-

**Notes:**

- \* Less than 0.005%.
- (1) Based on the total number of 421,200,000 Shares before our IPO.
- (2) Based on the enlarged total number of 500,000,000 Shares after our IPO.
- (3) Deemed interested by virtue of the Shares held by his siblings, Lo Yun Yee @ Josephine Lo, Lo Yun Jiun, Jacqueline Lo Ker Jack and Joanna Lo Yun Shii.
- (4) Assuming the Key Senior Management fully subscribe for the IPO Shares allotted to them under the Pink Form Allocation as disclosed in Section 4.3.1(b) of this Prospectus.

As disclosed above, save for Johannes Lo and Lai Vui Kiong, none of our other Key Senior Management has any shareholding (direct or indirect) in our Company as at the LPD. None of our Key Senior Management are representatives of corporate shareholders. Each of our Key Senior Management (save for Johannes Lo) has been allocated between 20,000 and 200,000 IPO Shares pursuant to our IPO Shares reserved for Eligible Persons under the Retail Offering. Subject to the clawback and reallocation provisions as set out in Section 4.3.4 of this Prospectus, our Key Senior Management may also subscribe for additional Excess Shares under those allocations for the Eligible Persons as well as for our IPO Shares under the Retail Offering.

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

**9.3.3 Involvement of our Key Senior Management in other principal business activities**

The involvement of Johannes Lo in any other principal business activities outside our Group as at the LPD are disclosed in Section 9.2.3 of this Prospectus. Save as disclosed below, none of the Key Senior Management is involved in any other principal business activities outside our Group as at the LPD. The following table sets out the principal directorships and shareholdings of our Key Senior Management as at the LPD (“**Present directorships / shareholdings**”) and those which were held within the past 5 years up to the LPD (“**Previous directorships / shareholdings**”), as well as their involvement in principal business activities outside the Group as at the LPD:

**(i) Datuk Ir. Wong Chung Teck @ George Wong**

<b>Directorships / Shareholdings</b>	<b>Date of appointment as director / joining as partner</b>	<b>Date of resignation as director</b>	<b>Position held / % of shareholding held</b>	<b>Principal activities</b>
<u>Present and previous directorships / shareholdings</u>				
Nil	Nil	Nil	Nil	Nil

**(ii) Chiang Chung Wing @ Edwin Chiang**

<b>Directorships / Shareholdings</b>	<b>Date of appointment as director / joining as partner</b>	<b>Date of resignation as director</b>	<b>Position held / % of shareholding held</b>	<b>Principal activities</b>
<u>Present and previous directorships / shareholdings</u>				
Nil	Nil	Nil	Nil	Nil

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

(iii) Lai Vui Kiong

Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director	Position held / % of shareholding held	Principal activities
<u>Present and previous directorships / shareholdings</u>				
Nil	Nil	Nil	Nil	Nil

(iv) Wong Shing Yee

Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director	Position held / % of shareholding held	Principal activities
<u>Present and previous directorships / shareholdings</u>				
Nil	Nil	Nil	Nil	Nil

(v) Chong Mui Har

Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director / cessation as shareholder	Position held / % of shareholding held	Principal activities
<u>Present directorships / shareholdings</u>				
Nil	Nil	Nil	Nil	Nil

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

Directorships / Shareholdings	Date of appointment as director / joining as partner	Date of resignation as director / cessation as shareholder	Position held / % of shareholding held	Principal activities
<u>Previous directorships / shareholdings</u>				
Arah Kemajuan Enterprise	17.10.2006	05.07.2024	<ul style="list-style-type: none"> <li>▪ Sole proprietor</li> <li>▪ Shareholder (Direct: 100%)</li> </ul>	Refurbishment of memorial park
Alpha Borneo Sdn Bhd	09.08.2018	07.08.2023 (as director and shareholder)	<ul style="list-style-type: none"> <li>▪ Director</li> <li>▪ Shareholder (Direct: 5%)</li> </ul>	<ol style="list-style-type: none"> <li>1. Building and housing development;</li> <li>2. Civil engineering works</li> </ol>
YF Christy Sdn Bhd	17.12.2021	01.08.2023	<ul style="list-style-type: none"> <li>▪ Director</li> </ul>	Property investment
Euro Modern Sdn Bhd	04.01.2022	01.08.2023	<ul style="list-style-type: none"> <li>▪ Director</li> </ul>	Buying, selling, renting and operating of self-owned or leased rental estate – non residential buildings
Syarikat S.L. Transport	06.10.2021	17.07.2023 (as director and shareholder)	<ul style="list-style-type: none"> <li>▪ Sole proprietor</li> <li>▪ Shareholder (Direct: 100%)</li> </ul>	Goods transportation service



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

### 9.3.4 Key Senior Management remuneration and material benefits-in-kind

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our Key Senior Management for services rendered in all capacities to our Group for FYE 2023 and estimated for FYE 2024 are as follows:

<b>Name</b>	<b>Designation</b>	<b>FYE 2023 (Actual) (RM'000)</b>	<b>FYE 2024 (Estimate) (RM'000)</b>
Datuk Ir. Wong Chung Teck @ George Wong	Head of Projects	600 – 650	600 – 650
Chiang Chung Wing @ Edwin Chiang	Head of Procurement	150 – 200	150 – 200
Lai Vui Kiong	Head of Corporate Affairs and Finance	150 – 200	150 – 200
Wong Shing Yee	Head of Accounts	100 – 150	100 – 150
Chong Mui Har	Head of HR and Administration	150 – 200	150 – 200

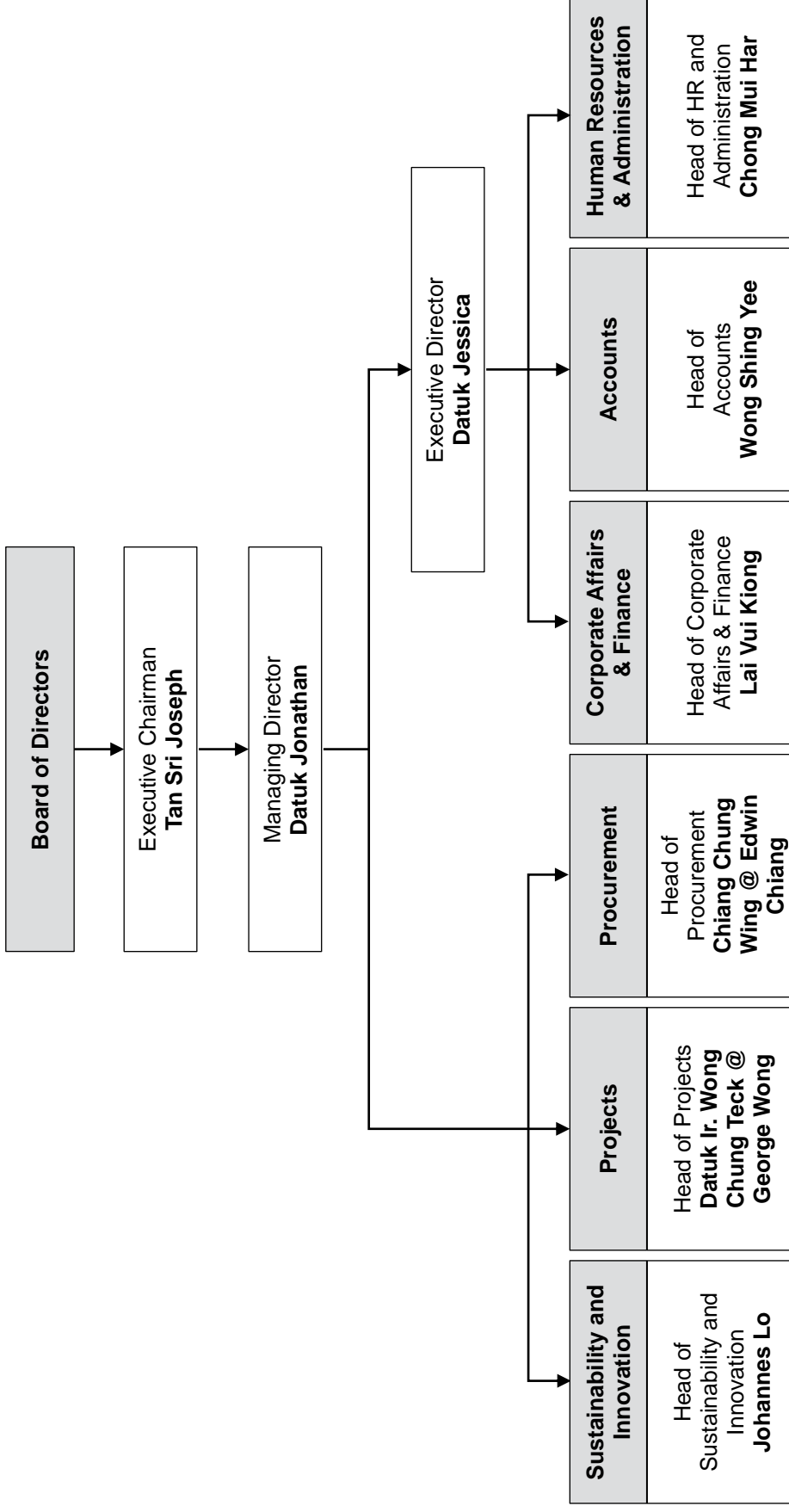
The above remuneration comprises salaries, bonuses, allowances and benefits-in-kind (if any) must be considered and recommended by our Remuneration Committee and subsequently approved by our Board.

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

**9.3.5 Management reporting structure**

Our management reporting structure is as follows:



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

### **9.4 DECLARATION BY OUR PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT**

Our Promoters, Directors and Key Senior Management have confirmed that, as at the LPD, he or she is not and has not been involved in any of the following events (whether in or outside Malaysia):

- (i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against him/her or any partnership in which he/she was a partner or any corporation of which he/she was a director or member of key senior management;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last 10 years, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) in the last 10 years, any judgement entered against him/her, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his/her part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) in the last 10 years, the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his/her part that relates to the capital market;
- (vi) the subject of any order, judgement or ruling of any court, government or regulatory authority or body temporarily enjoining him/her from engaging in any type of business practice or activity;
- (vii) in the last 10 years, has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (viii) any unsatisfied judgement against him/her.

### **9.5 ASSOCIATIONS OR FAMILY RELATIONSHIPS BETWEEN OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT**

Save as disclosed below, there are no associations or family relationships between any of our Promoters, Substantial Shareholders, Directors and Key Senior Management as at the LPD:

- (i) Tan Sri Joseph is the father of Datuk Jonathan, Datuk Jessica, Johannes Lo, Lo Vun Yee @ Josephine Lo, Lo Vun Jiun, Jacqueline Lo Ker Jack and Joanna Lo Vun Shii;
- (ii) Datuk Jonathan, Datuk Jessica, Johannes Lo, Lo Vun Yee @ Josephine Lo, Lo Vun Jiun and Jacqueline Lo Ker Jack and Joanna Lo Vun Shii are siblings;
- (iii) Datuk Jonathan is the sole director and sole shareholder of Lokah Fortune; and
- (iv) Datuk Ir. Wong Chung Teck @ George Wong is the father of Wong Shing Yee.

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

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**9.6 SERVICE AGREEMENTS**

As at the LPD, there are no existing or proposed service agreements between our Group and our Directors or Key Senior Management which provide for benefits upon termination of employment.

**9.7 OTHER MATTERS**

No amount has been paid or benefit given within the 2 years preceding the date of this Prospectus, nor are intended to be paid or given to our Promoters or Substantial Shareholders except for the following:

- (i) remunerations and benefits-in-kind paid to our Promoters and persons connected to them who are employees in the course of their employment as set out in Section 9.1.4 of this Prospectus; and
- (ii) dividends paid to our shareholders.

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## 10. RELATED PARTY TRANSACTIONS

### 10.1 OUR GROUP'S RELATED PARTY TRANSACTIONS

#### 10.1.1 Material related party transactions

Save as disclosed below, there are no other material related party transactions entered into by our Group which involves the interest, direct or indirect, of our Directors, major shareholders and/or persons connected with them for the Period under Review and up to the LPD:

##### (i) Our Group and Sense Power Sdn Bhd ("Sense Power")

Datuk Jessica is our Director. During the Period under Review, Datuk Jessica was a director and shareholder of Sense Power with a direct equity interest of 100% from 31 January 2020 until 30 June 2022, whereby she ceased to be a shareholder and she resigned as its director. Following this, Sense Power ceased to be a related party of our Group.

Nature of transaction	Transaction value				Between 1 July 2024 and the LPD (RM'000)
	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FPE 2024 (RM'000)	
▪ Appointment by Kolopis Jaya of Sense Power as a subcontractor <sup>(1)</sup>	1,314 (represents 0.81% of our cost of sales)	5,071 (represents 2.46% of our cost of sales)	-	-	-
▪ Appointment by AJ Properties of Sense Power as a subcontractor <sup>(2)</sup>	8,898 (represents 5.51% of our cost of sales)	6,000 (represents 2.91% of our cost of sales)	-	-	-
▪ Appointment by Pembinaan AJ of Sense Power as a subcontractor <sup>(3)</sup>	-	2,088 (represents 1.01% of our cost of sales)	-	-	-

#### Notes:

- (1) Kolopis Jaya had, vide letters of award dated 29 January 2020, 18 December 2020 and 28 January 2021, appointed Sense Power as a subcontractor in respect of the Pan Borneo Highway (WP06) Project for the provision of drainage works, construction and maintenance of the vehicular box culvert as well as street lighting works. All 3 letters of award were mutually terminated by the parties effective from 30 June 2022 and Kolopis Jaya took over to complete the remaining works.

## 10. RELATED PARTY TRANSACTIONS (CONT'D)

- (2) AJ Properties had, vide letters of award dated 23 January 2020 and 4 September 2020, appointed Sense Power as a subcontractor in respect of the Jalan UMS Upgrading Project for the provision of relocation works for Jabatan Air Negeri Sabah and street lighting works. Both letters of award were mutually terminated by the parties effective from 30 June 2022 and AJ Properties took over to complete the remaining works.
- (3) Pembinaan AJ had, vide letter of award dated 10 July 2020, appointed Sense Power as a subcontractor in respect of the Pan Borneo Highway (WP06) Project for the relocation of electrical services. Both letters of award were mutually terminated by the parties effective from 30 June 2022 and a third-party subcontractor was appointed to complete the remaining works.

Sense Power was originally set up by our Promoters to serve as a subcontractor of the Group which was intended to undertake building construction, engineering works and electrical installation. However, following the commencement of the Listing exercise, the Promoters had decided to cease the use of Sense Power as a subcontractor and has terminated the subcontract agreements between the Group and Sense Power and sold off the company.

### (ii) Our Group and Tamawang Sdn Bhd (“Tamawang”)

Tan Sri Joseph and Datuk Jonathan are our Directors and Substantial Shareholders while Johannes Lo is the Alternate Director to Tan Sri Joseph and our Head of Sustainability and Innovation and Substantial Shareholder. Lo Yun Jiun is the daughter of Tan Sri Joseph and a Substantial Shareholder.

During the Period under Review, Johannes Lo and Lo Yun Jiun's spouse, Moi Chee Kiong, were directors and shareholders of Tamawang with direct equity interests of 40% and 40% respectively while Tan Sri Joseph was the shareholder of Tamawang with direct equity interest of 20%. Both Johannes Lo and Moi Chee Kong resigned as the directors of Tamawang on 30 August 2022. Johannes Lo, Moi Chee Kong and Tan Sri Joseph also ceased to be shareholders of Tamawang on 5 September 2022. Following this, Tamawang ceased to be a related party of our Group.

Nature of transaction	Transaction value				Between 1 July 2024 and the LPD (RM'000)
	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FPE 2024 (RM'000)	
<ul style="list-style-type: none"> <li>▪ Appointment by Kolopsis Jaya of Tamawang as a subcontractor<sup>(1)</sup> <div style="margin-left: 20px;">                     2,400                      (represents 1.49%                      of our cost of sales)                 </div> </li> </ul>	-	-	-	-	-

**10. RELATED PARTY TRANSACTIONS (CONT'D)**

Nature of transaction	Transaction value				Between 1 July 2024 and the LPD (RM'000)
	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FPE 2024 (RM'000)	
<ul style="list-style-type: none"> <li>▪ Appointment by AJ Land of Tamawang as a subcontractor<sup>(2)</sup> <div style="margin-left: 20px;"> <p>4,937 (represents 3.06% of our cost of sales)</p> </div> </li> </ul>	-	-	-	-	-

**Notes:**

(1) Kolopis Jaya had, vide letters of award dated 29 January 2020 and 28 December 2020, appointed Tamawang Sdn Bhd as a subcontractor in respect of the Pan Borneo Highway (WP06) Project for the provision drainage works, temporary traffic management, implementation of erosion and sediment control plan (i.e. to construct, implement and manage all the silt fence, silt trap and sediment basin), maintenance works as well as demolition works. Both letters of award were mutually terminated by the parties effective from 30 June 2022 and Kolopis Jaya took over to complete the remaining works.

(2) AJ Land had, vide letter of award dated 3 January 2017, appointed Tamawang Sdn Bhd as a subcontractor in respect of "The Factory @ Inanam" project for the provision of piling and building works, infrastructure and external works and mechanical and electrical works which was completed in 2021.

Tamawang was originally set up by our Promoters to serve as a subcontractor of the Group which was intended to undertake civil engineering and construction works. However, following the commencement of the Listing exercise, the Promoters had decided to cease the use of Tamawang as a subcontractor and has terminated the subcontract agreements between the Group and Tamawang and sold off the company.

**(iii) Our Group and Megaworld Synergy Sdn Bhd ("Megaworld Synergy")**

Tan Sri Joseph, Datuk Jonathan and Datuk Jessica are our Directors and Substantial Shareholders while Johannes Lo is the Alternate Director to Tan Sri Joseph, our Head of Sustainability and Innovation and Substantial Shareholder.

During the Period under Review, Tan Sri Joseph was a shareholder of Megaworld Synergy until the transfer of his 40% equity interest in Megaworld Synergy to Datuk Jonathan on 13 May 2024. As at the LPD, Datuk Jonathan and Johannes Lo are directors and shareholders of Megaworld Synergy with direct equity interests of 70% and 20% respectively while Datuk Jessica is the shareholder of Megaworld Synergy with direct equity interests of 10%.

**10. RELATED PARTY TRANSACTIONS (CONT'D)**

Nature of transaction	Transaction value				Between 1 July 2024 and the LPD (RM'000)
	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FPE 2024 (RM'000)	
Appointment by AJ Properties of Megaworld Synergy as a subcontractor <sup>(1)</sup>	17,805 (represents 11.02% of our cost of sales)	14,410 (represents 6.99% of our cost of sales)	878 (represents 0.43% of our cost of sales)	-	-

**Notes:**

(1) AJ Properties had, vide a letter of award dated 24 September 2018, appointed Megaworld Synergy as a subcontractor in respect of the Jalan UMS Upgrading Project for the provision of structural works which has been completed as at the LPD.

Megaworld Synergy was originally set up by the Promoters to undertake the fabrication of supply precast concrete components as the Jalan UMS Upgrading Project required specialised concrete components in its construction. Following the completion of the subcontract agreement between AJ Properties and Megaworld Synergy, this company is inactive and remains inactive as at the LPD.

**(iv) Our Group and Jayawanto Sdn Bhd (“Jayawanto”)**

Datuk Jonathan and Datuk Jessica are our Directors and Substantial Shareholders while Johannes Lo is the Alternate Director to Tan Sri Joseph, our Head of Sustainability and Innovation and Substantial Shareholder. Lo Yun Yee @ Josephine Lo, Lo Yun Jiun and Jacqueline Lo Ker Jack and Joanna Lo Yun Shii are our Substantial Shareholders.

During the Period under Review until Tan Sri Joseph's resignation on 15 July 2024, he was a director of Jayawanto. Datuk Jonathan, Datuk Jessica and Johannes Lo are directors and shareholders of Jayawanto with direct equity interests of 20%, 12% and 20% respectively. Lo Yun Yee @ Josephine Lo, Lo Yun Jiun, Jacqueline Lo Ker Jack and Joanna Lo Yun Shii are shareholders of Jayawanto with direct equity interests of 12% each.



**10. RELATED PARTY TRANSACTIONS (CONT'D)**

Nature of transaction	Transaction value				Between 1 July 2024 and the LPD (RM'000)
	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FPE 2024 (RM'000)	
▪ Rental payable by AJ Properties to Jayawanto in respect of the rental of office space <sup>(1)</sup>	120 (represents 0.62% of our administrative expenses)	120 (represents 0.37% of our administrative expenses)	120 (represents 0.38% of our administrative expenses)	78 (represents 0.40% of our administrative expenses)	39 (represents 0.73% of our administrative expenses)
▪ Rental payable by Pembinaan AJ to Jayawanto in respect of the rental of office space <sup>(2)</sup>	90 (represents 0.46% of our administrative expenses)	90 (represents 0.28% of our administrative expenses)	68 (represents 0.21% of our administrative expenses)	-	-
▪ Rental payable by AJ Land to Jayawanto in respect of the rental of a shoplot <sup>(3)</sup>	60 (represents 0.31% of our administrative expenses)	60 (represents 0.19% of our administrative expenses)	60 (represents 0.19% of our administrative expenses)	30 (represents 0.15% of our administrative expenses)	15 (represents 0.28% of our administrative expenses)

**Notes:**

(1) During the Period under Review and up to the LPD, AJ Properties had rented office space from Jayawanto. As at the LPD, AJ Properties continues to rent the following office space from Jayawanto:

- (i) The ground floor, 1<sup>st</sup> floor and 2<sup>nd</sup> floor of a 3 storey shop office located at No. 7, Kolam Centre, Off Jalan Lintas, Luyang 88300 Kota Kinabalu, Sabah for use as our Group's corporate office. From 1 January 2020 to 31 December 2023, AJ Properties and Jayawanto had entered into a tenancy agreement dated 1 January 2020 at the monthly rental of RM6,000. As at the LPD, AJ Properties continues to rent the shoplot from Jayawanto for a term of 3 years commencing 1 January 2024 to 31 December 2026 pursuant to a subsequent renewal tenancy agreement dated 1 January 2024 between Jayawanto (as landlord) and AJ Properties (as tenant). The monthly rental is RM9,000.

**10. RELATED PARTY TRANSACTIONS (CONT'D)**

- (ii) The 1<sup>st</sup> and 2<sup>nd</sup> floor of a 3 storey shop office building located at No. 9, Kolam Centre, Off Jalan Lintas, Luyang, 88300 Kota Kinabalu, Sabah for use as our Group's corporate office. From 1 January 2019 to 31 December 2022, AJ Properties and Jayawanto had entered into a tenancy agreement dated 31 December 2018 at the monthly rental of RM4,000. As at the LPD, AJ Properties continues to rent the shoplot from Jayawanto for a term of 3 years commencing from 1 January 2023 to 31 December 2025 pursuant to a subsequent renewal tenancy agreement dated 1 December 2022 between Jayawanto Sdn Bhd (as landlord) and AJ Properties (as tenant). The monthly rental is RM4,000.

For both tenancies above, Jayawanto shall be entitled to terminate the tenancy agreement in the event amongst others that:

- (a) the rental shall be in arrears;
- (b) there is breach or non-observance by AJ Properties of its covenant;
- (c) AJ Properties become bankrupt or enter into any composition with its creditors or suffer distress; or
- (d) AJ Properties suffers any distress or execution to be levied on its goods.

Notwithstanding to the aforesaid, either party may prior to the expiration of the said term terminate the tenancy agreement by providing a prior 3 months written notice.

- (2) During the Period under Review, Pembinaan AJ had rented office space from Jayawanto.

- (i) The 2<sup>nd</sup> and 3<sup>rd</sup> floor of a 4 storey shop office building located at Lot 18, Block C, Heritage Plaza, Ruang Plaza Lagenda 1, Off Jalan Lintas, 88300 Kota Kinabalu, Sabah for use as our Group's storage facility. The rental of office space is for a term of 5 years commencing from 1 August 2020 to 31 July 2025 pursuant to a tenancy agreement dated 1 October 2020 between Jayawanto (as landlord) and Pembinaan AJ (as tenant). The monthly rental is RM5,000.
- (ii) The 2<sup>nd</sup> floor of a 4 storey shop office building located at Lot 19, Block C, Heritage Plaza, Ruang Plaza Lagenda 1, Off Jalan Lintas, 88300 Kota Kinabalu, Sabah for use as our Group's storage facility. The rental of the office space is for a term of 5 years commencing from 1 January 2020 to 31 December 2025 pursuant to a tenancy agreement dated 1 January 2020 between Jayawanto (as landlord) and Pembinaan AJ (as tenant). The monthly rental is RM2,500.

On 30 September 2023, Pembinaan AJ had terminated the above-mentioned tenancy agreements.

## 10. RELATED PARTY TRANSACTIONS (CONT'D)

- (3) During the Period under Review and up to the LPD, AJ Land had rented the ground floor of a 3 storey shop office building located at No. 9, Kolam Centre, Off Jalan Lintas, Luyang, 88300 Kota Kinabalu, Sabah from Jayawanto for use as corporate office. From 1 January 2019 to 31 December 2022, AJ Land and Jayawanto had entered into a tenancy agreement dated 31 December 2018 at the monthly rental of RM5,000. As at the LPD, AJ Land continues to rent the shoplot from Jayawanto for a term of 3 years commencing from 1 January 2023 to 31 December 2025 pursuant to a tenancy agreement dated 1 December 2022 between Jayawanto (as landlord) and AJ Land (as tenant). The monthly rental is RM5,000.

Jayawanto shall be entitled to terminate the tenancy agreement in the event amongst others that:

- (a) the rental shall be in arrears;
- (b) there is breach or non-observance by AJ Land of its covenant;
- (c) AJ Land become bankrupt or enter into any composition with its creditors; or
- (d) AJ Land suffers any distress or execution to be levied on its goods.

Notwithstanding to the aforesaid, either party may prior to the expiration of the said term terminate the tenancy agreement by providing a prior 3 months written notice.

Our Directors are of the opinion that all the related party transactions listed above were carried out on an arm's length basis and on normal commercial terms which are not unfavourable to our Group but comparable to those generally available to third parties based on the following reasons:

- (i) the appointment of Sense Power, Tamawang and Megaworld Synergy as subcontractors by our Group were based on pricing are generally comparable with those offered by unrelated third-party subcontractors for similar services; and
- (ii) the rental of office space from Jayawanto by our Group were based on rates comparable to similar properties in the vicinity and are based on terms which are commonly adopted in tenancy arrangements of a similar nature with third parties.

Our Directors also confirm that there are no other material related party transactions that have been entered by our Group that involves the interest, direct or indirect, of our Directors, major shareholders and/or persons connected to them but not yet effected up to the date of this Prospectus.

## 10. RELATED PARTY TRANSACTIONS (CONT'D)

After our Listing and in accordance with the Listing Requirements, our Company will be required to seek our shareholders' approval each time our Company enters into a material related party transaction. However, if the related party transactions can be deemed as recurrent related party transactions, our Company may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time it wishes to enter into such recurrent related party transactions during the validity period of the mandate.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, among others, supervise and monitor any related party transactions and the terms thereof and report to our Board for further action. When necessary, our Board will make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

In the event that there are any proposed related party transactions that require the prior approval of our shareholders, the Directors and Substantial Shareholders, and/or persons connected with them which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Director and/or Substantial Shareholder will also undertake to ensure that the person connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

### 10.1.2 Transactions entered into that are unusual in their nature or conditions

There were no transactions entered into that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets to which we or any of our subsidiaries were a party to in respect of the Period under Review and up to the LPD and for the subsequent financial period immediately preceding the date of this Prospectus.

### 10.1.3 Loans made to or for the benefit of related parties

Save as disclosed below, there are no outstanding advances and/or loans made by us to or for the benefit of the related parties for the Period under Review and up to the LPD.

No.	Related party / Relationship	Nature of transaction and purpose	Outstanding balance			
			As at 31 December		As at 30 June 2024	
			2021	2022	2023	LPD
			(RM)	(RM)	(RM)	(RM)
1.	Tan Sri Joseph Tan Sri Joseph is our Director and Substantial Shareholder	Advances to our Director for personal use	-	1,929,000	-	-

**10. RELATED PARTY TRANSACTIONS (CONT'D)**

No.	Related party / Relationship	Nature of transaction and purpose	Outstanding balance				
			As at 31 December		As at 30 June 2024		As at the LPD
			2021 (RM)	2022 (RM)	2023 (RM)	June 2024 (RM)	(RM)
2.	<b>Datin Wendy Yap Kah Shuin ("Datin Wendy")</b> Datin Wendy is the spouse of Datuk Jonathan, our Director and Substantial Shareholder	Advances to a related party of our Director for personal use	1,000,000	-	-	-	-
3.	<b>Realworth Marketing Sdn Bhd ("Realworth Marketing")</b> During the Period under Review until Tan Sri Joseph's resignation on 15 July 2024, he was a director of Realworth Marketing.  Datuk Jonathan, Datuk Jessica and Johannes Lo are directors and shareholders of Realworth Marketing with direct equity interests of 20%, 12% and 20% respectively. Lo Yun Yee @ Josephine Lo, Lo Yun Jiun, Jacqueline Lo Ker Jack and Joanna Lo Yun Shii are shareholders of Realworth Marketing with direct equity interests of 12% each.  Tan Sri Joseph, Datuk Jonathan and Datuk Jessica are our Directors and Substantial Shareholders while Johannes Lo is the Alternate Director to Tan Sri Joseph, our Head of Sustainability and Innovation and Substantial Shareholder. Lo Yun Yee @ Josephine Lo, Lo Yun Jiun and Jacqueline Lo Ker Jack and Joanna Lo Yun Shii are our Substantial Shareholders.	Advances to a related party of our Directors for purchase of properties	28,262,439	10,382,707	-	-	-

**10. RELATED PARTY TRANSACTIONS (CONT'D)**

No.	Related party / Relationship	Nature of transaction and purpose	Outstanding balance				
			As at 31 December		As at 30 June 2024		As at the LPD
			2021 (RM)	2022 (RM)	2023 (RM)	June 2024 (RM)	(RM)
4.	<b>Sense Power</b>  Datuk Jessica is our Director. During the Period under Review, Datuk Jessica was a director and shareholder of Sense Power with a direct equity interest of 100% from 31 January 2020 until 30 June 2022, whereby she ceased to be a shareholder and she resigned as its director. Following this, Sense Power ceased to be a related party of our Group.	<ul style="list-style-type: none"> <li>▪ Advances to a related party of our Director for subcontractor works</li> <li>▪ Recoverable expenses paid by our Group on behalf of Sense Power relating to purchase of raw materials<sup>(1)</sup></li> </ul>	4,617,617	-	-	-	-
5.	<b>Tamawang</b>  Tan Sri Joseph and Datuk Jonathan are our Directors and Substantial Shareholders while Johannes Lo is the Alternate Director to Tan Sri Joseph and our Head of Sustainability and Innovation and Substantial Shareholder. Lo Yun Jiun is the daughter of Tan Sri Joseph and a Substantial Shareholder.  Johannes Lo and Lo Yun Jiun's spouse, Moi Chee Kiong, were directors and shareholders of Tamawang with direct equity interests of 40% each while Tan Sri Joseph was the shareholder of Tamawang with direct equity interest of 20%. Both Johannes Lo and Moi Chee Kong also resigned as the directors of Tamawang on 30 August 2022. Johannes Lo, Moi Chee Kong and Tan Sri Joseph also ceased to be shareholders of Tamawang on 5 September 2022. Following this, Tamawang ceased to be a related party of our Group.	<ul style="list-style-type: none"> <li>▪ Advances to a related party of our Director for subcontractor works</li> <li>▪ Recoverable expenses paid by our Group on behalf of Tamawang relating to purchase of raw materials<sup>(1)</sup></li> </ul>	-	1,270,000	-	-	-

**10. RELATED PARTY TRANSACTIONS (CONT'D)**

No.	Related party / Relationship	Nature of transaction and purpose	Outstanding balance				
			As at 31 December		As at 30 June 2024		As at the LPD
			2021 (RM)	2022 (RM)	2023 (RM)	June 2024 (RM)	(RM)
6.	<p><b>Megaworld Synergy</b></p> <p>Tan Sri Joseph, Datuk Jonathan and Datuk Jessica are our Directors and Substantial Shareholders while Johannes Lo is the Alternate Director to Tan Sri Joseph, our Head of Sustainability and Innovation and Substantial Shareholder.</p> <p>During the Period under Review, Tan Sri Joseph was a shareholder in Megaworld Synergy until 13 May 2024 where he transferred his 40% equity interest in Megaworld Synergy to Datuk Jonathan. As at the LPD, Datuk Jonathan and Johannes Lo are directors and shareholders of Megaworld Synergy with direct equity interests of 70% and 20% respectively while Tan Sri Joseph and Datuk Jessica are shareholders of Megaworld Synergy with direct equity interests of 10%.</p>	<ul style="list-style-type: none"> <li>▪ Advances to a related party of our Director for subcontractor works</li> <li>▪ Recoverable expenses paid by our Group on behalf of Megaworld Synergy relating to payment of motor vehicle insurance premiums and purchase of raw materials<sup>(1)</sup></li> </ul>	336,655	-	3,526,570	-	-
			688,951	2,647,650	178,382	13,141	15,232

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**10. RELATED PARTY TRANSACTIONS (CONT'D)**

No.	Related party / Relationship	Nature of transaction and purpose	Outstanding balance				
			As at 31 December		As at 30 June 2024		As at the LPD
			2021 (RM)	2022 (RM)	2023 (RM)	June 2024 (RM)	(RM)
7.	<p><b>Jayawanto</b></p> <p>Tan Sri Joseph, Datuk Jonathan and Datuk Jessica are our Directors and Substantial Shareholders while Johannes Lo is the Alternate Director to Tan Sri Joseph, our Head of Sustainability and Innovation and Substantial Shareholder. Lo Yun Yee @ Josephine Lo, Lo Yun Jiun and Jacqueline Lo Ker Jack and Joanna Lo Yun Shii are our Substantial Shareholders.</p> <p>During the Period under Review until Tan Sri Joseph's resignation on 15 July 2024, he was a director of Jayawanto. Datuk Jonathan, Datuk Jessica and Johannes Lo are directors and shareholders of Jayawanto with direct equity interests of 20%, 12% and 20% respectively. Lo Yun Yee @ Josephine Lo, Lo Yun Jiun, Jacqueline Lo Ker Jack and Joanna Lo Yun Shii are shareholders of Jayawanto with direct equity interests of 12% each.</p>	Advances to a related party of our Directors for purchase of properties	2,250,000	-	-	-	-
8.	<p><b>Borneo Nabalu Builders Sdn Bhd ("BNBSB")</b></p> <p>Datin Wendy is the spouse of Datuk Jonathan, our Director and Substantial Shareholder. During the Period under Review, Datin Wendy was a director and shareholder of BNBSB with a direct equity interest of 100% until 13 August 2024, whereby she ceased to be a shareholder and resigned as its director. Following this, BNBSB ceased to be a related party of our Group.</p>	Recoverable expenses paid by our Group on behalf of BNBSB relating to payment of motor vehicle insurance premiums	29,683	6,659	9,497	7,235	-



**10. RELATED PARTY TRANSACTIONS (CONT'D)**

No.	Related party / Relationship	Nature of transaction and purpose	Outstanding balance				
			As at 31 December		As at 30 June 2024		As at the LPD
			2021 (RM)	2022 (RM)	2023 (RM)	June 2024 (RM)	(RM)
9.	<b>Pembangunan Sinaran Mutiara Sdn Bhd (“PSMSB”)</b>  Tan Sri Joseph, Datuk Jonathan and Datuk Jessica are our Directors and Substantial Shareholders while Johannes Lo is the Alternate Director to Tan Sri Joseph and our Head of Sustainability and Innovation and Substantial Shareholder.  During the Period under Review until Tan Sri Joseph, Datuk Jessica and Johannes Lo resignations on 28 June 2024, 1 July 2024 and 1 July 2024, respectively, they were directors of PSMSB. In addition, Tan Sri Joseph was a shareholder in PSMSB with a direct equity interest of 30% until 28 June 2024 whereby he transferred his shareholdings in PSMSB to Datuk Jonathan. Datuk Jonathan is a director and sole shareholder of PSMSB with a direct equity interest of 100%.	<ul style="list-style-type: none"> <li>▪ Advances to a related party of our Directors for working capital</li> <li>▪ Recoverable expenses paid by our Group on behalf of PSMSB relating to payment of motor vehicle insurance premiums</li> </ul>	1,830,000	-	-	-	-
10.	<b>Yun Foh Enterprise (S) Sdn Bhd (“Yun Foh”)</b>  During the Period under Review until Tan Sri Joseph’s resignation on 27 June 2024, he was a director and shareholder of Yun Foh with a direct equity interest of 50%, where he transferred his shareholdings in Yun Foh to Datuk Jonathan. Datuk Jonathan is a director and sole shareholder of Yun Foh with a direct equity interest of 100%.  Tan Sri Joseph and Datuk Jonathan are our Directors and Substantial Shareholders.	<ul style="list-style-type: none"> <li>▪ Recoverable expenses paid by our Group on behalf of Yun Foh relating to payment of motor vehicle insurance premiums</li> </ul>	310	-	-	-	-

**10. RELATED PARTY TRANSACTIONS (CONT'D)**

No.	Related party / Relationship	Nature of transaction and purpose	Outstanding balance				
			As at 31 December		As at 30 June 2024		As at the LPD
			2021 (RM)	2022 (RM)	2023 (RM)	June 2024 (RM)	(RM)
11.	<b>Bunga Tetap Sdn Bhd (“BTSB”)</b> Lo Yun Yee @ Josephine Lo is our Substantial Shareholder. Lo Yun Yee @ Josephine Lo is the sole director and shareholder of BTSB.	Recoverable expenses paid by our Group on behalf of BTSB relating to payment of motor vehicle insurance premiums	1,745	-	-	-	-
12.	<b>Zaramo Engineering Sdn Bhd (“Zaramo”)</b> Datuk Jonathan is our Director and Substantial Shareholder. Datuk Jonathan was a director and shareholder of Zaramo with a direct equity interest of 60% <sup>(2)</sup> .	<ul style="list-style-type: none"> <li>▪ Advances to a related party of our Director for working capital</li> <li>▪ Less: Allowance for expected credit losses<sup>(2)</sup></li> </ul>	157,632	157,632	-	-	-

**Notes:**

(1) The purchases of raw materials on behalf of our Group’s subcontractors are to ensure that the materials used in construction complies with our client’s requirement, these expenses will eventually be offset against any future payment to the subcontractors for work performed.

(2) Zaramo was dissolved on 13 November 2020.

The above balances as at the end of respective FYEs are unsecured, interest free and receivable/payable on demand.

The advances to Sense Power, Tamawang and Megaworld Synergy were carried out on an arm’s length basis and on normal commercial terms which are not unfavourable to our Group but comparable to those generally available to third parties as such advances were provided in relation to their appointment as subcontractors to our Group, and are generally comparable with those offered to unrelated third party subcontractors. The advances to the related parties above and other third party subcontractors are unsecured, interest free and payable on demand and will be deducted from their certified claims submitted for work done. As at 23 September 2024, the outstanding amount from Megaworld Synergy has been fully repaid.

The advances to Tan Sri Joseph, Datin Wendy, Realworth Marketing, Jayawanto, PSMSB and Zaramo were not on normal commercial terms and not on an arm’s length basis as no fee was charged by our Group for such advances. Further to our Listing, our Group does not intend to provide such advances to any related parties in the future. As at 21 June 2024, all of these amounts have been fully repaid.

**10. RELATED PARTY TRANSACTIONS (CONT'D)**

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**10.1.4 Financial assistance provided for the benefit of related parties**

There is no other financial assistance given by us to or for the benefit of related parties for the Period under Review and up to the LPD save for corporate guarantees provided by Pembinaan AJ for the benefit of Yun Foh, Megaworld Synergy and Jayawanto in respect of banking facilities amounting to RM1.12 million, RM8.00 million and RM1.38 million respectively granted by Public Islamic Bank Bhd and United Overseas Bank (M) Bhd. As at the LPD, the corporate guarantee granted by Pembinaan AJ for the benefit of Yun Foh has been discharged whereas in respect of the corporate guarantees provided by Pembinaan AJ for the benefits of Megaworld Synergy and Jayawanto, both Megaworld Synergy and Jayawanto have received approvals from the abovementioned relevant financier to discharge the corporate guarantees provided by Pembinaan AJ on a conditional basis, amongst others, upon our Listing.

**10.1.5 Provision of guarantees by our Substantial Shareholders for the banking facilities granted to our Group**

Our Promoters, Tan Sri Joseph, Datuk Jonathan, Datuk Jessica and Johannes Lo have either personally, jointly and severally provided personal guarantees for the banking facilities extended by Affin Bank Berhad, Ambank (M) Berhad, Ambank Islamic Berhad, BMW Group Financial Services Sdn Bhd, Caterpillar Financial Services Malaysia Sdn Bhd, CIMB Bank Berhad, CIMB Factorlease Berhad, CIMB Islamic Bank Berhad, Hap Seng Credit Sdn Bhd, Malayan Banking Berhad, Maybank Islamic Berhad, MBSB Bank, Mitsubishi HC Capital Malaysia Sdn Bhd, Orix Credit Malaysia Sdn Bhd, Pac Lease Berhad, RHB Bank Berhad, SMFL Hire Purchase (Malaysia) Sdn Bhd and United Overseas Bank (Malaysia) Bhd ("**Financiers**") to our Group whereby the amount of facilities outstanding as at the LPD is approximately RM162.31 million.

We have applied to the Financiers to obtain a release and/or discharge of the guarantees by substituting the same with a corporate guarantee from our Group and/or other securities from our Group acceptable to the Financiers. Until such release and/or discharge are obtained from the respective Financiers, Tan Sri Joseph, Datuk Jonathan, Datuk Jessica and Johannes Lo will continue to guarantee the banking facilities extended to our Group.

As at 1 October 2024, we have received conditional approvals from all of the Financiers to discharge all guarantees provided by Tan Sri Joseph, Datuk Jonathan, Datuk Jessica and Johannes Lo upon our Listing by substituting the same with a corporate guarantee from our Group and/or other securities from our Group acceptable to the Financiers.

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**10. RELATED PARTY TRANSACTIONS (CONT'D)****10.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS****10.2.1 Audit and Risk Management Committee review**

Our Audit and Risk Management Committee reviews related party transactions to ensure no conflicts of interest arise within our Company or our Group. The Audit Committee reviews the procedures set by our Company to monitor related party transactions to ensure the integrity of these transactions, procedures or course of conducts. In reviewing the related party transactions, the following, amongst other things will be considered:

- (i) the rationale and the cost/benefit to our Group is first considered;
- (ii) where possible, comparative quotes will be taken into consideration;
- (iii) that the transactions are carried out on an arm's length basis and on normal commercial terms which are not unfavourable to our Group but comparable to those generally available to third parties; and
- (iv) that the transactions are not detrimental to our Company's non-interested shareholders.

All reviews by our Audit and Risk Management Committee are reported to our Board for its further action.

**10.2.2 Our Group's policy on related party transactions**

Related party transactions by their very nature, involve conflicts of interest between our Group and the related parties with whom our Group has entered into such transactions in view that such transactions would involve engaging with such related party as a customer or supplier. As disclosed in this Prospectus, some of our Directors and/or major shareholders are also directors and in some cases, shareholders of the related parties of our Group, and with respect to these related party transactions, may individually and in aggregate have conflicts of interest. It is the policy of our Group that all related party transactions shall be reviewed by the Audit and Risk Management Committee to ensure that they are negotiated and agreed upon in the best interest of the Group, on arm's length basis and are based on normal commercial terms which are not unfavourable to our Group but comparable to those generally available to third parties.

In addition, we plan to adopt a comprehensive corporate governance framework that meets best practice principles to mitigate any potential conflict of interest situations and intend for the framework to be guided by the Listing Requirements and the MCCG upon our Listing. The procedures which may form part of the framework include, among others, the following:

- (i) our Board shall ensure that majority of our Board members are independent directors and will undertake an annual assessment of our Independent Directors;
- (ii) our Directors will be required to declare any direct or indirect interest that they may have in any business enterprise that is engaged in or proposed to be engaged in a transaction with our Group. Upon such disclosure, the interested Director shall be required to abstain from deliberation and voting on any resolution related to the related party transaction; and
- (iii) all existing or potential related party transactions would have to be disclosed by the interested party for management reporting. Our management will propose the transactions to our Audit and Risk Management Committee for evaluation and assessment who would in turn, make a recommendation to our Board.

## 11. CONFLICTS OF INTEREST

### 11.1 INTEREST IN BUSINESSES WHICH CARRY ON A SIMILAR TRADE AS OUR GROUP OR WHICH ARE OUR CUSTOMERS AND SUPPLIERS

Save as disclosed below, as at the LPD, none of our Directors and/or Substantial Shareholders have any interest, direct or indirect, in other businesses or corporations which are carrying on a similar trade as that of our Group or which are customers or suppliers of our Group:

<b>Business / Corporation</b>	<b>Nature</b>	<b>Principal activities</b>	<b>Nature of interest</b>
Jayawanto Sdn Bhd	Our supplier	Property for rental	Tan Sri Joseph, Datuk Jonathan and Datuk Jessica are our Directors and Substantial Shareholders. Johannes Lo is the Alternate Director to Tan Sri Joseph, our Head of Sustainability and Innovation and Substantial Shareholder. Lo Yun Yee @ Josephine Lo, Lo Yun Jiun and Jacqueline Lo Ker Jack and Joanna Lo Yun Shii are our Substantial Shareholders.

During the Period under Review until his resignation on 15 July 2024, Tan Sri Joseph was a director of Jayawanto Sdn Bhd. As at the LPD, Datuk Jonathan, Datuk Jessica and Johannes Lo are directors and shareholders of Jayawanto Sdn Bhd while Lo Yun Yee @ Josephine Lo, Lo Yun Jiun, Jacqueline Lo Ker Jack and Joanna Lo Yun Shii are shareholders of Jayawanto Sdn Bhd.

Our Board is of the view that the interests of our Directors and Substantial Shareholders in Jayawanto Sdn Bhd do not give rise to a conflict of interest situation after taking into consideration the following:

- (i) Jayawanto Sdn Bhd is involved in owning property for rental. As at the LPD, we rent properties from Jayawanto Sdn Bhd consisting of 6 units of shop office located in Kota Kinabalu, Sabah for use as our corporate office;
- (ii) the properties rented from Jayawanto Sdn Bhd are arrived at on an arm's length basis and on normal commercial terms which are not unfavourable to our Group but comparable to those generally available to third parties based on rental rates which were comparable against rental rates offered by third parties for similar properties within the vicinity; and
- (iii) although Tan Sri Joseph, Datuk Jonathan, Datuk Jessica and Johannes Lo are directors of Jayawanto Sdn Bhd, the ownership of properties by Jayawanto Sdn Bhd is a passive investment and does not require day-to-day management, time or attention on the part of its directors.

In addition, certain of our Directors and Substantial Shareholders have interests in property development companies, namely Pembangunan Sinaran Mutiara Sdn Bhd ("**PSMSB**") and AJD Sdn Bhd (formerly known as Azam Jaya Development Sdn Bhd) ("**AJDSB**") which our Group was also involved in property development activities in the past. However, our Board is of the view that this is not expected to have any potential conflict of interest situation in view of the following:

- (i) our Group is principally involved in the provision of construction services;
- (ii) the property development project previously undertaken by our Group was one-off in nature and our Group does not intend to undertake any property development projects in the future;

## 11. CONFLICTS OF INTEREST (CONT'D)

- (iii) PSMSB had undertaken a one-off property development project which was completed in 2022 and as at the LPD, does not own any landbanks. PSMSB does not intend to undertake any property development projects in the future; and
- (iv) AJDSB was incorporated with the intention to undertake property development activities but has been inactive since incorporation and as at the LPD, does not own any landbank. AJDSB does not intend to undertake any property development projects in the future.

Notwithstanding the above, following our Listing, our Directors and/or Substantial Shareholders will be required to disclose any potential conflicts of interest situations to our Audit and Risk Management Committee as and when they arise and to abstain on deliberation in respect of transactions in which they have an interest which require the deliberation or approval of our Board, including on matters relating to Jayawanto Sdn Bhd. Our Audit and Risk Management Committee will review such situations whenever declared or brought to their attention and resolve or mitigate any such conflicts of interest situations, in the best interests of our Group.

## 11.2 DECLARATION BY ADVISERS ON CONFLICT OF INTEREST

### 11.2.1 Interpac

Interpac has confirmed that there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sole Underwriter and Sole Placement Agent to our Group in respect of our IPO.

### 11.2.2 Sierac Corporate Advisers Sdn Bhd

Sierac Corporate Advisers Sdn Bhd has confirmed that there is no existing or potential conflict of interest in its capacity as the Financial Adviser to our Group in respect of our IPO. Its scope as Financial Adviser includes among others, the following:

- (i) to jointly advise with Interpac on our Group's restructuring, equity and corporate structure in preparation for our IPO;
- (ii) to jointly advise with Interpac on the listing scheme including the offering structure, IPO pricing and valuation in relation to our IPO;
- (iii) to participate as a member of the due diligence working group for the purpose of due diligence exercise as required for our IPO;
- (iv) to assist our Group in reviewing the management discussion and analysis on the financial position and results of operations of our Group for the Period under Review;
- (v) to assist our Group in compiling information and documents for our IPO;
- (vi) to assist in reviewing this Prospectus and submission documents to the relevant authorities and other agencies or bodies in respect of our IPO and Listing;
- (vii) to assist in reviewing other relevant public documents prepared by the relevant advisers in relation to our IPO;
- (viii) to assist our Group and Interpac together with the public relations company in our public relations exercise in relation to our Listing on the Main Market, which may include analyst briefings and interviews;

**11. CONFLICTS OF INTEREST (CONT'D)**

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- (ix) to liaise with all professional advisers involved in our IPO; and
- (x) to attend to general matters incidental to our IPO.

**11.2.3 David Lai & Tan**

David Lai & Tan has confirmed that there is no existing or potential conflict of interest in its capacity as the Solicitors to our Group in respect of our IPO.

**11.2.4 Russell Bedford LC PLT**

Russell Bedford LC PLT has confirmed that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants to our Group in respect of our IPO.

**11.2.5 Infobusiness**

Infobusiness has confirmed that there is no existing or potential conflict of interest in its capacity as the Independent Market Researcher to our Group in respect of our IPO.

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